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# **Section V**

**FY 2013  
Revised Budget**

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**FY 2013 Revised Budget  
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## FY 2013 Final Budget

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Function*</b>				
General Government	\$ 1,648.1	\$ 1,523.7	\$ 1,537.1	\$ 1,609.5
Human Services	2,973.9	3,186.7	3,162.8	3,114.6
Education	2,164.2	2,266.7	2,280.8	2,278.3
Public Safety	464.8	507.2	526.8	530.2
Natural Resources	80.1	103.9	104.9	103.3
Transportation	387.4	511.6	467.3	465.8
<b>Total</b>	<b>\$ 7,718.5</b>	<b>\$ 8,099.9</b>	<b>\$ 8,079.7</b>	<b>\$ 8,101.6</b>
<b>Expenditures by Category*</b>				
Salaries and Benefits	\$ 1,479.2	\$ 1,540.9	\$ 1,522.9	\$ 1,518.6
Contracted Services	215.8	274.2	290.9	291.8
<b>Subtotal</b>	<b>\$ 1,695.0</b>	<b>\$ 1,815.1</b>	<b>\$ 1,813.8</b>	<b>\$ 1,810.4</b>
Other State Operations	637.8	700.1	719.0	719.8
Aid to Local Units of Government	1,080.1	1,129.9	1,131.0	1,127.1
Assistance, Grants, and Benefits	3,661.1	3,665.1	3,595.2	3,643.6
Capital	255.7	370.5	375.5	354.4
Capital Debt Service	216.0	274.4	283.4	283.4
Operating Transfers	172.7	144.7	161.8	162.9
<b>Total</b>	<b>\$ 7,718.5</b>	<b>\$ 8,099.9</b>	<b>\$ 8,079.7</b>	<b>\$ 8,101.6</b>
<b>Sources of Funds*</b>				
General Revenue	\$ 3,110.2	\$ 3,295.8	\$ 3,267.7	\$ 3,233.8
Federal Aid	2,599.1	2,676.4	2,659.1	2,723.2
Restricted Receipts	184.1	232.5	270.2	269.3
Other	1,825.1	1,895.2	1,882.8	1,875.3
<b>Total</b>	<b>\$ 7,718.5</b>	<b>\$ 8,099.9</b>	<b>\$ 8,079.7</b>	<b>\$ 8,101.6</b>
<b>FTE Authorization</b>	<b>14,935.0</b>	<b>15,026.3</b>	<b>15,102.5</b>	<b>15,076.4</b>
<b>FTE Average</b>	<b>13,699.0</b>			

*\*Data in millions*

### Summary

The Governor's revised budget recommendations for FY 2013, along with his recommendations for FY 2014, are contained in 2013-H 5127, introduced on January 22, 2013. The House adopted the budget on June 26 and the Senate on June 27; the Governor signed it into law on July 3.

The Governor recommended total revised expenditures for FY 2013 of \$8,079.7 million, which is \$20.2 million or 0.2 percent less than enacted by the 2012 Assembly. Total expenditures would increase \$361.2 million or 4.7 percent over reported FY 2012 expenditures. Recommended general revenue expenditures are \$28.2 million or 0.9 percent less than included in the FY 2013 budget adopted by the 2012 Assembly and \$157.4 million or 5.1 percent more than actual FY 2012 expenditures.

FY 2013 Revised	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2012 Final	\$ 3,139.3	\$ 2,837.6	\$ 229.4	\$ 1,912.8	\$ 8,119.0
FY 2012 Actual	3,110.2	2,599.1	184.1	1,825.1	7,718.5
Difference	\$ (29.0)	\$ (238.4)	\$ (45.3)	\$ (87.8)	\$ (400.5)
FY 2013 Enacted	\$ 3,295.8	\$ 2,676.4	\$ 232.5	\$ 1,895.2	\$ 8,099.9
Governor's FY 2013 Revised	3,267.7	2,659.1	270.2	1,882.8	8,079.7
Governor's Change to Enacted	\$ (28.2)	\$ (17.3)	\$ 37.7	\$ (12.4)	\$ (20.2)
Percent Change	-0.9%	-0.6%	16.2%	-0.7%	-0.2%
<b>Assembly</b>	<b>\$ 3,233.8</b>	<b>\$ 2,723.2</b>	<b>\$ 269.3</b>	<b>\$ 1,875.3</b>	<b>\$ 8,101.6</b>
Change to Enacted	(62.0)	46.9	36.8	(19.9)	1.7
Percent Change	-1.9%	1.8%	15.8%	-1.1%	0.0%
Change to Governor	\$ (33.8)	\$ 64.1	\$ (0.9)	\$ (7.5)	\$ 21.9
Change to FY 2012	\$ 123.6	\$ 124.1	\$ 85.2	\$ 50.2	\$ 383.1
Percent Change to FY 2012	4.0%	4.8%	46.3%	2.8%	5.0%

Recommended expenditures from federal funds are \$17.3 million less than enacted and \$60.0 million more than FY 2012. Expenditures from restricted receipts are \$37.7 million or 16.2 percent more than enacted and \$86.1 million more than FY 2012. Those from other funds, including the gas tax, Rhode Island Capital Plan funds and unemployment trust funds, are \$12.4 million or 0.7 percent less than enacted and \$57.7 million more than FY 2012.

The Assembly's budget decreased general revenue spending recommended by the Governor by \$33.8 million, a majority of which relates to decreased medical assistance caseload costs. Final enacted expenditures from all sources are \$21.9 million more than recommended and \$52.5 million less when the \$74.4 million adjustment to account for extended unemployment benefit payments is excluded.

For the second year in a row, the 2012 Assembly did not face a significant current year deficit while it deliberated the FY 2013 budget. Conversely more favorable revenue and caseload experience allowed for a significant surplus to be carried into FY 2013 to assist with that budget. The FY 2012 budget ended with an even larger surplus than projected.

FY 2012 Closing		Enacted	Actual	Variance
<i>Open:</i>	Free Surplus	\$ 64,229,426	\$ 64,229,426	\$ -
<i>Plus:</i>	Reappropriated Surplus	4,532,242	4,532,242	-
<i>Equals:</i>	Total Surplus	68,761,668	68,761,668	-
<i>Plus:</i>	Revenues	3,257,400,000	3,270,716,491	13,316,491
<i>Minus:</i>	Transfer to Budget Stabilization Fund	(93,005,624)	(93,378,486)	(372,862)
<i>Equals:</i>	Total Available	3,233,156,044	3,246,099,673	12,943,629
<i>Minus:</i>	Expenditures	(3,139,285,535)	(3,110,242,012)	29,043,523
<i>Minus:</i>	Transfer to Retirement	-	(12,943,629)	-
<i>Equals:</i>	<b>Closing Surplus</b>	<b>\$ 93,870,509</b>	<b>\$ 122,914,032</b>	<b>\$ 29,043,523</b>
<i>Minus:</i>	Reappropriations	-	(7,726,521)	(7,726,521)
<i>Equals:</i>	<b>Free Surplus</b>	<b>\$ 93,870,509</b>	<b>\$ 115,187,511</b>	<b>\$ 21,317,002</b>

The FY 2012 final budget projected a general revenue free surplus of \$93.9 million available for FY 2013. However, the closing statements the State Controller finalized on January 4, 2013 showed a closing surplus of \$115.2 million, or \$21.3 million more.

Revenues were \$13.3 million more than estimated. The increased revenues cause transfers to the Budget Reserve and Cash Stabilization, or "Rainy Day," Fund, to be \$0.4 million more. Current law

requires final revenues above estimates be transferred to the Employees' Retirement System to pay down unfunded liability. That amounts to \$12.9 million after accounting for the rainy day transfer. Expenditures were \$29.0 million less than enacted; \$7.6 million must be reappropriated into FY 2013. The total is \$21.3 million more than the \$93.9 million anticipated surplus.

The FY 2013 enacted budget included funding for Medical Assistance caseloads that FY 2012 closing data showed to be roughly \$15 million more than required. These savings were again seen and somewhat larger in the November 2012 revisions to FY 2013 estimates. Similarly, \$3.7 million in teacher retirement savings carry through to FY 2013. These adjustments account for much of the FY 2012 closing surplus and their continued impact in FY 2013 combine to explain much of the increased resources projected to be available at the end of FY 2013. The Governor's budget proposed legislation to stop the retirement system transfer and uses those revenues in his budget. The Assembly did not concur with that proposal. The pages that follow include full analyses of the expenditure changes in the departments and agencies along with the Assembly's final action on those items.

The revised budget as recommended by the Governor would leave a \$79.3 million surplus to be carried to FY 2014. The general revenue surplus statement for FY 2014 shows an ending surplus of \$1.4 million and is presented as part of the overview of his FY 2014 budget recommendations in that section of this analysis. The final FY 2013 budget has a \$93.4 million surplus; the FY 2014 enacted budget has a \$0.4 million ending surplus.

	<b>Enacted</b>	<b>Final</b>	<b>Difference</b>
<b>Opening Surplus</b>			
Free Surplus	\$ 93,870,509	\$ 115,187,511	\$ 21,317,002
Reappropriated Surplus	-	7,726,521	7,726,521
<b>Subtotal</b>	<b>\$ 93,870,509</b>	<b>\$ 122,914,032</b>	<b>\$ 29,043,523</b>
<b>Revenues</b>	<b>3,320,888,743</b>	<b>3,320,888,743</b>	<b>-</b>
November Revenue Conference	-	7,526,257	7,526,257
Governor Changes	-	15,778,629	15,778,629
Assembly Changes	-	(20,368,629)	(20,368,629)
Total Revenues	3,320,888,743	3,323,825,000	2,936,256
Budget Reserve Fund	<b>(102,442,778)</b>	<b>(103,170,375)</b>	<b>(727,597)</b>
<b>Total Available Resources</b>	<b>\$ 3,312,316,475</b>	<b>\$ 3,343,568,657</b>	<b>\$ 31,252,182</b>
<b>Expenditures</b>	<b>3,295,836,490</b>	<b>3,295,836,490</b>	<b>-</b>
Reappropriation	-	7,726,521	7,726,521
November Caseload Conference	-	(24,267,632)	(24,267,632)
Governor Changes	-	(11,634,708)	(11,634,708)
Assembly Changes	-	(33,849,413)	(33,849,413)
Total Expenditures	\$ 3,295,836,490	\$ 3,233,811,258	\$ (62,025,232)
<b>Total Surplus</b>	<b>\$ 16,479,985</b>	<b>\$ 109,757,399</b>	<b>\$ 93,277,414</b>
Transfer to Fleet and IT	(16,350,000)	(16,350,000)	-
<b>Free Surplus</b>	<b>129,985</b>	<b>93,407,399</b>	<b>93,277,414</b>
<b>Rainy Day Fund</b>	<b>148,727,159</b>	<b>152,794,954</b>	<b>4,067,795</b>
<i>Operating Surplus/(Deficit)</i>	<i>\$ (77,390,525)</i>	<i>\$ (19,521,955)</i>	<i>\$ 57,868,570</i>



## Department of Administration

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
Central Management	\$ 1,829,680	\$ 2,272,523	\$ 2,773,946	\$ 2,633,946
Accounts & Control	3,719,103	3,815,349	3,858,739	3,778,739
Budgeting/Office of Mgt. & Budget	2,280,738	3,415,515	4,321,233	3,466,233
Purchasing	2,583,987	3,106,330	3,046,702	3,046,702
Auditing	1,211,825	1,200,000	1,166,728	1,136,728
Human Resources	10,748,149	11,391,801	11,227,897	10,950,634
Personnel Appeal Board	61,592	75,036	75,036	75,036
General	43,510,235	59,309,085	56,965,385	54,111,069
Debt Service	191,350,509	203,351,021	195,564,810	195,564,810
Legal Services	1,925,459	2,006,995	2,608,234	1,910,234
Facilities Management	34,691,297	37,566,597	36,673,382	35,582,287
Capital Projects and Prop. Mgt.	3,939,621	4,353,454	1,292,289	1,277,289
Information Technology	29,387,527	31,858,383	35,285,725	33,267,893
Library Programs	2,214,181	2,255,547	2,256,107	2,256,107
Planning	13,702,318	17,481,545	18,815,341	21,285,341
Supplemental Retirement Payment	-	1,049,579	1,049,579	1,049,579
Energy Resources	47,059,751	5,388,931	14,933,404	10,033,404
Construction Permitting, Approvals & Licensing	-	-	2,735,622	2,725,622
Rhode Island Health Benefits Exchange	-	-	28,829,827	28,829,827
<b>Total</b>	<b>\$ 390,215,972</b>	<b>\$ 389,897,691</b>	<b>\$ 423,479,986</b>	<b>\$ 412,981,480</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 64,514,502	\$ 69,501,295	\$ 71,535,187	\$ 70,311,598
Contracted Services	6,297,839	5,571,041	34,802,237	33,474,237
<b>Subtotal</b>	<b>\$ 70,812,341</b>	<b>\$ 75,072,336</b>	<b>\$ 106,337,424</b>	<b>\$ 103,785,835</b>
Other State Operations	33,023,935	33,631,468	33,859,081	32,989,836
Aid to Local Units of Government	11,545,905	11,245,112	11,245,112	11,245,112
Assistance, Grants, and Benefits	65,520,349	30,751,690	40,247,575	37,111,868
Capital	11,518,375	31,829,850	31,678,120	26,903,069
Capital Debt Service	162,329,608	203,141,021	195,464,810	195,464,810
Operating Transfers	35,465,459	4,226,214	4,647,864	5,480,950
<b>Total</b>	<b>\$ 390,215,972</b>	<b>\$ 389,897,691</b>	<b>\$ 423,479,986</b>	<b>\$ 412,981,480</b>
<b>Sources of Funds</b>				
General Revenue	\$ 248,320,234	\$ 272,514,956	\$ 269,231,023	\$ 265,410,090
Federal Aid	64,385,781	25,578,747	66,041,287	63,667,321
Restricted Receipts	15,107,473	16,286,426	15,343,117	13,968,691
Other	62,402,484	75,517,562	72,864,559	69,935,378
<b>Total</b>	<b>\$ 390,215,972</b>	<b>\$ 389,897,691</b>	<b>\$ 423,479,986</b>	<b>\$ 412,981,480</b>
<b>FTE Authorization</b>	<b>694.2</b>	<b>687.2</b>	<b>723.7</b>	<b>712.1</b>
<b>FTE Average</b>	<b>628.4</b>			

**FY 2013 Revised Request.** The Department requested FY 2013 revised expenditures totaling \$409.2 million from all funds. This is \$19.3 million more than enacted, including \$12.2 million from federal funds of which \$9.4 million is for stimulus related projects. It includes \$5.5 million more from other funds, primarily Rhode Island Capital Plan funds, \$3.5 million is for a new project to purchase the land adjacent to the Veterans Memorial Auditorium. The general revenue request includes the discretionary reappropriation of \$146,432 for several information technology related projects. The request reflects the transfer of the projected surplus of \$1.3 million to the Technology Investment Fund. The Department requested FY 2013 revised staffing of 701.7 full-time positions.

*The Governor recommended expenditures totaling \$423.5 million, including \$269.2 million from general revenues. This is \$33.6 million more than enacted, including \$28.8 million from federal funds for the Health Benefits Exchange, \$9.4 million more from federal funds for energy related projects and adjustments totaling \$7.8 million less for debt service. He recommended staffing of 723.7 full-time positions.*

**The Assembly provided total expenditures of \$413.0 million from all funds, including \$265.4 million from general revenues. This is \$10.5 million less than the recommendation, of which \$3.8 million is from general revenues, primarily for personnel costs based on the number of filled positions. It also includes staffing of 712.1 full-time equivalent positions.**

**Staffing Authorization.** The Department requested revised staffing of 701.7 full-time positions for FY 2013, 14.5 positions more than authorized. The request reflects the restoration of 5.6 positions in the Division of Information Technology as well as 2.0 new positions. It includes a new position in Statewide Planning to work on a new two-year federal grant. It includes 2.0 positions for the transfer of the Office of Regulatory Reform from the Economic Development Corporation. The Department added 0.4 positions to reflect a full position for a budget analyst. It included 2.5 new positions in the Division of Human Resources. The request also reflects the creation of a new program, Construction Permitting, Approvals and Licensing, and transfers 24.0 positions from Capital Projects and Property Management, with no additional staffing.

*The Governor recommended 723.7 full-time positions for FY 2013, 36.5 positions more than the authorized level and 22.0 positions more than requested, of which 15.0 positions are for the Health Benefits Exchange, 5.0 new positions for the Office of Digital Excellence, a new executive director of human resources and the restoration of an eliminated position in the Division of Purchasing. The Assembly included staffing of 712.1 full-time positions, 11.6 less than recommended.*

**Reappropriated Items.** The Department's request includes \$146,432 in reappropriated funds for several projects. This includes \$131,432 for the Division of Information Technology, of which \$67,044 is for a software and business module, \$44,564 is for a storage server and \$19,855 is for an education network for the Department of Corrections. It also includes \$15,000 based on a delay in securing consultant services for water availability estimating as part of the Water Allocation Plan. *The Governor reappropriated the funds. The Assembly concurred.*

### **Economic Development Corporation**

**College and University Research Collaborative.** As part of his revised budget, the Governor proposed to establish a College and University Research Collaborative to conduct ongoing economic analysis by the state's public and private higher education institutions. The Collaborative will include fellows, research and policy partners, and the Association of Independent Colleges and Universities. Funding for this was not included in the Department's request.

*The Governor recommended a total of \$150,000 from general revenues, including \$50,000 in FY 2013. The Collaborative will use the state funding to leverage funds from the Association and the Rhode Island Foundation. Funding will be used to finance a research director, up to ten fellows and operating costs. **The Assembly concurred.***

**Airport Impact Aid.** Consistent with the enacted budget, the Department requested \$1.0 million to the Economic Development Corporation so that the Airport Corporation can provide impact aid payments to the seven communities that host the six state airports. The community payments are made proportionally based on the number of total landings and takeoffs. *The Governor recommended funding as requested. He requested an amendment to provide \$16,914 less based on anticipated expenditures. **The Assembly concurred.***

### **Health Benefits Exchange**

**Health Benefits Exchange Transfer.** 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 for the Affordable Care Act. The creation of the Exchange avoided federal intervention had the state not done so by January 1, 2013. The Exchange reports to the Board of Rhode Island Health Benefits Exchange and works with the Department of Health, the Office of the Health Insurance Commissioner and the Office of the Lieutenant Governor.

The enacted budget includes expenditures for the Exchange in the Office of the Governor. The Office's request includes revised expenditures of \$23.6 million, \$1.4 million more than enacted from federal and restricted sources to support the implementation of the Affordable Care Act. This includes a reduction of \$69,122 from salary and benefit costs to reflect filled positions. The Office is staffed with 6.0 positions and as of the pay period ending December 29, 2012, all of the positions were filled. The request includes new expenditures of \$1.5 million from restricted receipts, the source of which is unknown.

*The Governor's revised budget transfers the Exchange to the Department of Administration and recommended expenditures of \$28.8 million and staffing of 15.0 full-time positions. This is \$6.7 million and 9.0 positions more than enacted, including \$0.5 million to fund the additional positions. It includes \$6.1 million more for contractual services and \$0.2 million more for operating expenses though this increase is not explained. The Governor did not include the requested expenditures from restricted sources. **The Assembly concurred.***

### **Energy Resources**

**Stimulus - State Energy Plan.** The revised request includes \$7.2 million in carry forward funds from federal stimulus for the State Energy Plan. The American Recovery and Reinvestment Act requires that all of the funds must be spent by April 30, 2012; however, the Department indicated that it obtained an extension through September 30, 2013 and to date, all of the funds have already been obligated. The Act requires that the funds be distributed on a formula basis and to take into account population and energy usage. The program provides direct funding to state energy offices and the states use the funds to address their energy priorities and programs to adopt or support energy efficiency and renewable energy programs and strategies.

*The Governor recommended total funding as requested and shifted \$866 of statewide medical benefit savings to unidentified operating expenses. He subsequently requested an amendment to shift \$4.9*

million from the current year to FY 2014. The grant is set to expire on September 30, 2013, and the Office has obtained approval from the Department of Energy to use the remaining funds for several new initiatives including a revolving loan program to fund small commercial energy efficiency projects, and installing electric stations. **The Assembly concurred.**

**Stimulus - Other Projects.** The Department requested \$2.0 million in carry forward funds from federal stimulus, including \$0.8 million in grants for weatherization assistance and \$1.2 million for projects that reduce energy use and fossil fuel emissions. Though the American Recovery and Reinvestment Act requires that the funds be spent by September 13, 2012, the Department indicated that it obtained an extension through June 13, 2013. Information obtained from the state's accounting system on November 21, 2012 shows that a great amount of the funds have already been spent. *The Governor recommended total funding as requested and shifted \$475 of statewide medical benefit savings to unidentified operating expenses.* **The Assembly concurred.**

**All Other Energy Resources.** The revised request includes total expenditures of \$5.5 million, \$0.3 million more than enacted from federal and restricted sources for the Office of Energy Resources. This is based on revised projections for the Office's share of the demand-side management gas and electric funds. The 2012 Assembly adopted legislation to allow the Office to obtain a share of the funds for its operating costs. The request includes \$4.1 million, \$0.1 million less from the Regional Greenhouse Gas Initiative to reflect anticipated receipts from the sale of emission allowances. Included in the request is \$250,127 for a new federal grant to implement activities relating to building codes and solar and renewable technologies. The Office indicated that the funds will be used on projects that will achieve energy savings. *The Governor recommended total funding as requested and shifted \$2,202 of statewide medical benefit savings to unidentified operating expenses.* **The Assembly concurred.**

### **Facilities Management**

**Utility Savings.** The Department projected utility costs of \$18.8 million from all funds for FY 2013, including \$16.0 million from general revenues at state buildings under its jurisdiction, including the Pastore Campus. The projection is 1.2 percent or \$0.2 million more than FY 2012 reported expenditures of \$18.3 million and is \$0.8 million less than the enacted budget. This reflects savings of \$1.6 million from natural gas offset by increases of \$0.2 million for oil and \$0.6 million for water and sewer usage. The Department indicated that the savings from natural gas is due to a lower rate that it locked in. This rate is in effect for 16 months, July 1, 2012 through October 31, 2013.

The Department reported a surplus of \$1.6 million in FY 2012 for natural gas. Upon further review of historical expenditures, it appears that the Department's four-year spending averaged 92.3 percent of the final appropriations, reporting a surplus as high as \$2.7 million from all funds, including \$2.4 million from general revenues in FY 2010.

The request includes a total of \$2.4 million, \$0.4 million or 22.0 percent more than enacted for sewer usage. The Department indicated that the increase is due to the Cranston Sewer Authority changing its rates from flow-based to unit-based and use of a dual billing mechanism in its ordinance to maximize its revenue. The Department has submitted an appeal to this rate increase.

*The Governor recommended \$36,000 less from all funds than requested. This reflects a savings of \$200,000 from all funds for sewer charges assuming that the Department prevails in the rate dispute.*

*The recommendation includes a shift of \$164,000 for sewer usage previously budgeted in the Department of Corrections to the Division to centralize utility expenditures under the purview of the*

*Division. There is a corresponding reduction in the Department of Correction's budget for this expense.*

[Staff Note: This consolidation is not reflected in the FY 2014 recommended budget. The Budget Office indicated that it was an oversight.]

**The Assembly retained the expenditures in the Department of Corrections' budget. It included a total of \$345,709 in utility savings, of which \$338,187 is from general revenues and concurred with the remainder of the recommendation.**

**Other Facilities Operations.** The Department requested \$7.9 million from all funds including \$6.9 million from general revenues for all other expenditures to support building operations, maintenance and repairs for 365 state properties, including the Pastore Campus. This is \$148,987 or 1.9 percent less than enacted. This includes an additional \$59,999 for cost-of-living adjustments for contract services of the Central Power Plant. This is \$83,528 more than FY 2012 expenses. It should be noted that the Department is in the process of rebidding this contract and this increase does not account for any potential impacts. The request includes expenditures for alarm services, snow plowing, waste disposal and landscaping supplies. The request includes an additional \$90,000 for janitorial services for which the enacted budget includes \$0.3 million, and reported expenditures for this in FY 2012 were \$360,331 and \$291,474 in FY 2011.

The Department reduced building maintenance and repair expenses by \$0.4 million and indicated that it was due to historical spending patterns. Reported expenditures in FY 2012 included a similar savings, the Department attributed to insufficient staff to perform the work and reported expenditures were based on performing critical tasks. Based on this assumption, it appears that maintenance work is being delayed, which could essentially raise the costs of capital projects.

*The Governor concurred with the request and included a transfer of \$231,386 from the Department of Corrections for costs associated with groundskeeping services for the State House and Waterplace Park to the Division. He also added \$9,507 of non-general revenue funds available from statewide medical benefit savings for unidentified operating expenses.*

[Staff Note: This consolidation is not reflected in the FY 2014 recommended budget. The Budget Office indicated that it was an oversight.]

**The Assembly retained the expenditures in the Department of Corrections' budget and concurred with the remainder of the recommendation.**

### **Information Technology**

**Office of Digital Excellence.** The 2012 Assembly adopted legislation to create the Office of Digital Excellence to ensure projects are well coordinated and properly implemented. It provided \$0.3 million from general revenues for operating expenses and 2.0 positions, including a chief digital officer, which was filled in November 2012. The Department requested FY 2013 revised expenditures totaling \$365,572, including \$258,560 from general revenues and \$107,012 from federal funds. This is \$41,440 less from general revenues due to turnover savings. Additionally, the Department is able to allocate the majority of the senior information technology project manager position to available Unified Health Infrastructure Project federal sources.

*The Governor recommended an additional \$0.2 million from general revenues than requested to fund 5.0 new positions, including three programmer analysts, an information technology project manager and an administrator. The recommendation assumes that the positions will be filled mid-February. The annualized value of the positions is \$0.5 million. **The Assembly included \$30,000 in turnover savings to reflect a delay in filling the positions and concurred with the remainder of the recommendation.***

**RI Financial Accounting Network System.** The Department requested revised expenditures of \$1.5 million from general revenues for operational expenditures of the Rhode Island Financial Accounting Network System, which involves installation of a series of modules for each particular service that will form the integrated system. This is \$0.5 million more than enacted, of which \$0.4 million will be used to fund 3.0 new positions, consisting of \$188,113 for an Oracle database administrator, \$131,135 for an Oracle programmer and \$108,711 for a programmer/analyst. Included in the request is an additional \$78,150 for contract maintenance costs.

The request assumes that the positions will be filled in January 2013 and includes \$0.2 million in turnover savings. The enacted budget includes staffing of 3.5 positions to provide support services and \$80,080 for a contracted Oracle database administrator. The part-time administrator ensures that backups are being completed, and provides both disaster recovery services and technical advice on system enhancements. For transparency purposes, the Department centralized all supporting staff costs into the Rhode Island Financial Accounting Network System account. The Department indicated that in the event that the positions are not authorized, it could incur additional expenses for contracted services that could potentially cost more than the amount requested for the new positions. *The Governor concurred, with the exception of providing \$2,185 less to reflect statewide medical benefit savings. **The Assembly provided a total of \$1.5 million from general revenues. It did not concur with the Governor's recommendation to add new positions, and it provided funding for maintenance contract at the enacted level.***

**Technology Investment Fund.** The Department's revised request projects a general revenue savings of \$1.3 million due to lower than anticipated utility costs and turnover savings. The Department proposed to transfer this surplus to the Technology Investment Fund and adjusts expenditures accordingly. It should be noted that the majority of the savings that the Department is able to achieve in the current year is due to delayed initiatives that the Assembly had provided funding for, including positions it added in the Divisions of Purchasing and Human Resources.

The 2011 Assembly enacted legislation to create this fund to be supported from land sales proceeds and the 2012 Assembly transferred \$9.0 million into the fund. The Department anticipated \$4.5 million in land sale revenues in FY 2014.

*The Governor did not concur with the Department's proposal to transfer the projected surplus into the fund. The recommendation does contain the additional \$1.3 million from the fund, apparently in error. Subsequently, he requested an amendment to correct this. **The Assembly concurred with the subsequent amendment.***

**Positions Restored.** The Department requested the restoration of 5.6 positions that were eliminated in FY 2013 and funding of \$0.2 million, net of turnover savings. The annualized value of the new positions would be \$0.4 million. In his FY 2013 budget, the Governor proposed their elimination from the Division of Information Technology and the Assembly adopted the recommendation. The Department indicated that it would like the flexibility to fill the positions in the future given the amount of technology projects it will undertake as part of the Technology Investment Fund. The Division is

authorized 184.9 positions and as of pay period ending October 20, 2012, it had 180.0 positions filled. *The Governor concurred with the request.* **The Assembly did not concur and adjusted staffing and funding accordingly.**

**Other Information Technology Staffing.** The Department requested \$22.5 million from all funds, including \$14.6 million to fund salary and benefit expenses for 172.8 full-time positions for the Division of Information Technology. The Division is responsible for oversight, coordination and development of all computer resources within the Executive Branch. The request is \$0.7 million more than enacted, including \$0.1 million less from general revenues to reflect turnover savings, offset by \$0.9 million from federal funds based on a revised allocation percentage that the Department will receive from the Department of Human Services. It includes an additional \$140,000 for overtime expenses, for which the enacted budget includes \$220,000. Reported overtime expenditures were \$222,062 in FY 2012 and \$202,296 in FY 2011. The Department indicated that the additional overtime is for staff attending disaster recovery exercises in New Jersey. As of the pay period ending October 20, 2012, 180.0 positions were filled, which equates to 97.3 percent of the authorized level.

*The Governor concurred, with the exception of providing \$78,972 less to reflect statewide medical benefit savings.* **The Assembly concurred.**

**Computer Refresh.** The Department requested a total of \$150,000 from general revenues, including \$75,000 in the current year to purchase new computers for staff in the Division of Information Technology. Total funding would allow the Division to refresh two-thirds or 125 computers. This averages \$1,200 per computer. The Department indicated that the current computers are more than five years old and when information technology was centralized in 2007, employees transferred their computer ownership. The enacted budget includes \$1.6 million from general revenues for technology initiatives, which the Department could use for this purchase; however, it indicated that the all the funds have been committed. The FY 2012 final budget included \$1.7 million for the technology initiatives and reported expenditures totaled \$1.4 million, resulting in a surplus balance of \$0.3 million, \$0.1 million of which is reappropriated. The Department is in the process of developing a two-year plan for usage of the Technology Investment Fund. *The Governor recommended funding as requested.* **The Assembly did not concur.**

**Other Information Technology Operations.** The Department requested FY 2013 revised expenditures of \$4.8 million from all funds for the Division of Information Technology. This is \$354,279 or 7.9 percent more than enacted, including \$101,210 more from general revenues, primarily for software and hardware maintenance costs to reflect the FY 2012 spending level. Federal funds increase by \$218,226 based on a revised allocation percentage that the Department will receive from the Department of Behavioral Healthcare, Development Disabilities and Hospitals. The request is \$56,252 less than FY 2012 reported expenditures.

*The Governor recommended funding as requested and provided an additional \$228,173, of which \$200,000 is from general revenues to upgrade various technologies including Microsoft Operating systems in the Department of Corrections. He also added \$28,173 of non-general revenue funds available from statewide medical benefit savings for unidentified operating expenses.* **The Assembly retained the expenditures in the Department of Corrections' budget and concurred with the remainder of the recommendation.**

## Division of Human Resources

**Personnel Reform Study.** The Department requested the enacted amount of \$250,000 from general revenues for a study and review of the state's personnel system. The current system was designed and implemented more than 50 years ago, and the Administration noted few changes have been made to it since. *The Governor concurred and provided an additional \$1.0 million, including \$0.5 million in FY 2013 to obtain outside services to review the state's classification system and to make recommendations to streamline it.* **The Assembly did not concur with the Governor's recommendation to provide new funding. It also included \$55,000 in savings to reflect anticipated expenditures for the personnel reform study, which was completed in January 2013.**

**Human Resources New Positions.** The Department requested revised expenditures of \$279,030 from all funds, including \$266,941 from general revenues to fund 2.5 new positions in the Division of Human Resources. The request includes \$241,776 for 2.0 human resources coordinators, one of which will be assigned to the Public Safety Service Center, to specifically handle personnel issues for the Department of Public Safety. The Department of Administration indicated that this is a new arrangement, as the Public Safety Service Center has not previously included the Department of Public Safety. The Department of Administration assumed that the Department of Public Safety would have a corresponding reduction in its budget; however, it does not appear that occurred. The Budget Office indicated that it will correct this error. The second human resources coordinator position will be assigned to the Division of Motor Vehicles. All of the requested positions are filled.

*The Governor concurred with the request and provided an additional \$47,576 from general revenues to fund a new executive director of human resources not included in the request. Funding assumes that the position would be filled in April 2013. It should also be noted that the Department of Public Safety's budget was not reduced to reflect the new arrangement.* **The Assembly did not concur and adjusted expenditures and staffing accordingly.**

**Other Human Resources Staffing.** The Department requested revised expenditures of \$10.4 million, including \$7.8 million from general revenues to fund 104.0 full-time positions. This is \$0.5 million less from all funds, including \$0.6 million less general revenues due to greater than anticipated turnover savings. The enacted budget assumes savings from the elimination of 12.0 positions based on the restructuring of the personnel system. The Governor had included \$0.8 million in savings; due to a delay in completing the personnel reform study, the Assembly restored half of the savings. To date, seven of the impacted employees have sought employment elsewhere. As of the pay period ending October 20, 2012, the Division had six vacancies. *The Governor recommended \$46,266 less than requested to reflect statewide medical benefit savings.* **The Assembly concurred.**

## Debt Service

**Public Transit Authority Debt Service.** The Department's request includes the enacted amount of \$1.7 million from gasoline tax proceeds for the Rhode Island Public Transit Authority's debt service payments. *The Governor recommended the Authority's debt service payments be made with general revenues in lieu of Authority sources in order to reduce the projected operating shortfalls. He included \$1.6 million in FY 2013 and \$1.7 million in FY 2014 from general revenues.* **The Assembly concurred.**

**I-195 Debt Service.** The Department's request includes the enacted amount of \$1.5 million from general revenues for debt service relating to the I-195 land. The 2011 Assembly's debt authorization stipulated that proceeds from the eventual sale of the land parcels would be used for debt service costs.

The legislation assumed \$42.0 million of revenue bonds would be issued by the Economic Development Corporation to purchase land made available through the relocation of Interstate 195 by the Department of Transportation. The project requires resources from these land sales to finance the remaining work, and this interim mechanism allows for a more deliberate process led by the I-195 Commission on the disposition of the land to occur while the project is completed. *The Governor recommended \$0.5 million for debt service, \$1.0 million less than enacted to reflect a delay in issuance.* **The Assembly concurred.**

**Other Debt Service.** Excluding items mentioned above, the Department requested the enacted amount of \$200.2 million, including \$158.3 million from general revenues for all debt service costs. This includes \$44.4 million for the Department of Transportation for its general obligation bonds, \$23.1 million for the Convention Center Authority, \$21.3 million for historic tax credits, \$68.3 million for general obligation bonds, \$33.9 million for Certificates of Participation projects, \$2.9 million for short-term borrowing, and \$2.8 million for required payments under the Fidelity Job Rent Credits agreement. Under the incentive based agreement between the state and Fidelity, the state provides job rent credits for each full-time equivalent employee in excess of a 1,000 employee base.

*The Governor recommended \$193.5 million for all other debt service costs. This is \$6.6 million less than enacted, including \$4.5 million from general revenues. Major changes include savings of \$2.8 million from not having to issue short-term debt, and \$3.3 million for energy conservation projects. It includes an additional \$250,000 in required payments under the Fidelity Job Rent Credits agreement to reflect actual average filled positions.* **The Assembly concurred.**

### Overhead Functions

**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 revised request reflects this transfer as well as funding of \$0.4 million and 2.0 positions. The Office of Regulatory Reform 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.

*The Governor recommended \$0.2 million in general revenue expenditures above the \$128,350 transferred from the Economic Development Corporation. The recommendation includes approximately a half year's funding for the executive director. The recommendation reflects less in transfer from the Corporation based on one less position being transferred; however, the recommendation includes authorization to fill both positions.* **The Assembly concurred.**

**Rhode Island Ready Project.** The administration has developed an initiative intended to enhance collaborative efforts between the Economic Development Corporation, state agencies, such as the Department of Environmental Management, and cities and towns to increase the probability of business attraction, expansion and growth efforts. The project is also intended to reduce time and increase the predictability of getting land developed, buildings constructed and operations up and running. The initial demonstration project will target eight to ten parcels in urban, suburban and rural areas of the state. Funding for this was not included in the Department's budget request. *The Governor recommended \$75,000 from general revenues in the Office of Management and Budget to fund this project.* **The Assembly shifted the funds to FY 2014 to reflect a delay.**

**Electronic Local Permitting.** The Department's request includes the enacted amount of \$0.3 million from general revenues for the purchase or lease and operation of a web-accessible plan review management and inspection software system. This system would create a standardized system available to the State Building Code Commission and all municipalities. Legislation adopted by the Assembly requires that the State Building Commissioner reports the status and any recommendations for improving the system to the Governor and General Assembly on or before April 2013 and each April 1<sup>st</sup> thereafter. Staff from the Building Code Commission is investigating other similar systems around the country and is working on how it would like the software system to work for impacted agencies. *The Governor recommended total funding as requested; however, shifted the expenditure from the Division of Capital Projects and Property Management to the Office of Regulatory Reform.* **The Assembly shifted \$280,000 to FY 2014 to reflect the Department's projected expenditures.**

**Construction Permitting, Approvals and Licensing.** The request reflects the creation of a new program, Construction Permitting, Approvals and Licensing, consisting of the State Building Code Commission, the Contractors' Registration Board, and the Fire Code Board of Appeal. Staffing and funding were transferred from Capital Projects and Property Management. The Department indicated that the program change was necessary to avert the appearance of conflict of interest between the Office of Capital Projects and the aforementioned offices. The request includes total funding of \$3.0 million, including \$1.7 million from general revenues for operating costs and staffing of 24.0 positions. This reflects a reduction of \$46,043 from all funds, including \$82,449 from general revenues due to turnover savings and increased expenditures of \$36,406 from restricted sources to reflect anticipated receipts from contractors and licensing fees.

*The Governor recommended funding essentially as requested, with the exception of providing \$4,534 less from general revenues to reflect statewide medical benefit savings.* **The Assembly concurred, with the exception of providing \$10,000 less from general revenues to reflect anticipated turnover savings.**

**General Liability Insurance for Big River.** The Department's request reflects a reduction of \$64,554 from general revenues for the elimination of insurance for the Big River Management Area, in accordance with the state's Insurance Risk Manager's review. The Department indicated that if a third party claim were to arise, the Water Resources Board should be defended by the Attorney General's office and indemnified through the tort fund if found negligent. Annually, the Department of Administration has been given an appropriation of \$0.4 million from general revenues to pay for any liability claims against any state department or any state worker. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Sustainable Communities Planning Grant.** The Department requested revised expenditures of \$1.2 million from federal funds for a new two-year grant from the Department of Housing and Urban Development for the Sustainable Communities Regional Planning Cooperative program. The program supports planning efforts that integrate housing, land use, economic and workforce development, transportation, and infrastructure investments. The request includes \$0.2 million and a new position to support the program. Subsequently, the Department noted that it would probably spend half of the requested amount in FY 2013. The Budget Office indicated that it would make the adjustment to reflect anticipated expenditures. *The Governor shifted \$0.5 million to FY 2014 based on anticipated expenditures. He requested two amendments to add a total of \$6.5 million in FY 2013 and FY 2014 to reflect new federal awards for the Disaster Recovery Assistance program and community development block grant awards.* **The Assembly concurred with the previous recommendation and provided \$2.5 million in FY 2013 and \$4.0 million in FY 2014.**

**Outside Legal Services – State Police.** The Department requested new general revenue expenditures of \$48,000 to obtain outside legal counsel to negotiate unresolved State Police union contract issues with an arbitrator. The current contract for the State Troopers Association covers the period of May 1, 2010 through April 30, 2013 and is subject to a wage re-opener for the last contract year. The State Troopers Association re-opened the contract for wage negotiations, and the parties could not reach an agreement. *The Governor recommended funding as requested.* **The Assembly did not concur.**

**Outside Legal Services – DCYF.** The Children’s Rights brought a lawsuit against the Department of Children, Youth and Families on behalf of several children alleging violations in the child welfare system. The Attorney General’s Office is defending the Department; however, funding for expert witness costs are needed. Funding for this was not included in the Department’s request. *The Governor recommended \$0.5 million from general revenues and noted that expenses will likely occur over multiple fiscal years as the case proceeds through the courts.* **The Assembly did not concur.**

**Labor Contract Negotiations.** Most current labor contracts will expire on June 30, 2013. The Department’s revised request does not include funding for labor contract negotiations. *The Governor recommended a total of \$0.3 million from general revenues, including \$150,000 in FY 2013.* **The Assembly did not concur.**

**Other Salaries and Benefits.** Excluding the items mentioned above, the Department requested revised salary and benefit expenditures of \$31.3 million from all funds to support 317.3 full-time positions for the following programs: Central Management, Accounts and Control, Office of Management and Budget, Auditing, Facilities Management, Capital Projects, Planning Division, Legal Services, and the Office of Library and Information Services. This is \$0.4 million less than enacted, including \$0.7 million less from general revenues and increases of \$0.1 million from restricted receipts and \$0.2 million more from other funds. This is due to additional turnover savings, primarily in the Division of Purchasing, Legal Services and the Office of Management and Budget.

*The Governor recommended \$0.5 million less than requested. This includes \$0.3 million from general revenues for medical benefit savings and additional turnover savings, primarily in Accounts and Control and the Office of Management and Budget to reflect delays in filling several positions.* **The Assembly included \$560,000 in turnover savings and concurred with the remainder of the recommendation.**

**Tort Court Awards.** The Department receives an annual appropriation to pay for any liability claims against any state department or any state worker. Historical spending for this varies depending on court awarded settlements.

*The Governor’s FY 2013 revised budget includes the enacted amount of \$0.4 million from general revenues for tort payments.* **The Assembly provided an additional \$0.1 million to reflect additional pending litigations that will result in settlements in FY 2013.**

**All Other Operations.** The Department requested \$16.5 million from all funds, including \$3.7 million from general revenues for all other operating expenses. This is \$1.0 million more than enacted, including \$0.1 million from general revenues, primarily to replace computers in various divisions, including Accounts and Control, Purchasing and the Bureau of Audits, which the Department indicated are more than five years old. It also includes computer supplies for the Division of Purchasing and the Bureau of Audits. The request also includes \$0.8 million from federal and other sources for grants administered by the Division of Planning.

*The Governor recommended funding essentially as requested, with the exception of providing \$10,000 less general revenues for computer expenses in the Bureau of Audits and added \$10,000 for diversity training. He also added \$24,587 of non-general revenue funds available from statewide medical benefit savings for unidentified operating expenses. **The Assembly concurred.***

**Veterans Memorial Auditorium Land Purchase.** The Department requested new expenditures of \$3.5 million from Rhode Island Capital Plan funds to purchase the property adjacent to the Veterans Auditorium. The Department indicated that it is in negotiation with the owner of the property. The land would be purchased for future development and the Administration indicated that it could be used as parking for Capitol Hill during the day and perhaps the Renaissance Hotel could use it at night. *The Governor recommended \$4.5 million in FY 2014 to purchase and make improvement to the land. **The Assembly included \$4.15 million in FY 2014 and included language in Article 1, which limits the cost per square foot to \$70.***

**Veterans Memorial Auditorium Repairs.** The Department requested the enacted amount of \$4.0 million from Rhode Island Capital Plan funds to renovate the Veterans Memorial Auditorium and office building. The renovations will include roof repairs, upgrading the lighting around the stage area, a new loading dock, and upgrading the HVAC and security systems. In 2007, the Veterans Memorial Auditorium Foundation and the administration discussed concerns about the transfer of the facility from the state to the Foundation. The administration requested that the Rhode Island Convention Center Authority consider operating and managing the facility in lieu of the Foundation. The Convention Center Authority took over management of the facility on July 1, 2008; however, the facility is still owned by the state and maintenance must be done to preserve the building. *The Governor recommended advancing \$0.6 million of approved funding to FY 2013. **The Assembly concurred.***

**Other Capital Projects.** The Department requested \$24.2 million from Rhode Island Capital Plan funds for all other capital project expenditures. This is \$1.1 million more than enacted to reflect unexpended Rhode Island Capital Plan funds from FY 2012, as well as revised construction schedules.

*The Governor recommended total expenditures of \$20.5 million, \$2.6 million less than enacted, which is \$3.6 million less than requested. Subsequently, he requested several amendments to reflect revised project costs or delays. **The Assembly provided total project costs of \$17.6 million essentially as recommended. A detailed analysis of the projects is included in the Capital Budget Section of this publication.***

## Department of Business Regulation

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
Central Management	\$ 1,102,117	\$ 1,145,060	\$ 1,104,801	\$ 1,104,801
Banking Regulation	1,405,880	1,762,766	1,897,529	1,682,529
Securities Regulation	826,792	1,083,375	940,224	880,224
Commercial Licensing, Racing & Athletics	889,053	1,179,923	1,177,602	1,177,602
Insurance Regulation	4,736,942	5,201,393	5,174,626	5,174,626
Office of the Health Insurance Commissioner	3,207,926	3,272,510	3,971,290	7,540,297
Board of Accountancy	109,452	82,483	79,464	79,464
Boards for Design Professionals	313,064	249,799	248,257	248,257
<b>Total</b>	<b>\$ 12,591,226</b>	<b>\$ 13,977,309</b>	<b>\$ 14,593,793</b>	<b>\$ 17,887,800</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 8,924,962	\$ 10,255,783	\$ 10,081,118	\$ 9,806,118
Contracted Services	3,129,372	2,701,770	3,471,559	4,474,761
<b>Subtotal</b>	<b>\$ 12,054,334</b>	<b>\$ 12,957,553</b>	<b>\$ 13,552,677</b>	<b>\$ 14,280,879</b>
Other State Operations	479,097	661,128	681,288	681,288
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	-	344,890	344,890	2,910,695
Capital	57,795	13,738	14,938	14,938
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 12,591,226</b>	<b>\$ 13,977,309</b>	<b>\$ 14,593,793</b>	<b>\$ 17,887,800</b>
<b>Sources of Funds</b>				
General Revenue	\$ 8,394,345	\$ 9,362,048	\$ 9,200,512	\$ 8,925,512
Federal Aid	2,726,596	2,719,081	3,433,208	7,002,215
Restricted Receipts	1,470,285	1,896,180	1,960,073	1,960,073
Other	-	-	-	-
<b>Total</b>	<b>\$ 12,591,226</b>	<b>\$ 13,977,309</b>	<b>\$ 14,593,793</b>	<b>\$ 17,887,800</b>
<b>FTE Authorization</b>	<b>96.0</b>	<b>94.0</b>	<b>95.0</b>	<b>94.0</b>
<b>FTE Average</b>	<b>81.3</b>			

**FY 2013 Revised Request.** The Department of Business Regulation's revised request includes \$0.8 million more than enacted from all fund sources including \$15,174 less from general revenues, \$769,789 more from federal sources, and \$63,893 more from restricted receipts and 95.0 full-time equivalent positions which is 1.0 more than the authorized amount.

*The Governor recommended \$14.6 million from all sources, which is \$0.3 million less than requested and \$0.6 million more than enacted. He included \$0.1 million less from general revenues and the 1.0 new position requested. The Assembly included \$3.3 million more from all sources, including \$0.3*

million less from general revenues and \$3.6 million more from federal funds. It did not include the recommended new position.

**Director of Consumer Protection and Education Programs.** The Department requested a new Director of Consumer Protection and Education position within the Office of the Health Insurance Commissioner and included \$0.1 million from federal funds. This position would be funded by the federal Consumer Assistance Program Grant for FY 2013 which was awarded for FY 2011 but was extended for FY 2012. It should be noted that this position was requested in the FY 2013 operating budget request; however, no funding was requested or enacted. The Governor recommended the position be authorized, but remain unfunded. The Assembly did not concur and the position was not authorized. The Department reported that the funding has expired and all unexpended funds must be returned to the federal Department of Health and Human Services. *The Governor recommended the position in the Department's Insurance Regulation division; however, he did not include funding for the position.* **The Assembly did not include the position.**

**Salary and Benefit Adjustments.** The Department requested \$4,642 less than enacted from all fund sources for all other salaries and benefits, including \$15,174 less from general revenues, \$5,361 less from federal funds and \$15,893 more from restricted receipts. The request includes position changes and upgrades in four of the Department's divisions and includes \$242,491 of turnover savings which is \$23,777 less than the enacted amount. The change in general revenues includes \$170,078 to fully fund all authorized positions in the Banking division offset by increases in anticipated turnover savings in Central Management and Securities Regulation. The increase in restricted receipts reflects revised estimates for staff efforts that are billable directly to the industries the Department regulates.

*The Governor recommended \$170,023 less than requested, including \$134,762 less from general revenues. He did not fund the position upgrades within Central Management or the Insurance Regulation division and included \$0.1 million more than requested in turnover savings, reflective of vacancies within the Department's Banking and Securities Regulation divisions.* **The Assembly included an additional \$275,000 in turnover savings to reflect vacancies in the Securities Regulation and Banking Regulation divisions.**

**Rate Review Grant Adjustments.** Excluding salaries and benefits, the Department requested \$1.2 million, which is \$184,129 more than enacted from federal funds for operations associated with the federal Department of Health and Human Services Rate Review grants. The purpose of these grants is to help states develop policies and operations to review rates and premiums charged by health insurance companies operating within their borders. The request includes \$183,145 more for consultant services from Wakely Consulting Group, an actuarial consulting firm that specializes in the health care industry, and the Department's community partner, the Providence Plan, a non-profit agency specializing in data analysis and public education programming. The increase also includes \$1,200 for computer equipment, and adjustments to fees for required compliance and financial audits. *The Governor recommended \$754 more than requested, shifting medical benefit savings from a non-general revenue source to miscellaneous operating expenses. He subsequently requested an amendment to include an additional \$225,000, reflective of additional grant funding available to the Office.* **The Assembly concurred.**

**Health Benefits Exchange Grants Adjustments.** Excluding salaries and benefits, the Department requested \$416,944 more than enacted from federal funds for operations associated with the federal Department of Health and Human Services Health Benefits Exchange grants. The purpose of these grants is to aid states in the establishment of health benefits exchanges, as required by the Affordable Care Act of 2010. The request includes carry forward funding for contracted management services to

support the establishment of the Rhode Island Health Benefits Exchange. *The Governor recommended \$333 more than requested, shifting medical benefit savings from a non-general revenue source to miscellaneous operating expenses. He subsequently requested an amendment to include an additional \$3.3 million, reflective of additional grant funding available to the Office.* **The Assembly concurred.**

**Consumer Assistance Program Grants.** The Department requested \$150,000 from federal funds for other operations associated with the federal Department of Health and Human Services Consumer Assistance Program Grants. These grants are for the establishment of a state health insurance consumer assistance and data collection program. Funds were awarded to the Office of the Health Insurance Commissioner in August 2012 and were therefore not included in the enacted budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Actuarial Costs.** The request includes \$1.0 million or \$20,000 more than enacted from restricted receipts for consultant actuarial services conducted for the Insurance Regulation division. The increase is based upon a negotiated rate increase with one of the four actuarial firms the Department currently utilizes for studies to assist in the review of insurance rates. The Department spent \$0.7 million for these consultant services in FY 2011 and \$0.8 million in FY 2012. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Operations.** The Department requested \$28,000 more than enacted from restricted receipts for state operations, including the payment of fees associated with Real Estate Appraisers Registration to the federal government. United States Public Law 101-17, Title XI, Section 1109 and United States Code Title 12, Chapter 34A, Section 3338, enacted in 1989, require that the Department collect annual registry fees from real estate appraisers which must be forwarded to the Appraisal Subcommittee of the Federal Financial Institutions Examination Council. The Department reported that it has inadvertently deposited these fees into an alternate restricted receipt account for the past several fiscal years. All license fees were forwarded to the federal government on an annual basis as required. The request reflects the Department's intent to separate these fees from other regulatory fees collected during the fiscal year.

*The Governor recommended \$9,011 less than requested. He included the requested \$28,000 from restricted receipts for the payment of Real Estate Appraisers Registration fees and \$2,589 more than requested from restricted receipts, shifting medical benefit savings from a non-general revenue source to miscellaneous operating expenses. However, he also reduced requested operating expenses to reflect historical expenditures.* **The Assembly concurred.**



## Department of Labor and Training

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
Central Management	\$ 551,071	\$ 1,757,398	\$ 2,158,410	\$ 1,683,410
Workforce Development Services	30,961,813	31,137,003	38,873,841	39,258,497
Workforce Regulation and Safety	2,981,855	2,994,552	2,962,592	2,962,592
Income Support	758,329,412	616,552,678	588,087,492	670,202,440
Injured Workers Services	8,642,563	8,775,718	9,120,998	9,120,998
Labor Relations Board	380,949	386,790	382,834	382,834
<b>Total</b>	<b>\$ 801,847,663</b>	<b>\$ 661,604,139</b>	<b>\$ 641,586,167</b>	<b>\$ 723,610,771</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 40,973,291	\$ 37,043,417	\$ 38,027,262	\$ 39,439,856
Contracted Services	4,606,304	3,225,882	5,667,551	5,767,631
<b>Subtotal</b>	<b>\$ 45,579,595</b>	<b>\$ 40,269,299</b>	<b>\$ 43,694,813</b>	<b>\$ 45,207,487</b>
Other State Operations	6,044,178	4,679,434	5,450,685	5,451,667
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	720,435,981	563,646,343	502,552,724	583,538,672
Capital	277,607	2,148,450	2,969,629	2,494,629
Capital Debt Service	8,237,247	18,572,493	37,600,000	37,600,000
Operating Transfers	21,273,055	32,288,120	49,318,316	49,318,316
<b>Total</b>	<b>\$ 801,847,663</b>	<b>\$ 661,604,139</b>	<b>\$ 641,586,167</b>	<b>\$ 723,610,771</b>
<b>Sources of Funds</b>				
General Revenue	\$ 7,553,602	\$ 7,859,170	\$ 8,828,901	\$ 7,728,901
Federal Aid	205,099,595	111,743,981	94,713,891	166,276,062
Restricted Receipts	23,685,420	36,292,695	60,844,618	60,844,618
Other	565,509,046	505,708,293	477,198,757	488,761,190
<b>Total</b>	<b>\$ 801,847,663</b>	<b>\$ 661,604,139</b>	<b>\$ 641,586,167</b>	<b>\$ 723,610,771</b>
<b>FTE Authorization</b>	<b>470.1</b>	<b>462.5</b>	<b>423.0</b>	<b>423.0</b>
<b>FTE Average</b>	<b>442.7</b>			

**FY 2013 Revised Request.** The Department of Labor and Training requested \$640.8 million from all fund sources, which is \$20.8 million less than enacted. This includes increases of \$96,375 from general revenues and \$24.6 million from restricted receipts offset by reductions of \$17.0 million from federal funds and \$28.4 million from other funds, primarily for unemployment insurance benefits. The request includes 423.0 full-time equivalent positions, 39.5 fewer positions than the enacted authorization, primarily from laying off unemployment insurance workers when federal funding was no longer available.

*The Governor recommended \$641.6 million from all sources, \$20.0 million less than enacted and \$0.7 million more than requested. The change to the request includes \$0.9 million more from general revenues, including \$1.0 million for new work immersion and apprenticeship programs and \$0.1 million less from Rhode Island Capital Plan funds, delaying asset protection projects until later years. He*

*included 423.0 positions, consistent with the request. He subsequently requested two amendments to reflect the extension of federal unemployment insurance benefits, adjust for revised expenditure projections and include new and increased grant awards received subsequent to the Governor's budget submission. His amendments add \$83.6 million to his recommendation, including \$71.6 million from federal funds and \$12.0 million from employment security and temporary disability insurance funds.*

**The Assembly provided \$723.6 million from all funds and 423.0 full-time equivalent positions. It concurred with the Governor's amendments and reduced expenditures by \$1.6 million, including \$1.1 million from general revenues.**

**Unemployment Insurance Positions.** The Department requested \$3.2 million more from federal funds for salaries and benefits for the unemployment insurance division. In July 2012, the Department laid off 63 people who filled 58.2 full-time equivalent positions because the federal funding for them no longer existed. This includes 6.0 workforce development services positions and 52.2 unemployment insurance positions. The revised request includes \$1.4 million more from federal funds to restore 22.0 of the eliminated unemployment insurance positions. The Department secured additional federal funding for staffing expenses through September 30, 2013, and filled 7.0 positions in August and the remaining 15.0 positions in October. The revised request eliminates the 36.2 positions that were not refilled, since additional funding is not expected to be available.

The request also shifts \$1.8 million for 19.6 positions from the workforce development services program as a result of seniority bumps from lay-offs in that division and for the reemployment eligibility assessment program, for which the Department received additional funding of \$0.7 million. The request also removes the enacted level of \$250,000 for overtime expenses.

As part of the fiscal cliff negotiations, on January 2, 2013, federally funded emergency unemployment compensation benefits were extended through December 28, 2013, which is anticipated to increase the amount of administrative funding available to the state from federal sources. As with other extensions, the Department will likely lay off fewer individuals since additional administrative funding is expected. The Department was able to rehire 11.0 former staff members in January 2013 to work in the division.

*The Governor's recommendation is \$16,654 less than requested to reflect statewide medical benefit savings; it does not include the impact of the January 2013 extension. He subsequently requested an amendment to add \$1.4 million from federal sources for salaries and benefits, including \$0.6 million for overtime, related to the January extension of unemployment benefits. **The Assembly concurred.***

**All Other Salaries and Benefits.** The Department requested \$2.0 million less from all sources for all other salary and benefit expenses. This includes \$46,461 more from general revenues, primarily for the workforce regulation and safety program and decreases of \$0.3 million from both restricted receipts and temporary disability insurance funds along with \$1.4 million from federal funds for workforce development services, primarily from transferring positions to the unemployment insurance division. It also includes approximately \$63,000 spent from both federal temporary assistance to needy families funds transferred from the Department of Human Services, and Job Development Funds for a summer youth employment program.

Besides the transfer of positions to the unemployment insurance division, the request makes other adjustments among the remaining programs for a net reduction of 3.3 positions and an increase from general revenues; however, the Department indicated that the increase was the result of a misunderstanding of the budget instructions and that the additional funding is not required.

*The Governor recommended \$185,812 less than requested from all funds, including \$30,277 less from general revenues. Of this total, \$174,002 is from all sources, including \$15,454 from general revenues to reflect the statewide medical benefit savings while the remaining \$14,823 general revenue reduction reflects additional turnover savings in central management, workforce regulation and safety, and the Labor Relations Board. His recommendation provides \$16,184 more than enacted from general revenues, primarily in workforce regulation and safety division, equivalent to approximately one position for the final quarter of FY 2013. **The Assembly concurred.***

**Police and Fire Relief Fund.** The Department requested \$2,429 less from general revenues for the payment of police and fire benefits to surviving spouses of deceased police and firefighters and education benefits for spouses and children of deceased or disabled police officers and firefighters, as well as the disabled worker. The request includes \$38,558 more for pension benefits and \$40,987 less for education benefits based on updated utilization trends through the first quarter. A one-time death benefit of \$129,214 was paid in July 2012 to the family of a police officer killed in the line of duty in April 2012. *The Governor recommended funding as requested. **The Assembly reduced expenditures by \$100,000, based on projected expenses included in the Department's third quarter report.***

**Short-Time Unemployment Compensation.** The Department requested \$3.2 million from federal funds for the short-time compensation program, called WorkShare in Rhode Island, which provides a portion of a weekly unemployment insurance payment to eligible individuals whose work hours have been reduced. The program helps employers avoid layoffs by reducing work hours for an entire group of employees rather than layoff some while others continue working full time.

The Department normally operates this program and the benefits are paid from the Trust Fund, included with all other benefit payments. The Middle Class Tax Relief and Job Creation Act of 2012 was signed by President Obama in February 2012, allowing full federal reimbursement of these benefits, with some limitations. The Department's request reflects an initial reimbursement back to February 2012 that will likely increase as additional reimbursements are received throughout the fiscal year. This reimbursement is a direct reduction to benefits paid from the Trust Fund. *The Governor recommended funding as requested. He subsequently requested an amendment to increase funding by \$1.9 million to reflect updated expenditures going back to February 2012. **The Assembly concurred.***

**All Other Unemployment Insurance Benefits.** The Department requested \$306.6 million from all sources for the payment of all other unemployment insurance benefits, which is \$57.9 million less than enacted, including \$27.1 million from federal funds and \$30.8 million from other funds, primarily the Employment Security Trust Fund. The major factor for the decrease is the expiration of state extended benefits in July 2012 and federally funded emergency unemployment compensation in December 2012 that together had provided up to an additional 73 weeks of benefits. After December 29, 2012, individuals will only be able to collect up to 26 weeks of benefits, the traditional number of weeks.

As part of the fiscal cliff negotiations, on January 2, 2013, federally funded emergency unemployment compensation benefits were extended through December 28, 2013, which will increase the amount of benefits paid from federal sources. Anticipated expenditures from the Trust Fund should not change. *The Governor recommended funding as requested. He subsequently requested two amendments to increase funding by \$74.4 million from the January 2013 extension of benefits. This includes \$66.4 million from federal funds and \$8.0 million from the Trust Fund. He also included \$41,515 from federal funds for disaster unemployment insurance benefits related to Hurricane Sandy. **The Assembly concurred.***

**Loan Repayment.** The Department requested \$19.0 million more from Job Development funds for payments on the state's unemployment insurance loans. This includes \$4.4 million less for the interest payment to reflect the actual payment of \$7.6 million made in September and \$23.4 million more towards principal payments. There had been a delay in processing a principal payment in FY 2012 and the request assumes the FY 2012 payment will be made with additional principal payments in FY 2013. *The Governor recommended funding as requested. The Assembly concurred.*

**Self-Employment Assistance Program.** The United States Department of Labor created a program where states can provide training and information to unemployed individuals interested in becoming self-employed and opening their own business. The Department's request did not include any funding for this new program.

*The Governor did not recommend any funding, but subsequently requested an amendment to add \$38,933 in FY 2013 and \$120,801 in FY 2014 from other funds to reflect a new grant award for this purpose. The Department contracted with an educational entity in the state to teach those eligible and interested in what needs to be done to open a business, the process opening a business in Rhode Island, and common pitfalls to avoid; the funds cannot be used for the payment of any permits, application fees or other expenses related to actually starting a business. This is anticipated to be a one-time award that will span FY 2013 and FY 2014. The Assembly concurred.*

**Unemployment Insurance Administration.** The Department requested \$1.3 million more from all sources for the administration and operations of the unemployment insurance program, excluding salaries and benefits and information technology expenditures. This includes \$0.4 million more from federal funds and \$1.0 million more from restricted receipts from the Tardy and Interest Fund.

Increases include \$1.0 million for legal expenses, bringing this expense to twice the FY 2011 and FY 2012 levels, and \$0.2 million for stenographic and other clerical services because of the high adjudication and appeals claim load. It also includes \$0.3 million more for continued upgrades to the imaging equipment. Reductions include \$0.2 million for postage expenses, bringing expenses in line with FY 2012 actual expenditures, and small adjustments to all other operating expenditures, bringing them slightly higher than FY 2011 actual expenditures; FY 2012 expenditures were unusually high.

As part of the fiscal cliff negotiations, on January 2, 2013, federally funded emergency unemployment compensation benefits were extended through December 28, 2013, which will increase the amount of administrative funding available to the state from federal sources.

*The Governor recommended \$73,747 more than requested, including \$70,405 from federal funds and \$3,342 from restricted receipts from shifting medical benefit savings from non-general revenue sources to miscellaneous operating expenses. His recommendation does not include effects from the January 2013 extension but does include Article 24, which lowers the compensation paid to attorneys in unemployment appeals cases from 15 percent to 10 percent of the claim, while maintaining the \$50 minimum and limits when the percentage payments are made. He assumed general revenue savings of \$0.3 million from this change. He subsequently requested an amendment to add \$1.4 million from federal funds for staffing, but did not include any administrative expenditures. The Assembly concurred and included the attorney compensation language in the Governor's Article 24 into Article 14 of the Appropriations Act.*

**Trade Readjustment Assistance Programs.** The Department's revised request includes \$2.3 million less than enacted from federal Trade Readjustment Assistance Act funds to support initiatives that help workers from Rhode Island companies who lost their jobs due to the adverse impact of foreign trade.

The request includes \$0.5 million less for the distribution of weekly trade readjustment allowances and \$1.8 million less for programs oriented to assist qualified workers to obtain competitive levels of education, including contracted providers to instruct and train these workers and out of pocket reimbursement costs while training.

Someone eligible for these benefits must first exhaust all of their unemployment insurance benefits before becoming eligible for this program. Because of the availability of extended unemployment insurance benefits, there have been fewer claims in the past, but even as more individuals have exhausted their unemployment insurance benefits, there have been fewer eligible applicants than anticipated for both aspects of the program. *The Governor recommended funding as requested. He subsequently requested an amendment to add \$0.3 million from federal funds to reflect an unexpected increase in eligibility and participation.* **The Assembly concurred.**

**Workforce Investment Act Grants.** The request includes \$3.3 million more from federal Workforce Investment Act funds to support initiatives oriented to youth, adults and dislocated workers. This increase is primarily for the Workforce Partnership of Greater Rhode Island, reflecting the delayed payment of several invoices and funds carried forward from FY 2012. The request includes \$0.5 million more than enacted for youth programs, \$1.5 million more for dislocated worker programs and \$1.3 million more for adult workers. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Summer Youth Program.** The Department requested \$1.9 million from all sources for a subsidized summer employment program for youth between the ages of 14 and 24. This includes \$0.9 million from both the Job Development Fund's restricted receipts and federal temporary assistance to needy families grant funds provided by the Department of Human Services. The program also required \$0.1 million for department staff expenses, discussed earlier. The Department spent these funds during the summer, the first few months of the fiscal year. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Human Resource Investment Council Grants.** The Department requested \$3.4 million, or 70.2 percent more than enacted from restricted receipts to support initiatives of the Governor's Workforce Board through the Human Resource Investment Council, excluding the Summer Youth Program. The Council carried forward approximately \$3.8 million from FY 2012 and assumed slightly higher revenues than originally expected in FY 2013. The increase includes grants continued from FY 2012 and new grants for FY 2013 along with the termination of several grants from FY 2012. The Council often budgets all funding available for grants in the current year, even if the grant is expected to span more than one fiscal year. The Council receives primary funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Work Immersion and Apprenticeship Programs.** The Department's enacted budget does not contain any general revenue funding for job training or work preparedness.

*The Governor's recommendation includes Article 15 and \$1.0 million from general revenues for the creation of two new employment programs to be administered by the Governor's Workforce Board. This includes a 20-hour per week, 10-week work immersion program where employers are reimbursed half of the cost of the worker during the program and may receive additional reimbursement if the individual is hired on a full-time basis upon completion. It also includes development of a non-trade apprenticeship program to be awarded on a competitive basis. He also included \$2.0 million from general revenues in FY 2014 for these programs, but the proposed legislation states the programs will*

*be funded from the Job Development Fund or funds appropriated in the annual Appropriations Act. The Assembly included the legislation as part of Article 15 in the Appropriations Act, along with other workforce development initiatives. The Assembly did not include funding for FY 2013 and provided \$1.3 million in FY 2014 for all of the workforce initiatives within the article.*

**Hurricane Sandy Clean-up.** In October 2012, Rhode Island's coastline suffered significant damage from Hurricane Sandy, including the state's parks and beaches. The Department coordinated with the Department of Environmental Management to itemize and prioritize needed repairs and locate workers to clean up these areas. The Governor did not include any funding for this project. *The Governor subsequently requested two amendments to provide \$1.4 million from federal funds for a program where the Department paid approximately 80 unemployed residents, with preference towards veterans, those directly unemployed because of the storm and individuals with relevant experience to clean up the damage from Hurricane Sandy at certain state parks and beaches.* **The Assembly concurred.**

**All Other Workforce Development Grants.** The Department requested \$0.9 million from federal funds for three new initiatives which are not included in the enacted budget. The first includes \$0.5 million for a new program called "On-Ramps to Career Pathways" which will establish several career pathways and a system to enable low-skilled, low-literacy, and long-term unemployed workers to successfully access those pathways. The second includes \$0.3 million for a workforce data quality initiative, a collaboration of several departments and the Providence Plan to expand on current efforts to create an education and workforce data infrastructure that can inform policy and guide future programmatic and resource decisions. The third is a \$0.1 million grant to be used to increase the number of disabled adults served in the *neWORKri* One-Stop Career Centers. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Workforce Development Services Operations.** The Department requested \$134,263 more from all sources for administration and operations of the workforce development services program, excluding salaries and benefits and information technology expenditures. This includes \$178,458 more from federal funds and \$44,195 less from restricted receipts. Expenditure increases include \$29,721 for lease costs for the *neWORKri* offices, reflecting anticipated reduced reimbursements from the other departments and organizations that have historically contributed towards the lease costs, \$43,796 for utilities and telephone expenses, \$20,850 for out-of-state travel expenses, and \$96,039 for various other operating expenses. This was partially offset by reductions of \$38,115 for security services at *neWORKri* locations and \$18,028 for equipment upgrades that the Department has decided not to purchase. *The Governor recommended \$54,215 more than requested from federal funds from shifting medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Temporary Disability Insurance Benefits.** The Department requested \$160.0 million, \$15.0 million less than enacted, from the Temporary Disability Insurance Fund for the payment of temporary disability insurance benefits that protect eligible workers against wage loss resulting from a non-work related illness or injury. The requested reduction was based on FY 2012 expenditures of \$155.6 million and expenditures to date. *The Governor recommended funding as requested. He subsequently requested an amendment to increase funding by \$4.0 million to reflect higher expenditures than anticipated.* **The Assembly concurred.**

**Temporary Disability Insurance Administration.** The Department requested \$0.2 million, or 49.0 percent more than enacted from the Temporary Disability Insurance Fund for administration and operations of the temporary disability insurance program, excluding salaries and benefits and information technology expenditures. Expenditure increases include \$0.1 million for both

telecommunications expenses related to the new PBX phone system being installed at the Pastore Campus and postage expenses along with adjustments for other operating needs, bringing requested expenses in line with FY 2012 actual expenditures, which were also \$0.2 million above the final appropriation. *The Governor recommended \$23,249 more than requested from shifting medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Senior Community Service Employment.** The Department requested \$42,082 more from federal funds to support the Senior Community Service Employment Program. This includes carry forward funds from FY 2012 for June bills that were not paid in FY 2012 and the annual grant totaling \$480,980. This is a United States Department of Labor program for older workers providing subsidized, part-time community service and work-based training for low-income persons age 55 or older with the overall goal to provide participants with the skills and competencies to move from subsidized employment to unsubsidized employment. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Workers' Compensation Administration Fund.** The Department requested \$370,000 more than enacted from restricted receipts for claims on the Workers' Compensation Administration Fund, formerly known as the Second Injury Fund. The increase reflects steady utilization levels, but increased costs per case. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Workers' Compensation Operations.** The Department requested \$139,708 more than enacted from restricted receipts for administrative and operating expenses for the Workers' Compensation program, excluding salaries and benefits and information technology expenditures. Increases include \$65,308 for medical therapy service hours because of an increased client caseload, \$63,221 more for work readiness training, and \$15,406 for employing a graduate student under a training rotation. Expenditure reductions include \$3,420 for a copy machine lease that has expired and \$807 for other miscellaneous expenses. The request brought expenses more in line with FY 2012 actual expenditures, which were \$103,772 more than the final appropriation. *The Governor recommended \$19,462 more than requested from shifting medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Capital Improvements.** The Department requested \$524,255 more from all fund sources for the replacement or repair of the roof on three of the buildings at the Center General Complex and asset protection projects at the Complex. The request includes \$520,967 more from Rhode Island Capital Plan funds, primarily for the asset protection project, and for the roof project, it includes \$36,032 more from temporary disability insurance funds and \$32,744 less from federal unemployment insurance funds. The request includes \$3,803 more from Rhode Island Capital Plan funds for the roof project than was included in the capital request, which the Department indicated is an inadvertent error. *The Governor recommended \$123,930 less from Rhode Island Capital Plan funds than requested, including \$120,000 less for the asset protection project to reflect shifting projects to later years and \$3,930 less for the roof project based on updated cost estimates.* **The Assembly further shifted \$475,000 for asset protection from FY 2013 to FY 2015 to reflect an updated project schedule based on delays related to the roof project.**

**Information Technology and Computer Equipment.** The Department requested \$1.7 million more from all sources for information technology expenses departmentwide. This includes \$7,677 more from general revenues, \$1.7 million more from federal funds, \$0.1 million more for Governor's Workforce Board for increased maintenance agreements, and \$0.1 million less from temporary

disability insurance funds, reflecting reduced computer and equipment purchase and repair costs. Federal fund increases include \$1.5 million for the continuation of delayed and new unemployment insurance technology and equipment upgrades funded from special federal appropriations specifically for this purpose, and \$0.2 million for various maintenance agreements related to the existing job services initiative and the new disability employment initiative.

*The Governor recommended \$23,585 less from general revenues than requested, primarily for the workforce regulation and safety division for reductions proposed by the Department subsequent to the budget submission in order to keep general revenue expenditures at the enacted level. He subsequently requested an amendment to add \$0.1 million from federal funds related to unemployment insurance technology upgrades, reflecting an additional award received after the Governor's recommendation was submitted. **The Assembly concurred.***

**Operating Transfers.** The Department's revised request includes \$49.3 million for expenditures classified as "operating transfers," which is \$17.0 million more than enacted. These are shown for accounting purposes to reflect transfers of funds in and out of the state's general fund, out of the temporary disability insurance and employment security funds and among state agencies, such as transfers from the Department to the three Rhode Island institutions of higher education. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies. *The Governor recommended funding as requested. **The Assembly concurred.***

Transfers to RI Higher Education. The Department requested \$453 more from federal funds for transfers to the three Rhode Island institutions of higher education. This includes \$39,639 less from Trade Readjustment Act funding and \$40,092 more from Workforce Investment Act funds, based on FY 2012 and year-to-date spending for each program. The request includes \$124,164 more for programs at the University and reductions of \$104,003 for programs at the Community College and \$19,708 for the College, based on year-to-date utilization of the programs offered by each school. *The Governor recommended funding as requested. **The Assembly concurred.***

Job Development Fund. The Department requested transferring \$19.0 million more than enacted for payments on the state's unemployment insurance loans. Funds collected from the 0.3 percent assessment are maintained in the Job Development Fund account, and then transferred to the Employment Security Fund account when making the principal and interest payments. *The Governor recommended funding as requested. **The Assembly concurred.***

Unemployment Benefits Owed to Other States. The Department's revised request includes \$2.0 million less from the Employment Security Trust Fund for the payment of unemployment insurance benefits to other states, for total payments of \$8.0 million. The Department spent \$10.5 million in FY 2012 and \$10.4 million in FY 2011. The Department assumed that fewer new claims will be filed and benefit levels may decrease since only 26 weeks of benefits are available, beginning December 29, 2012.

This is just the amount that Rhode Island reimburses other states for paying benefits on the state's behalf; there is also a corresponding revenue item in the Office of the General Treasurer for reimbursements from other states, though they are often not equal. The payment of benefits to other states is included in the total benefits paid out, discussed earlier. *The Governor recommended funding as requested. **The Assembly concurred.***

Unemployment Insurance Administration. The Department requested the transfer of \$0.9 million less to the General Fund for information technology and staffing expenses to reflect the remainder of special unemployment insurance administrative funding. The funds must be transferred from the state's

account on the federal level to the General Fund in order for the Department to spend the funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

Temporary Disability Insurance Transfers. The request includes \$0.9 million more than enacted from temporary disability insurance funds transferred to the Department of Revenue to support the employer tax unit and Department of Administration for debt service. The increase reflects centralized expenses for facilities management, the Division of Information Technology and human resources, which were inadvertently omitted from the Department's FY 2012 revised and FY 2013 requests. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Operations.** The Department requested \$47,652 more from all sources, including \$44,666 more from general revenues for all other operations. The Department requested additional general revenues because of a misunderstanding regarding the budget instructions; the Department's first quarter report reflected general revenue expenses at the enacted level.

*The Governor recommended \$71,266 less than requested, including \$72,782 less from general revenues and \$1,516 more from restricted receipts. He reduced workforce regulation and safety division expenses consistent with reductions proposed by the Department subsequent to the budget submission in order to keep general revenue expenditures at the enacted level, and eliminated furniture expenditures. He also reduced Labor Relations Board expenses to be consistent with the enacted level. The recommendation shifted \$1,516 in medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**



## Department of Revenue

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
Office of Director	\$ 792,293	\$ 783,388	\$ 953,117	\$ 891,117
Office of Revenue Analysis	368,841	538,285	483,865	477,465
Lottery Division	244,425,204	232,744,968	238,190,597	238,190,597
Division of Municipal Finance	3,023,874	2,564,780	2,375,134	2,383,277
Taxation	20,353,130	21,122,430	20,880,706	20,781,706
Registry of Motor Vehicles	18,221,048	19,715,041	20,097,464	19,841,062
State Aid	57,966,723	56,033,396	61,094,813	58,051,912
<b>Total</b>	<b>\$ 345,151,113</b>	<b>\$ 333,502,288</b>	<b>\$ 344,075,696</b>	<b>\$ 340,617,136</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 37,930,895	\$ 40,094,660	\$ 40,675,907	\$ 40,185,148
Contracted Services	2,654,791	2,660,252	1,972,853	2,104,355
<b>Subtotal</b>	<b>\$ 40,585,686</b>	<b>\$ 42,754,912</b>	<b>\$ 42,648,760</b>	<b>\$ 42,289,503</b>
Other State Operations	245,335,359	233,481,927	237,403,606	237,347,204
Aid to Local Units of Government	57,966,723	56,033,396	61,094,813	58,051,912
Assistance, Grants, and Benefits	10,740	13,650	9,923	9,923
Capital	1,180,473	913,397	2,206,891	2,206,891
Capital Debt Service	-	-	-	-
Operating Transfers	72,132	305,006	711,703	711,703
<b>Total</b>	<b>\$ 345,151,113</b>	<b>\$ 333,502,288</b>	<b>\$ 344,075,696</b>	<b>\$ 340,617,136</b>
<b>Sources of Funds</b>				
General Revenue	\$ 95,686,157	\$ 95,342,244	\$ 99,940,996	\$ 96,482,436
Federal Aid	1,472,179	2,450,709	2,897,330	2,897,330
Restricted Receipts	1,993,811	1,845,255	1,821,849	1,821,849
Other	245,998,966	233,864,080	239,415,521	239,415,521
<b>Total</b>	<b>\$ 345,151,113</b>	<b>\$ 333,502,288</b>	<b>\$ 344,075,696</b>	<b>\$ 340,617,136</b>
<b>FTE Authorization</b>	<b>449.0</b>	<b>458.0</b>	<b>489.0</b>	<b>489.0</b>
<b>FTE Average</b>	<b>411.8</b>			

**FY 2013 Revised Request.** The Department requested \$2.1 million more than enacted for FY 2013, including \$96,417 reappropriated from general revenues, \$404,091 more from federal funds, \$23,406 less from restricted receipts and \$1.7 million more from other funds. The Department requested 495.0 full-time equivalent positions, 37.0 more than the enacted authorization for new Lottery regulatory staff associated with the expansion of table gaming at Twin River Casino.

*The Governor recommended \$8.4 million more than requested from all sources, including \$4.5 million more from general revenues, \$42,530 more from federal funds, \$50,000 more from Rhode Island Capital Plan funds, and \$3.7 million more from other funds. He included a \$5.0 million increase in Distressed Community Aid. The Governor recommended staffing of 489.0 full-time equivalent positions, or 31.0 positions above the enacted authorization.*

The Assembly provided total expenditures of \$340.6 million, including \$96.5 million from general revenues. This is \$3.5 million less than the Governor recommended. The Assembly did not concur with the Governor's recommendation to add \$5.0 million for distressed aid; however, it provided \$2.0 million for the Payment in Lieu of Taxes aid. The Assembly concurred with the Governor's staffing recommendation.

#### Office of the Director

**1.0 Chief of Strategic Planning and Monitoring.** The Department requested \$100,606 from general revenues for a Chief of Strategic Planning and Monitoring. The Department indicated a need for an administrative officer who reports to the Director. The Department transferred 1.0 unfunded vacancy from the Division of Motor Vehicles to fill the position as of the December 1, 2012 pay period. As the chief of strategic planning will be engaged in tasks associated with financial reform for the East Providence Budget Oversight Commission, \$23,352 of the cost is allocated to the Division of Municipal Finance. *The Governor recommended funding as requested.* **The Assembly concurred.**

**1.0 Internal Audit Position.** The Department requested \$49,551 from general revenues to fund a new Senior Internal Auditor for six months, who would be responsible for the oversight of balances, transactions, audits and other financial statements within the Department. This position was filled as of the December 1, 2012 pay period. The duties of the position include: reviewing and testing of internal controls over cash receipts within the Divisions of Motor Vehicles and Taxation; preparing and reviewing financial statements, including the semi-annual closing package; serving as main liaison with the Controller's Office in issues involving revenue recognition; and assisting independent and internal auditors in the resolution of audit findings and in other issues. The Department noted it is utilizing 1.0 unfunded vacancy from the Division of Taxation to fill this position. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Cost Allocation - Chief Financial Officer.** The Department requested \$74,566 from general revenues to fund 40.0 percent of the salary and benefits of its Chief Financial Officer who currently serves the same role for both the Departments of Revenue and of Administration. Previously, the Department of Administration has funded the position entirely. The Department continues to believe it does not need its own chief financial officer. *The Governor did not recommend the funding. He recommended that the current Chief Financial Officer remain serving both Departments for the remainder of the fiscal year. However, he did authorize one for FY 2014.* **The Assembly concurred.**

**All Other Operations.** The Department requested \$22,497 more than enacted from general revenues for all other operations, including \$16,293 for the upgrade of a senior legal counsel to deputy chief of legal services. Also included in this request is \$3,650 more for legal representation on behalf of the state in cases in which the state may receive funds as a result of tobacco securitization settlements. The request includes \$2,554 more for other operating expenses. *The Governor recommended \$2,925 less from general revenues from statewide medical benefit savings.* **The Assembly included \$62,000 in turnover savings.**

#### Office of Revenue Analysis

**Turnover Savings.** The FY 2013 revised request includes \$37,986 less than enacted from general revenues to reflect turnover savings from projected vacancies within the Office. *The Governor recommended \$16,434 less than requested, which reflects \$14,890 from increased turnover savings and*

*\$1,544 from statewide medical benefit savings.* **The Assembly provided \$6,400 less to reflect additional turnover savings.**

## Lottery Division

**Table Gaming Regulation.** In anticipation of the November 6, 2012 referenda on table gaming at both Twin River and Newport Grand Casinos, the Department included an estimate to pay for staffing, operation and equipment at both facilities. However, with the failure of the referendum for Newport Grand, the Department updated its FY 2013 revised request to reflect changes in projected need. The Department's updated request includes \$2.2 million, including \$1.7 million from Lottery funds, \$0.4 million from Rhode Island Capital Plan funds and \$160,000 in State Police Google settlement funds, with 31.0 new full-time equivalent positions. The original request includes \$1.6 million, with 37.0 new full-time equivalent positions.

The updated request includes \$1.1 million from Lottery funds for 31.0 full-time equivalent positions, estimated to be hired by February 24, 2013, with the exception of the legal counsel and the director of casino operations, which have an estimated hiring date of January 13, 2013. The Department further requested \$406,697 from Lottery funds for reimbursements to the State Police for 8.0 full-time equivalent positions, who will work with casino security managers in supporting table gaming security and in pursuing criminal investigations. The request also reflects \$50,000 from Lottery funds for training and cellular phones and two-way radios for new personnel, and \$111,070 from Lottery funds for information technology equipment for the lottery facility in Cranston. The Department also requested \$160,000 from the State Police Google settlement fund to purchase eight vehicles and equipment for state police troopers assigned to the Twin River Casino.

*The Governor recommended \$1.6 million for FY 2013. This includes \$1.0 million to fund 31.0 full-time equivalent positions. Positions will include management, security, internal controls and compliance and oversight. He also recommended \$0.4 million for reimbursements to the State Police for 8.0 officers, and \$0.2 million for equipment, travel and educational expenses.* **The Assembly concurred.**

**All Other Salaries and Benefits.** The Department's FY 2013 revised request for all other salaries and benefits includes \$5.4 million from Lottery funds, or \$23,960 less than enacted for turnover savings and other adjustments consistent with current staffing. As of December 2012, the Division had filled 49.0 of its 53.0 authorized positions. *The Governor recommended \$23,159 less than requested from general revenues from statewide medical benefit savings.* **The Assembly concurred.**

**Lottery Operations.** The Department requested \$230.8 million for all other operations for the lottery division, consistent with the enacted budget. This includes \$219.1 million for Lottery commission payments. Under current law, revenues generated from video lottery terminals at Newport Grand and Twin River Casinos are allocated to the City of Newport, Town of Lincoln, video lottery retailers, technology providers of video lottery technology, the Narragansett Indian Tribe and the two casinos, net of the state's share of the revenue. *The Governor recommended \$3.5 million more for commission payments. The recommendation also shifts \$23,159 in medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Capital Project.** The Department's FY 2014 request includes \$0.4 million from Rhode Island Capital Plan funds for the renovation of office space at the lottery headquarters. The project was included in the original request for table gaming regulation, but the amended request, submitted November 26, 2012, shifts the project from the FY 2014 unconstrained request to the FY 2013 revised request.

Included in the project are renovations for a capital project scheduled for FY 2016. *The Governor recommended \$0.4 million for FY 2013 as subsequently requested.* **The Assembly concurred.**

### **Division of Municipal Finance**

**Salaries and Benefits.** The Department requested \$10,893 more than enacted from general revenues for salaries and benefits. This includes \$0.2 million for salaries and benefits associated with Woonsocket and East Providence oversight committees. The request also includes funding to fill a human resources coordinator on loan from the Department of Administration offset by turnover savings elsewhere in the Division. *The Governor recommended \$6,963 less than requested from statewide medical benefit savings.* **The Assembly provided \$0.1 million less to reflect the Department's projected expenditures.**

**Reduction in Actuarial and Legal Services.** The FY 2013 revised request includes \$160,000 less than enacted from general revenues for legal and actuarial services to municipalities. This includes \$80,000 less for both legal services and services provided by the actuary contracted with the Locally Administered Pension Plans Study Commission. The Department indicated that the reductions reflect year-to-date expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Central Falls Receivership.** The 2010 Assembly enacted the "Providing Financial Stability Act" to enable the state to work with cities and towns undergoing financial distress that threatens the fiscal well-being, public safety and welfare of such cities and towns. The Department's budget includes general revenue expenditures of \$0.3 million for legal services that are provided by Orson and Brusini and Edwards, Angell, Palmer and Dodge relating to the receivership. *The Governor recommended funding as requested.* **The Assembly provided an additional \$0.1 million, based on the Department's projected expenditures.**

**Other Operations.** The Department requested \$66,576 for all other expenses, consistent with the enacted budget. The appropriation includes \$10,000 in reimbursement to Newport and Jamestown for members of the fire and police departments and rescue personnel when using the bridge in the course of duty. *The Governor recommended \$33,576 less than requested. This includes \$28,576 less for computer supplies and equipment based on historical spending and \$5,000 less for toll reimbursements based on year-to-date expenditures.* **The Assembly concurred.**

### **Local Aid**

**Distressed Community Relief Fund.** The Department requested the enacted amount of \$10.4 million to level fund the Distressed Communities Relief program in FY 2013. This program was established in 1990 under Rhode Island General Law 45-13-12, to provide assistance to the communities with the highest property tax burdens relative to the wealth of their taxpayers. The 2005 Assembly increased eligibility for FY 2006 to any community falling into the lowest 20.0 percent for at least three of four indices to be eligible for assistance under the program. *The Governor recommended \$5.0 million more than requested. He also recommended similar increases for FY 2014.* **The Assembly provided funding consistent with the enacted budget.**

**Payment in Lieu of Taxes.** The Department requested the enacted amount of \$33.1 million from general revenues to level fund the Payment in Lieu of Taxes Program in FY 2013. The 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. *The Governor recommended funding as requested.* **The Assembly provided an additional \$2.0 million for a total funding of \$35.1 million. This increases the reimbursement value from 21.4 percent to 22.7 percent.**

**Reappropriation - Municipal Pension Revaluation.** The request assumes reappropriation of \$61,417 from general revenues, representing unexpended resources from \$234,000 appropriated in FY 2012 to reimburse municipalities for 50.0 percent of the cost of actuarial pension studies. However, The Governor only reappropriated \$60,424. *The Governor recommended the \$61,417 reappropriation.* **The Assembly provided \$18,516 to reflect actual payments.**

#### Division of Taxation

**Turnover Savings.** The Department requested \$141,939 less than enacted from all sources for salaries and benefits, including \$62,338 less from general revenues, \$25,189 less from federal funds, \$30,802 less from other funds and \$23,610 less from restricted receipts. This reflects current staffing levels and projected hiring plans. *The Governor recommended \$82,565 less than requested from all sources, including \$66,768 less from general revenues from statewide medical benefit savings.* **The Assembly included an additional \$0.1 million in turnover savings.**

**Cost Sharing of Hospital Bankruptcies.** The Department requested \$29,979 from general revenues not included in the enacted budget to share legal costs related to the bankruptcies of the Landmark and Westerly hospitals. The Division has entered into a Memorandum of Understanding with the Office of Health and Human Services to share 50.0 percent of the cost of legal services relating to the hospital licensing fees owed to the state. In FY 2012, the Office of Health and Human Services contracted the law firm Orson and Brusini to represent the state in claims on amounts owed by the hospitals, or amounts owed by the state to the hospitals. There have been two agreements signed thus far. The first, which covered the period of December 1, 2011 to December 1, 2012, had an estimated cost of \$90,000. The second, covering a period between January 1, 2012 and January 1, 2013, is estimated at approximately \$20,000. Future contracts between the state and the law firm are expected. *The Governor recommended funding as requested.* **The Assembly provided an additional \$21,000 to reflect anticipated expenditures.**

**All Other Operations.** The Department requested \$62,996 less than enacted from all sources for all other operations. This includes \$4,300 more from general revenues, \$39,000 less from federal funds, \$28,500 less from other funds and \$204 more from restricted receipts. The request reflects a \$35,500 reduction for computer equipment and a \$3,000 increase for leases on copiers. In addition, the request includes \$80,123 in software maintenance costs, of which \$29,550 is for a two-year contract for an unprocessed payment in FY 2012. The Department's request does not include this funding. *The Governor recommended \$16,790 more than requested, which reflects shifting medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

#### Division of Motor Vehicles

**Reappropriation – Voter Pre-Registration.** The Governor reappropriated \$35,000 from general revenues for an unexpended payment that was left incomplete in FY 2012 to a contractor for programming related to the pre-registration of voters. The Department's request includes this funding. *The Governor's budget includes the reappropriation.* **The Assembly concurred.**

**Commercial Drivers License Modernization Project.** The Department requested \$0.7 million more than enacted from federal funds for the Commercial Drivers License Modernization 2012 Project. The project, authorized by the federal Safe, Accountable, Flexible, Efficient Transportation Equity Act of 2005, is part of an effort by the federal government to establish a national database of commercial vehicles, which links automated testing scores of commercial drivers to their driving records. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Motor Vehicle Modernization Project.** The Department requested \$86,840 less than enacted from general revenues for the Division of Motor Vehicles to reflect a reduction in contracted database administrators related to the Motor Vehicle Modernization Project. The adjustment is based on the anticipated number of hours worked by the contractors for the remainder of FY 2013. The Department noted that expenses for the contractors are capitalized until the completion of the project. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Performance and Registration Information Systems Management.** The Department requested \$0.1 million for the Performance and Registration Information Systems Management project for the purpose of implementing more stringent identification standards for commercial motor carriers. The program registers motor carriers in a national network in order to identify and target high-risk carriers. The enacted budget did not include funding from this particular grant; it is part of a multi-year grant for which the Department has received funding in prior years for other similar projects. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capitol Police Detail.** The Department requested \$77,260 less than enacted from general revenues for personnel adjustments by the Department of Public Safety for Capitol Police detail at the Registry of Motor Vehicles. The request reflects projected expenses for officers currently assigned to the Registry. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Forand Building – Capital Project.** Consistent with the approved capital plan, the Department requested \$0.1 million from Rhode Island Capital Plan funds for a total project cost of \$17.7 million for continued renovations at the Forand Building. Funds from FY 2012 of \$115,114 will be used in FY 2013 to upgrade the heating, ventilation and air conditioning system as well as for general building upgrades to improve workflow. Construction started in September 2009, and the Division moved to the facility in late August 2010. The building formerly housed operations of the Department of Human Services, but was renovated to be the new home of the Registry of Motor Vehicles. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Capital Projects.** Consistent with the approved capital plan, the Department requested \$0.3 million from Rhode Island Capital Plan funds, \$0.1 million annually through FY 2015, to replace three heavy duty lifts within the Safety and Emission Control inspection garage. The lifts, used for the inspection of all school buses and public service vehicles, have been in service for more than 15 years and now require frequent maintenance. The risk of equipment failure also presents a potential hazard to the safety of inspectors under the vehicles. *The Governor recommended advancing \$50,000 from the current capital plan from FY 2015 to FY 2013.* **The Assembly concurred.**

**All Other Salaries and Benefits.** Excluding items mentioned above, the Department requested \$13.1 million from all sources and staffing of 170.0 full-time positions, including \$15,177 more from general revenues and \$56 less from federal funds. The request adds \$100,000 from general revenues for increased overtime, offset by increased turnover savings. As of December 1, 2012, the Department had filled 153.0 of its 170.0 authorized full-time equivalent positions. *The Governor recommended \$296,576 less than requested including \$296,433 from general revenues. He added \$60,000 for*

*overtime and included savings of approximately \$70,000 from statewide medical benefit savings with the balance in additional turnover savings from leaving positions vacant. **The Assembly included \$0.2 million in turnover savings.***

**All Other Operations.** The Department requested \$262,229 less than enacted from all sources, including \$116,855 more from general revenues and \$379,084 less from federal funds for all other operations for the Division of Motor Vehicles. This includes \$64,000 for a final payment for contracted services related to the Division's systems. The request also includes a \$20,000 increase for an upgrade to the phone system at the Registry of Motor Vehicles to enhance service and a \$35,000 payment to a contractor for costs related to the Armed Services Veterans' License Plate project.

*The Governor recommended \$42,673 more than requested from federal funds, which includes \$42,530 to increase funding for the Vehicle Crash Report Imaging Project. The recommendation also includes shifting \$143 in medical benefit savings from non-general revenue sources to miscellaneous operating expenses. **The Assembly included a general revenue savings of \$56,402 based on the Department's projected expenditures.***



## Legislature

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
General Assembly	\$ 5,877,913	\$ 5,131,717	\$ 6,728,645	\$ 6,728,645
Fiscal Advisory Staff	1,448,633	1,678,830	1,682,519	1,682,519
Legislative Council	4,145,419	5,051,932	4,595,862	4,595,862
Joint Comm. on Legislative Affairs	19,182,885	21,642,507	23,834,819	23,834,819
Office of the Auditor General	4,664,711	5,325,332	5,058,071	5,058,071
Special Legislative Commissions	7,578	13,900	13,900	13,900
<b>Total</b>	<b>\$ 35,327,139</b>	<b>\$ 38,844,218</b>	<b>\$ 41,913,816</b>	<b>\$ 41,913,816</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 30,244,807	\$ 33,033,478	\$ 31,483,632	\$ 31,483,632
Contracted Services	887,458	538,850	1,117,350	1,117,350
<b>Subtotal</b>	<b>\$ 31,132,265</b>	<b>\$ 33,572,328</b>	<b>\$ 32,600,982</b>	<b>\$ 32,600,982</b>
Other State Operations	2,292,116	2,616,390	3,640,834	3,640,834
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,601,950	2,300,000	2,300,000	2,300,000
Capital	300,808	355,500	3,372,000	3,372,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 35,327,139</b>	<b>\$ 38,844,218</b>	<b>\$ 41,913,816</b>	<b>\$ 41,913,816</b>
<b>Sources of Funds</b>				
General Revenue	\$ 33,685,084	\$ 37,217,044	\$ 40,388,233	\$ 40,388,233
Federal Aid	-	-	-	-
Restricted Receipts	1,642,055	1,627,174	1,525,583	1,525,583
Other	-	-	-	-
<b>Total</b>	<b>\$ 35,327,139</b>	<b>\$ 38,844,218</b>	<b>\$ 41,913,816</b>	<b>\$ 41,913,816</b>
<b>FTE Authorization</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>
<b>FTE Average</b>	<b>264.6</b>			

**FY 2013 Revised Request.** The Legislature's revised budget of \$42.1 million includes \$3.3 million from the \$6.3 million reappropriation and 298.5 full-time equivalent positions.

*The Governor reduced the request by \$161,240 from general revenues to reflect statewide medical benefit savings and shifted \$4,660 in restricted receipt medical benefit savings to miscellaneous operating expenses. The Assembly concurred.*



## Office of the Lieutenant Governor

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,034,777	\$ 1,065,132	\$ 1,062,212	\$ 1,049,212
Contracted Services	1,263	750	750	640,750
<b>Subtotal</b>	<b>\$ 1,036,040</b>	<b>\$ 1,065,882</b>	<b>\$ 1,062,962</b>	<b>\$ 1,689,962</b>
Other State Operations	27,895	25,310	25,538	37,404
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	4,780	1,500	1,250	11,050
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,068,715</b>	<b>\$ 1,092,692</b>	<b>\$ 1,089,750</b>	<b>\$ 1,738,416</b>
<b>Sources of Funds</b>				
General Revenue	\$ 948,391	\$ 962,955	\$ 958,311	\$ 945,311
Federal Aid	120,324	129,737	131,439	793,105
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,068,715</b>	<b>\$ 1,092,692</b>	<b>\$ 1,089,750</b>	<b>\$ 1,738,416</b>
<b>FTE Authorization</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>
<b>Average FTE</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>

**FY 2013 Revised Request.** The Office of the Lieutenant Governor requested \$7,331 more than enacted, including \$5,095 more from general revenues, and staffing consistent with the authorized level.

*The Governor recommended \$10,273 less than requested, including \$9,739 less from general revenues. He recommended staffing consistent with the authorized level. He subsequently requested an amendment to provide \$0.7 million in federal funds to reflect a new grant award. The Assembly concurred with the amendment and provided \$13,000 less general revenues based on the Office's third quarter report.*

**Affordable Care Act.** The Office requested revised expenditures of \$131,973 from federal sources or \$2,236 more than enacted for staffing costs for 1.3 full-time equivalent positions that provide support services to the Healthcare Reform Commission. The Patient Protection and Affordable Care Act requires states to have a new mechanism for purchasing health insurance coverage called exchanges, established by January 1, 2014. The Office is coordinating these efforts in conjunction with the Office of the Health Insurance Commissioner, the Executive Office of Health and Human Services, the Department of Administration and the Office of the Governor. *The Governor recommended \$534 less than requested to reflect revised personnel costs. The Assembly concurred.*

**Other Staffing and Operations.** The Office requested \$5,095 more general revenues than enacted for all other staffing and operating expenses. The increase is largely attributed to the reclassification of a

position. As of the pay period ending November 17, 2012, the Office had no vacancies. It should be noted that the Office anticipates receiving a grant to work on a medical claims database. In the event the grant is awarded, general revenue funding is likely to decrease as staff time will be allocated to work on that project.

*The Governor recommended \$9,739 less than requested, including reductions of \$3,194 to reflect statewide medical benefit savings and \$6,545, primarily to correct the Office's Social Security calculation. He subsequently requested an amendment to add \$0.7 million from federal funds for the grant award. **The Assembly concurred and included \$13,000 in savings to reflect the Office's third quarter report.***

## Office of Secretary of State

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
Administration	\$ 1,913,757	\$ 1,907,105	\$ 1,996,377	\$ 1,996,377
Corporations	2,125,570	2,068,731	2,087,321	2,087,321
State Archives	512,914	584,454	572,433	572,433
Elections and Civics	1,263,125	1,900,552	1,751,671	1,691,671
State Library	589,719	598,381	601,201	601,201
Office of Public Information	337,141	358,884	368,485	368,485
<b>Total</b>	<b>\$ 6,742,226</b>	<b>\$ 7,418,107</b>	<b>\$ 7,377,488</b>	<b>\$ 7,317,488</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 4,964,036	\$ 5,150,026	\$ 5,102,991	\$ 5,042,991
Contracted Services	277,696	251,600	207,425	207,425
<b>Subtotal</b>	<b>\$ 5,241,732</b>	<b>\$ 5,401,626</b>	<b>\$ 5,310,416</b>	<b>\$ 5,250,416</b>
Other State Operations	1,270,689	1,781,271	1,807,885	1,807,885
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	136,187	135,611	135,611	135,611
Capital	93,618	99,599	123,576	123,576
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 6,742,226</b>	<b>\$ 7,418,107</b>	<b>\$ 7,377,488</b>	<b>\$ 7,317,488</b>
<b>Sources of Funds</b>				
General Revenue	\$ 6,262,153	\$ 6,913,038	\$ 6,893,325	\$ 6,833,325
Federal Aid	52,872	-	2,566	2,566
Restricted Receipts	427,201	505,069	481,597	481,597
Other	-	-	-	-
<b>Total</b>	<b>\$ 6,742,226</b>	<b>\$ 7,418,107</b>	<b>\$ 7,377,488</b>	<b>\$ 7,317,488</b>
<b>FTE Authorization</b>	<b>57.0</b>	<b>57.0</b>	<b>57.0</b>	<b>57.0</b>
<b>FTE Average</b>	<b>54.3</b>			

**FY 2013 Revised Request.** The Secretary of State requested revised FY 2013 expenditures of \$7.4 million from all sources, which is \$13,270 more than the enacted budget. This includes \$76,176 more from general revenues, \$2,566 more from federal funds and \$65,742 less from restricted receipts. The request includes 57.0 full-time equivalent positions, consistent with the enacted authorization.

The Office subsequently submitted a revised version of its current year budget request in response to the Budget Office's request for a proposal that does not exceed enacted general revenues. The revised version includes \$34,677 less than the original request, or \$76,677 less from general revenues and \$42,000 more from restricted receipts. This includes changes to the expenditures originally requested for the Quick Start program; outside legal services, printing and postage in the Election and Civics Division; funding sources for the State Archives; and personnel in three divisions.

*The Governor recommended \$7.4 million or \$40,619 less than enacted and 57.0 full-time equivalent positions, consistent with the enacted authorization. The recommendation is \$19,213 less than the Office's revisions to its current year budget request. **The Assembly provided \$7.3 million, or \$60,000 less than recommended to reflect additional turnover savings from vacant positions.***

**Quick Start Program.** The revised request includes \$40,000 of unspent funds for the Quick Start program, which is intended to provide for an online master application where applicants can enter their contact and business information just once and the information will be automatically entered on all forms the applicant needs to submit. The Office indicated that the \$40,000 in requested general revenue funding includes \$25,000 for work that has already been done and \$15,000 for work not yet completed, which relates to the integration of Quick Start and two other state agencies' operating systems.

The Office subsequently submitted revisions to its current year budget request, including \$30,000, or \$10,000 less for the Quick Start program to better reflect the final expenditures.

*The Governor recommended \$30,000, consistent with the Office's revisions to its current year budget request. **The Assembly concurred.***

**Election Expenses.** The Secretary of State and the Board of Elections requested \$2.5 million from all sources for expenses directly related to elections, including salaries and benefits, which is \$27,069 less than enacted. This includes \$29,635 less from general revenues and \$2,566 more from federal funds. Fiscal year 2013 is an on-year in the two-year election cycle, and the general election was held on November 6, 2012. *The Governor recommended \$0.1 million less than requested primarily to reflect actual expenditures from the November 2012 election. **The Assembly reduced funding by \$60,000 for the Office to reflect additional turnover savings and reduced Board of Elections expenditures by \$35,000 to reflect the Board's third quarter report and historical spending.***

The Secretary of State requested \$1.9 million in expenditures from general revenues, which is \$36,385 less than enacted. This amount includes \$43,606 less for salaries and benefits in the Elections and Civics Division, which is authorized for 7.0 full-time equivalent positions and currently has two vacancies, including a director of elections and an administrative assistant. The enacted budget includes \$100,000 in turnover for Elections and Civics, and the Office's revised request primarily reflects the additional turnover savings based on anticipated staffing costs. The enacted budget does not include any Help America Vote Act funding; however, the Secretary of State requested \$2,566 from Help America Vote Act funds which were not spent in FY 2012. The Office indicated that the remaining Help America Vote Act funds would be used for the purchase of scanners for the Central Voter Registration System.

The Office subsequently submitted revisions to its current year budget request, reducing requested general revenue expenses by \$76,154. This includes reductions of \$50,000 for outside legal services and \$20,000 for postage, as well as increases of \$35,000 for printing expenses to better reflect actual expenditures from the general election. The revisions also include \$41,154 less for salaries and benefits to better reflect anticipated staffing levels. The Office anticipated holding the administrative assistant position vacant for all of FY 2013, and further indicated that it intended to fill this position in July 2013.

*The Governor recommended \$1.8 million, which is \$0.1 million less than enacted and \$23,036 less than the Office's subsequent current year request. His recommendations include the reductions to outside legal services and postage, but not the increase for printing expenses and the other adjustments reflect*

*changes from statewide medical benefit savings and turnover expectancy. **The Assembly reduced general revenues for the Office by \$60,000 to reflect additional turnover savings.***

The Board of Elections requested \$6,750 more than enacted from general revenues, including salaries and benefits. According to the Board, the increase reflects an invoice from FY 2012 that was not paid until FY 2013. The Board requested the enacted amount of \$80,000 for legal services; however, its spending on legal services was only \$28,439 in FY 2011 and \$52,058 in FY 2012. *The Governor recommended \$18,000 less than requested including decreases of \$16,000 for printing expenses, \$1,000 for postage and \$1,000 for staff training based on actual expenditures from the November 2012 election. **The Assembly reduced expenditures by \$35,000 based on the Board's third quarter report and historical expenditures.***

**State Archives.** The Secretary of State's revised request of \$580,982 from all fund sources is \$3,472 less than enacted for the operation of the state archives, which is funded primarily by the Historical Records Trust Fund. The request includes \$62,000 more than enacted from general revenues and \$65,742 less from restricted receipts. The State Archives expenditures are expected to exceed available Historical Records Trust Fund receipts, and the Office requested the additional general revenues for lease expenses for the Archives.

The Office subsequently submitted revisions to its current year budget request, which include lowering the general revenue supplemental appropriation request to \$20,000. The additional \$42,000 in funding from restricted receipts reflects updated Historical Records Trust Fund receipt projections.

*The Governor recommended \$8,549 less than requested. This includes \$431 from statewide medical benefit savings and the remaining \$8,118 in reductions to reflect anticipated expenditures. **The Assembly concurred.***

**Records Center.** The Records Center is an internal service program that does not appear in the Appropriations Act. User agencies pay a portion of their operating costs into this fund for record storage and retrieval. The Center requested expenditures of \$854,305, which is \$42,767 less than the enacted budget. This includes \$459,732 for 4.8 full-time equivalent positions, or \$2,837 less than enacted, and reduces operating expenses by \$41,112. *The Governor recommended \$2,155 more than requested to reflect minor adjustments to personnel and operating expenditures. **The Assembly concurred.***

**Other Salaries and Benefits.** The revised request includes \$56,631 less than enacted from general revenues for salary and benefit expenses for the 41.9 remaining full-time equivalent positions. The revised request for salaries and benefits appears to be understated primarily because the Office inadvertently underestimated the salary for a position in the Administration Division by \$48,082.

The Office subsequently submitted revisions to its current year budget request, including \$67,349 more for salaries and benefits to better reflect anticipated staffing levels and correct the salary and benefit costs for the position in Administration, noted above.

*The Governor recommended \$27,187 more than enacted and \$23,169 more than the Office's subsequent current year request. He restored the compensation for the position in Administration and made other adjustments to reflect changes from statewide medical benefit savings and turnover expectancy. **The Assembly concurred.***

**State House Tours.** The revised request includes \$12,750 for a contract with Johnson and Wales University to coordinate tours of the State House to the public and all the school districts in Rhode Island. Many of the tours accommodate the various educational institutions throughout the state and are at the request of General Assembly members. Students volunteer to lead tours, but the University coordinates the schedules of the students and handles their training. There is no funding in the enacted budget for the tours. Past expenditures include an average of \$12,198 from FY 2007 through FY 2012. Since FY 2009, the Office requested funding for this item, but neither the Governor nor the Assembly provided the funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Operations.** The Secretary of State requested \$54,442 more than enacted from general revenues for all other operations. The primary causes of the increase are that the Office is requesting \$23,688 more for consolidating printers and fax machines into multi-function copy machines and \$19,639 more for telephone charges. The Office indicated it is in the process of adding call groups and a second operator's phone to be used as a backup. *The Governor recommended \$4,096 less than requested, including \$10,250 less for information technology services to better reflect the anticipated expenditures.* **The Assembly concurred.**

## Office of the General Treasurer

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
General Treasurer	\$ 2,761,126	\$ 2,664,055	\$ 2,640,126	\$ 2,953,826
Unclaimed Property	27,818,707	20,733,930	30,405,046	30,698,734
Employees' Retirement System	7,042,528	12,024,051	9,974,156	9,934,156
Crime Victim Compensation	2,084,446	2,149,524	2,131,790	2,131,790
<b>Subtotal</b>	<b>\$ 39,706,807</b>	<b>\$ 37,571,560</b>	<b>\$ 45,151,118</b>	<b>\$ 45,718,506</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 7,495,463	\$ 8,402,449	\$ 8,172,758	\$ 8,146,458
Contracted Services	2,924,258	3,107,694	3,244,015	3,244,015
<b>Subtotal</b>	<b>\$ 10,419,721</b>	<b>\$ 11,510,143</b>	<b>\$ 11,416,773</b>	<b>\$ 11,390,473</b>
Other State Operations	27,268,464	20,086,932	29,670,220	30,263,908
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,738,816	1,888,000	1,888,000	1,888,000
Capital	279,806	4,086,485	2,176,125	2,176,125
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 39,706,807</b>	<b>\$ 37,571,560</b>	<b>\$ 45,151,118</b>	<b>\$ 45,718,506</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,531,859	\$ 2,542,115	\$ 2,582,801	\$ 2,826,501
Federal Aid	1,199,276	1,159,712	1,099,497	1,099,497
Restricted Receipts	35,767,114	33,618,221	41,252,232	41,575,920
Other	208,558	251,512	216,588	216,588
<b>Total</b>	<b>\$ 39,706,807</b>	<b>\$ 37,571,560</b>	<b>\$ 45,151,118</b>	<b>\$ 45,718,506</b>
<b>FTE Authorization</b>	<b>82.0</b>	<b>82.0</b>	<b>82.0</b>	<b>82.0</b>
<b>FTE Average</b>	<b>71.6</b>			

**FY 2013 Revised Request.** The Office of the General Treasurer requested \$2.3 million less than enacted from all sources including \$41,044 more from general revenues and 83.0 full-time equivalent positions, which is 1.0 more than the authorized level.

*The Governor recommended \$45.2 million from all sources, which is \$7.6 million more than enacted and \$9.9 million more than requested, primarily adjusting for updated unclaimed property data. General revenues are \$40,686 more than enacted and \$358 less than requested.*

The Assembly added \$0.3 million to show bank fees as an expenditure rather than a deduction from revenues for more transparency. It also included \$56,300 in additional general revenue turnover savings and \$0.3 million from restricted receipts for the unclaimed property program to reflect the estimate of the May Revenue Estimating Conference. It added \$30,000 to reflect a private foundation grant the Office received to support economic policy research and concurred with the remainder of the Governor's recommendation.

**Reappropriation.** The Governor reappropriated \$58,300 for moving expenses and renovations to the new facility that were budgeted for FY 2012 but not completed. The operations on Fountain Street, including the Retirement System, moved to 50 Service Avenue in Warwick in December 2011. This reappropriation is included in the revised request. *The Governor's budget includes the reappropriation.*  
**The Assembly concurred.**

**Unclaimed Property Transfer to General Fund.** The Office requested \$7.2 million for the transfer from unclaimed property to the state, \$0.7 million less than enacted. Transfers of unclaimed property to the state are shown as expenditures in the Office's operating budget. Although this represents the agency's estimate, the transfer is adopted by the Revenue Estimating Conference that meets in November and May and expenditures must reflect that. *The Governor recommended a transfer of \$6.3 million, consistent with the November Revenue Estimating Conference estimate.* **The Assembly added \$0.7 million to the transfer to reflect a total of \$7.0 million based on the May Revenue Estimating Conference.**

**Unclaimed Property Claims.** The Office requested \$13.5 million for payment of unpaid property claims, which is \$19,562 less than enacted. The FY 2013 estimate included additional claims activity resulting from the receipt of one-time revenues in FY 2013. Although this represents the agency's estimate, these expenditures will be based on the estimate adopted by the Revenue Estimating Conference that meets in November and May. *The Governor recommended \$24.7 million, consistent with the November Revenue Estimating Conference estimate.* **The Assembly reduced claims by \$0.5 million to reflect the estimate of the May Revenue Estimating Conference.**

**Unclaimed Property Change in Claims Liability.** The Office requested an increase of \$0.1 million in the amount of revenues set aside for future claims liability. For FY 2013, that amount represents 26.2 percent of net revenues. Although this represents the agency's estimate, these expenditures will be based on the estimate adopted by the Revenue Estimating Conference that meets in November and May. *The Governor added \$6,312 to reflect the November Revenue Estimating Conference estimate.* **The Assembly added \$0.1 million to reflect the estimate of the May Revenue Estimating Conference.**

**Unclaimed Property Imaging System.** The revised request includes \$75,000 from unclaimed property restricted receipts for the purchase of an imaging system. The program is required to maintain all records and the Office reported that many of the physical records are deteriorating because of their advanced age. An imaging system will allow for their permanent preservation. The Office also believes that a new system will improve customer service as staff will be able to immediately retrieve files rather than waiting for them to be returned from the archives, which is the current practice. The Office anticipated having the new system in place by the end of March 2013. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Retirement System Computer Upgrade.** The revised budget request is \$2.0 million less than enacted from retirement fund administration restricted receipts for the purchase of a new computer system. The enacted budget includes \$4.0 million for a new system. The System issued a request for proposals to upgrade the system in early July, 2012, and is currently in the process of reviewing bids. It anticipated having a recommendation before the board in December.

The Retirement program is planning a major overhaul of its membership benefit database, the Anchor System. The current system is over ten years old and does not adequately address the program's operational needs. The Office is considering an upgrade due to major advancements in computer system capabilities over the past several years for public and private retiree programs. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Retirement System Information Technology.** The revised request includes an additional \$50,000 in costs associated with maintaining the current Retirement System computer system. As the system continues to age, the costs of maintaining it increase. The System currently has a maintenance contract that expires in 2015. The System also pays for ad hoc services that are not part of the contract such as special security patches, disaster recovery testing and functionality or programming changes. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Retirement System Legal.** The revised request includes an additional \$140,000 from Retirement System restricted receipts for legal expenses associated with the current legal challenges to the changes made by the 2009 and 2011 Assemblies. The 2011 challenges were filed in June 2012. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Retirement System Fiduciary Insurance.** The revised request includes \$154,500 from retirement fund administration restricted receipts for the procurement of fiduciary liability insurance for Retirement System board members for FY 2013. This is consistent with the enacted budget. *The Governor recommended removing the funding based on the Board's decision to delay procurement based on cost concerns.* **The Assembly concurred.**

**Retirement System New Positions.** The revised request includes authorization for 1.0 new full-time equivalent position and \$0.1 million from retirement fund administrative restricted receipts to fund 2.0 new Retirement System positions. The request assumes funding for a new operations manager and junior counselor for approximately 8.5 months for FY 2013.

The request includes authorization for 1.0 new position and also reflects the transfer of 1.0 position from treasury operations to the Retirement System. The current treasury operations position is in the business processing unit and the cost for that position is allocated among general revenues and restricted receipts. The Office has indicated that there are no general revenue savings associated with converting this position to a Retirement System position as the work that the existing position did will be transferred to other positions and the work supported by general revenues will still be charged to general revenues. *The Governor did not recommend authorizing a new full-time equivalent position based on the October 2012 level of filled positions. He did recommend funding as requested.* **The Assembly concurred.**

**Other Salaries and Benefits.** Excluding the positions previously mentioned, the Office requested \$0.2 million less than enacted for all salaries and benefits including \$118 more from general revenues. This reflects additional turnover savings based on current vacant positions and the Office's hiring plans for the remainder of the fiscal year. There are currently 10.0 vacancies, 5.0 of which are in the Retirement System division.

*The Governor's recommendation is \$0.1 million less than requested including \$0.1 million in additional turnover savings and \$6,614 from statewide medical benefit savings.*

*The Governor subsequently requested an amendment to add \$70,000 from restricted receipts over FY 2013 and FY 2014 to reflect a private foundation grant that the Office received to support economic policy research. Funding includes \$30,000 for FY 2013 and \$40,000 for FY 2014 to fund a part-time position in the policy division.*

**The Assembly included the restricted receipts as requested. It also included \$56,300 less from general revenues based on the Office's third quarter report, which showed additional turnover savings.**

**Bank Fees.** Currently, bank fees are deducted from investment earnings on short term investments, and only the net amount is recorded as revenue. Accounts and Controls, Office of the Auditor General and Treasury staff agreed that bank fees should be shown as an expenditure for more transparency. *Based on a request from the Office of the General Treasurer, the Governor requested an amendment to add \$425,000 from general revenues for the payment of bank fees.* **The Assembly added \$300,000 to both expenditures and revenues to reflect this change based on updated estimates from the Office of the General Treasurer.**

**Other Operating Adjustments.** The Office requested \$4,035 less than enacted, including \$17,374 less from general revenues for all other expenses mostly associated with savings in buildings and ground maintenance. These savings are partially offset by additional record center expenses necessitated by the limited storage space in the new location in Warwick.

*The Governor recommended \$5,769 more than requested including \$6,256 more from general revenues. General revenues increase primarily to fund the first year of a three-year lease for a new vehicle for the business processing unit for bank deposits and other courier services. The recommendation also shifts \$22,813 in medical benefit savings from non-general revenue sources to miscellaneous operating expenses. This increase is offset by decreases in out-of-state travel, lodging and printing.* **The Assembly concurred.**

## Rhode Island Board of Elections

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,114,751	\$ 1,239,597	\$ 1,222,469	\$ 1,235,415
Contracted Services	325,203	362,845	90,876	52,876
<b>Subtotal</b>	<b>\$ 1,439,954</b>	<b>\$ 1,602,442</b>	<b>\$ 1,313,345</b>	<b>\$ 1,288,291</b>
Other State Operations	178,084	349,674	608,478	598,532
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	4,130	-	-	-
Capital	38,560	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,660,728</b>	<b>\$ 1,952,116</b>	<b>\$ 1,921,823</b>	<b>\$ 1,886,823</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,610,728	\$ 1,952,116	\$ 1,921,823	\$ 1,886,823
Federal Aid	50,000	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,660,728</b>	<b>\$ 1,952,116</b>	<b>\$ 1,921,823</b>	<b>\$ 1,886,823</b>
<b>FTE Authorization</b>	<b>11.0</b>	<b>11.0</b>	<b>11.0</b>	<b>11.0</b>
<b>FTE Average</b>	<b>11.0</b>			

**FY 2013 Revised Request.** The Rhode Island Board of Elections requested \$28,444 more from general revenues than enacted. The request includes 11.0 full-time equivalent positions, consistent with the enacted authorization. *The Governor recommended \$1.9 million from general revenues, which is \$30,293 less than enacted and \$58,737 less than requested. He included 11.0 positions, consistent with the request. The Assembly provided \$35,000 less than recommended to reflect operating reductions based on updated spending projections.*

**Board Member Compensation.** The Board of Elections requested \$54,782 for salaries and benefits for its seven members in FY 2013, which is \$16,782 more than enacted. The Board's request assumes a full year of funding for the \$7,000 salary for seven members; however, currently only five of the seven members of the Board accept a salary. The Board indicated that it is aware that no supplemental appropriation is necessary if the two members who decline the compensation remain on the Board through FY 2013. *The Governor recommended funding consistent with the enacted budget. The Assembly concurred.*

**Seasonal Staff.** The Board of Elections requested the enacted level of \$120,000 for seasonal staff for the November 2012 election. The enacted amount was based on the Board's expenditures for seasonal staff in FY 2011, the last on-year in the two-year election cycle. *The Governor recommended \$20,000 less than enacted based on actual seasonal staff expenditures from the November 2012 election. The Assembly concurred.*

**Other Salaries and Benefits.** The Board's request includes \$4,912 more from general revenues than enacted for salaries and benefits for 11.0 full-time equivalent positions. It appears the Board should have included \$10,999 more in its request for Social Security taxes, based on salaries requested and the current rates. Additionally it appears that the Board did not include employee co-payments when calculating medical insurance expenses. *The Governor recommended \$2,040 less than requested which reflects corrections to employee benefit calculations and statewide medical benefit savings.* **The Assembly concurred.**

**Election Expenses.** The Board of Elections and Secretary of State requested \$2.0 million from all sources for expenses directly related to elections, excluding salaries and benefits, which is \$16,537 more than enacted. This includes \$13,971 more from general revenues and \$2,566 more from federal funds. Fiscal year 2013 is an on-year in the two-year election cycle, and the general election was held on November 6, 2012. *The Governor recommended \$0.1 million less than requested based on actual expenditures from the November 2012 election.* **The Assembly reduced expenditures by \$35,000 based on the Board's third quarter report and historical expenditures. It provided funding as recommended for the Secretary of State.**

The Board of Elections requested \$6,750 more than enacted from general revenues. According to the Board, the increase reflects an invoice from FY 2012 that was not paid until FY 2013. The Board requested the enacted amount of \$80,000 for legal services; however, its spending on legal services was only \$28,439 in FY 2011 and \$52,058 in FY 2012. *The Governor recommended \$18,000 less than requested including \$16,000 for printing expenses, \$1,000 for postage and \$1,000 for staff training based on actual expenditures from the November 2012 election.* **The Assembly reduced general revenues by \$35,000 as noted above.**

The Secretary of State requested \$1.3 million in expenditures from general revenues, which is \$9,787 more than enacted, including increases of \$7,221 from general revenues and \$2,566 from federal sources. The requested amount is \$0.2 million more than the Office's spending in FY 2011, the last on-year in the two-year election cycle and reflects spending on referenda costs, printing expenses and other expenditures necessary to conduct the primary and general elections. The enacted budget does not include any Help America Vote Act funding; however, the Secretary of State requested \$2,566 in Help America Vote Act funds which were not spent in FY 2012. The Office indicated that the remaining Help America Vote Act funds would be used for the purchase of scanners for the Central Voter Registration System. *The Governor recommended \$86,195 less than requested based on actual expenditures from the November 2012 election.* **The Assembly concurred.**

**All Other Operations.** The Board of Elections requested the enacted level of \$80,630 for all other operations. Most of the requested amounts appear to be based on the Board's actual spending in FY 2012. *The Governor recommended \$1,915 less than enacted, including \$1,500 less for travel and \$500 less for waste removal expenses to better reflect the anticipated expenditures.* **The Assembly concurred.**

## Rhode Island Ethics Commission

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,236,026	\$ 1,337,258	\$ 1,337,996	\$ 1,317,996
Contracted Services	13,322	42,750	32,750	32,750
<b>Subtotal</b>	<b>\$ 1,249,348</b>	<b>\$ 1,380,008</b>	<b>\$ 1,370,746</b>	<b>\$ 1,350,746</b>
Other State Operations	155,716	170,755	172,989	172,989
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	5,749	7,118	7,118	7,118
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,410,813</b>	<b>\$ 1,557,881</b>	<b>\$ 1,550,853</b>	<b>\$ 1,530,853</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,410,813	\$ 1,557,881	\$ 1,550,853	\$ 1,530,853
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,410,813</b>	<b>\$ 1,557,881</b>	<b>\$ 1,550,853</b>	<b>\$ 1,530,853</b>
<b>FTE Authorization</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>
<b>FTE Average</b>	<b>11.3</b>			

**FY 2013 Revised Request.** The Commission requested \$1.6 million from general revenues for FY 2013, which is \$3,991 less than enacted. The Commission requested 12.0 full-time equivalent positions, the authorized level. *The Governor recommended \$1.6 million from general revenues, which is \$7,028 less than enacted and \$3,037 less than requested, and the authorized level of 12.0 full-time equivalent positions.* **The Assembly included \$20,000 less than recommended, reflective of projected staffing expenditures.**

**Reappropriation.** The Governor reappropriated \$4,234 for a fourth quarter lease payment to the Commission's mail equipment vendor and for Financial Disclosure Statements reminder mailings, which could not be mailed in FY 2012 due to information technology issues in the newly implemented online filing system. The Commission's revised request includes this expense. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Staffing and Other Operations.** The Commission requested \$8,225 less than enacted from general revenues for all other state operations. The request for salaries and benefits is \$3,775 more than enacted and is consistent with current planning values and employee benefits selections. The revised request includes \$10,000 less from general revenues for contracted outside legal services, reflective of actual expenditure rates. It also includes \$2,000 less for energy and office supply costs. It should be noted that the Commission historically overestimates its funding needs for operations. Though it appears the request is reflective of its prior over-estimation, it is still more than historical expenditures for these items. *The Governor recommended \$3,037 less than requested to reflect statewide medical*

*benefit savings.* The Assembly included \$20,000 less than recommended to reflect reported vacancies for FY 2013.

## Office of the Governor

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
Central Management	\$ 4,081,232	\$ 4,418,290	\$ 4,400,907	\$ 4,325,010
Office of Economic Recovery & Reinvestment	567,123	-	-	-
Rhode Island Health Benefits Exchange	-	22,163,245	-	-
<b>Total</b>	<b>\$ 4,648,355</b>	<b>\$ 26,581,535</b>	<b>\$ 4,400,907</b>	<b>\$ 4,325,010</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 4,090,591	\$ 4,914,752	\$ 3,875,357	\$ 3,799,460
Contracted Services	119,992	20,696,834	700	700
<b>Subtotal</b>	<b>\$ 4,210,583</b>	<b>\$ 25,611,586</b>	<b>\$ 3,876,057</b>	<b>\$ 3,800,160</b>
Other State Operations	274,564	629,828	260,850	260,850
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	250,000	250,000	250,000
Capital	32,564	90,121	14,000	14,000
Capital Debt Service	-	-	-	-
Operating Transfers	130,644	-	-	-
<b>Total</b>	<b>\$ 4,648,355</b>	<b>\$ 26,581,535</b>	<b>\$ 4,400,907</b>	<b>\$ 4,325,010</b>
<b>Sources of Funds</b>				
General Revenue	\$ 4,081,232	\$ 4,418,290	\$ 4,400,907	\$ 4,325,010
Federal Aid	(1)	22,163,245	-	-
Restricted Receipts	567,124	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 4,648,355</b>	<b>\$ 26,581,535</b>	<b>\$ 4,400,907</b>	<b>\$ 4,325,010</b>
<b>FTE Authorization</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>
<b>FTE Average</b>	<b>36.4</b>			

**FY 2013 Revised Request.** The Office of the Governor requested FY 2013 revised expenditures of \$28.0 million from all funds and 45.0 full-time positions. This is \$1.4 million more than enacted, including a slight reduction from general revenues and staffing consistent with the authorized level.

*The Governor recommended general revenue expenditures of \$4.4 million and staffing consistent with the authorized level. The recommendation reflects the transfer of the Health Benefits Exchange and its 6.0 positions to the Department of Administration, and adds 6.0 new positions to the Office staffing roster. The Assembly concurred, with the exception of reducing expenditures by \$0.1 million to reflect projected savings.*

**RI Health Benefits Exchange.** 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 for the Affordable Care Act. The creation of the Exchange avoided federal intervention had the state not done so by January 1, 2013. The

Exchange reports to the Board of Rhode Island Health Benefits Exchange and works with the Department of Health, the Office of the Health Insurance Commissioner and the Office of the Lieutenant Governor.

The Office requested revised expenditures of \$23.6 million, \$1.4 million more than enacted from federal and restricted sources to support the implementation of the Affordable Care Act. This includes a reduction of \$69,122 from salary and benefit costs to reflect filled positions. The Office is staffed with 6.0 positions and as of the pay period ending December 29, 2012, all of the positions were filled. The request includes new expenditures of \$1.5 million from restricted receipts, the source of which is unknown. *The budget reflects the transfer of the Health Benefits Exchange and the 6.0 positions to the Department of Administration. The Assembly concurred.*

**Office of the Governor's Staffing and Operations.** The Office requested revised expenditures of \$4.4 million from general revenues to support staffing of 39.0 full-time positions and operating expenses. This is \$3,248 less than enacted and staffing consistent with the authorized level. The request includes \$3.9 million for personnel costs and assumes \$0.5 million in turnover savings, \$0.4 million more than enacted. This is offset by changes from benefits, primarily medical to reflect employee selection. Based on staff's calculation, it appears that the amount budgeted for benefits are overstated by \$0.2 million. As of the pay period ending December 29, 2012, the Office had 3.5 positions vacant.

The request includes \$0.5 million for operating costs, \$3,819 less than enacted to reflect anticipated expenditures. The request includes the enacted amount of \$250,000 from the contingency fund.

*The Governor recommended revised expenditures of \$4.4 million, \$17,383 less than enacted and \$14,135 less than requested to reflect the statewide medical benefit savings. His budget adds 6.0 positions to the Office staffing roster and lowers the turnover rate.*

**The Assembly concurred, with the exception of reducing expenditures by \$0.1 million to reflect projected savings.**

## Rhode Island Commission for Human Rights

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,175,803	\$ 1,223,719	\$ 1,198,827	\$ 1,198,827
Contracted Services	5,331	5,790	5,331	5,331
<b>Subtotal</b>	<b>\$ 1,181,134</b>	<b>\$ 1,229,509</b>	<b>\$ 1,204,158</b>	<b>\$ 1,204,158</b>
Other State Operations	227,065	234,251	235,659	235,659
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,408,199</b>	<b>\$ 1,463,760</b>	<b>\$ 1,439,817</b>	<b>\$ 1,439,817</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,093,206	\$ 1,137,768	\$ 1,133,129	\$ 1,133,129
Federal Aid	314,993	325,992	306,688	306,688
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,408,199</b>	<b>\$ 1,463,760</b>	<b>\$ 1,439,817</b>	<b>\$ 1,439,817</b>
<b>FTE Authorization</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>
<b>FTE Average</b>	<b>13.8</b>			

**FY 2013 Revised Request.** The Commission requested \$19,303 less than enacted from federal funds and the authorized level of full-time equivalent positions. This request is based on available receipts from federal resources. *The Governor recommended \$4,640 less than requested, primarily from general revenues.* **The Assembly concurred.**

**Federal Receipts.** The enacted budget assumes that federal receipts available to be spent in FY 2013 would be \$325,992. The Commission's revised budget includes expenses totaling \$306,689 leaving a surplus of \$19,303 for FY 2013. *The Governor recommended funding essentially as requested.* **The Assembly concurred.**

**Turnover.** The Commission requested \$18,817 less than enacted from all funds for salaries and benefits, including \$30,650 less from general revenues and \$11,833 more from federal funds. This includes reduced medical costs based on employee benefit selection and additional turnover savings from keeping vacant a part-time senior compliance officer position for FY 2013. The request also includes increased expenses from federal funds to support a greater share of the staffing costs for the Housing Assistance program. *The Governor recommended \$4,639 less than requested from general revenues to reflect statewide benefit savings.* **The Assembly concurred.**

**Other Operations.** The Commission requested \$486 less than enacted from all funds, including \$30,650 more from general revenues and \$31,136 less from federal funds for all other operations. This

reflects a shift of expenses for general operations from federal funds to general revenues based on available receipts from federal sources. Expenses shifted to general revenues include court reporters, office equipment maintenance, delivery services and out-of-state travel. These expenses are based on FY 2012 experience. The Commission requested \$6,173 for travel expenses or \$1,944 more than FY 2012 reported expenses to reflect additional staff training to ensure compliance with federal mandates. *The Governor recommended \$1 less than requested.* **The Assembly concurred.**

## Public Utilities Commission

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 5,231,782	\$ 5,554,738	\$ 5,527,898	\$ 5,527,898
Contracted Services	521,599	1,717,243	1,717,243	1,717,243
<b>Subtotal</b>	<b>\$ 5,753,381</b>	<b>\$ 7,271,981</b>	<b>\$ 7,245,141</b>	<b>\$ 7,245,141</b>
Other State Operations	563,476	915,390	1,156,462	1,156,462
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	337	337	337
Capital	19,011	59,000	88,000	88,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 6,335,868</b>	<b>\$ 8,246,708</b>	<b>\$ 8,489,940</b>	<b>\$ 8,489,940</b>
<b>Sources of Funds</b>				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	307,914	321,795	348,421	348,421
Restricted Receipts	6,027,954	7,924,913	8,141,519	8,141,519
Other	-	-	-	-
<b>Total</b>	<b>\$ 6,335,868</b>	<b>\$ 8,246,708</b>	<b>\$ 8,489,940</b>	<b>\$ 8,489,940</b>
<b>FTE Authorization</b>	<b>46.0</b>	<b>47.0</b>	<b>48.0</b>	<b>48.0</b>
<b>FTE Average</b>	<b>44.7</b>			

**FY 2013 Revised Request.** The Public Utilities Commission requested \$253,232 more than enacted, primarily from restricted receipts and 48.0 full-time equivalent positions, which is 1.0 more than the enacted level. *The Governor recommended \$8.5 million from all sources which is \$10,000 less than requested. He included the 1.0 new position requested.* **The Assembly concurred.**

**Investigative Auditor Position.** The Commission requested \$50,945 from restricted receipts for 1.0 new investigative auditor position for FY 2013. The Commission anticipated filling this position as of January 1, 2013. This position is intended to help address a current and projected backlog within the Auditing/Accounting section of the Division of Public Utilities and Carriers. The Commission reported that due to a lack of adequate staffing, its regulatory scope is limited, specific to the audit of taxicab companies. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Staff Reorganization.** The Commission requested \$11,067 more than enacted from restricted receipts for the reorganization and realignment of its staff that includes position upgrades. The request assumes the position upgrades as of January 1, 2013, the cost for which is offset by turnover savings. This realignment request includes the creation of two new classified positions to replace one unclassified and one classified position. The request includes an upgrade of another position within the Commission body of the agency. This reorganization was requested to establish consistency with Rhode Island General Law 39-1-19 which states that the Commission's employees "shall be in the classified service." It should be noted that this statute additionally empowers the Commission to employ unclassified personnel as necessary.

*The Governor recommended \$10,000 less than requested, including the requested personnel upgrade. He did not recommend the two requested position reclassifications. **The Assembly concurred.***

**Other Salaries and Benefits.** The Commission requested \$58,144 less than enacted for all other salaries and benefits, including \$59,512 less from restricted receipts and \$1,368 more from federal funds. The Commission's request reflects turnover savings of \$70,353; no turnover was assumed in the enacted budget. *The Governor recommended \$20,708 less than requested to reflect statewide medical benefit savings. **The Assembly concurred.***

**Repairs and Purchases.** The Commission requested \$225,638 more than enacted from restricted receipts for the purchase and installation of a new HVAC system for the Commission's headquarters at 89 Jefferson Boulevard in Warwick and for the purchase of a new vehicle in FY 2013. The requested vehicle is intended to be used by the Commission's investigators. The Commission indicated that the 2000 Ford Explorer currently in use has reached the end of its useful life. *The Governor recommended funding as requested. **The Assembly concurred.***

**Other Operations.** The Commission requested \$23,726 more than enacted from all sources for all other operations. This includes \$400 less from restricted receipts and \$24,126 more from federal funds. The Commission anticipated a need for additional off-site trainings for employees currently funded by the American Recovery and Reinvestment Act of 2009. The Act allows for Commission staff to receive additional training regarding renewable energy and energy efficiency. *The Governor recommended \$20,708 more than requested from restricted receipts, shifting medical benefit savings from a non-general revenue source to miscellaneous operating expenses. **The Assembly concurred.***

## Office of Health and Human Services

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
Central Management	\$ 17,098,684	\$ 101,678,567	\$ 106,889,369	\$ 105,443,607
Medical Assistance	-	1,650,693,517	1,615,558,597	1,574,997,188
<b>Total</b>	<b>\$ 17,098,684</b>	<b>\$1,752,372,084</b>	<b>\$1,722,447,966</b>	<b>\$1,680,440,795</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 16,353,910	\$ 18,689,943	\$ 20,038,266	\$ 18,492,504
Contracted Services	644,230	47,424,906	42,157,506	42,157,506
<b>Subtotal</b>	<b>\$ 16,998,140</b>	<b>\$ 66,114,849</b>	<b>\$ 62,195,772</b>	<b>\$ 60,650,010</b>
Other State Operations	85,355	4,242,047	6,116,032	6,116,032
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	15,189	1,681,925,476	1,648,368,401	1,607,906,992
Capital	-	89,712	5,767,761	5,767,761
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 17,098,684</b>	<b>\$1,752,372,084</b>	<b>\$1,722,447,966</b>	<b>\$1,680,440,795</b>
<b>Sources of Funds</b>				
General Revenue	\$ 9,694,301	\$ 825,065,703	\$ 801,380,770	\$ 778,931,286
Federal Aid	6,506,943	914,833,795	907,825,366	888,267,679
Restricted Receipts	897,440	12,472,586	13,241,830	13,241,830
Other	-	-	-	-
<b>Total</b>	<b>\$ 17,098,684</b>	<b>\$1,752,372,084</b>	<b>\$1,722,447,966</b>	<b>\$1,680,440,795</b>
<b>FTE Authorization</b>	<b>158.0</b>	<b>168.0</b>	<b>169.0</b>	<b>169.0</b>
<b>FTE Average</b>	<b>129.8</b>			

**FY 2013 Revised Request.** The Office included \$6.2 million more from all sources for total funding of \$1,758.6 million from all sources, including \$826.1 million from general revenues in its FY 2013 revised request. This includes increases of \$1.0 million from general revenues, \$4.8 million from federal funds and \$0.4 million from restricted receipts.

The request includes \$5.5 million more for central management, of which \$1.0 million is general revenues and \$650,000 is for special education costs in the medical assistance program. With the exception of the special education adjustment, the Office included the enacted level of funding for medical assistance.

The Office added 23.0 positions including one legal position transferred from the Department of Administration to the Office of Health and Human Services' centralized legal division for the low income home energy assistance program.

The Governor recommended \$36.1 million less than requested, including \$24.8 million less from general revenues primarily to reflect changes adopted at the November Caseload Conference. He included one new position to support the Aging and Disability Resource Center.

The Assembly provided \$1,680.4 million from all funds, including \$778.9 million from general revenues, which is \$42.0 million less than recommended. It also reduced expenditures by \$40.6 million from all sources to account for the May Caseload Conference estimate and provided the recommended positions.

**Federal Poverty Guidelines.** The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Office of Health and Human Services. The 2012 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income									
Family Size	100%	125%	150%	175%	180%	185%	200%	225%	250%
1	\$ 11,170	\$13,963	\$16,755	\$19,548	\$20,106	\$20,665	\$22,340	\$ 25,133	\$27,925
2	15,130	18,913	22,695	26,478	27,234	27,991	30,260	34,043	37,825
3	19,090	23,863	28,635	33,408	34,362	35,317	38,180	42,953	47,725
4	23,050	28,813	34,575	40,338	41,490	42,643	46,100	51,863	57,625
5	27,010	33,763	40,515	47,268	48,618	49,969	54,020	60,773	67,525
6	30,970	38,713	46,455	54,198	55,746	57,295	61,940	69,683	77,425
7	34,930	43,663	52,395	61,128	62,874	64,621	69,860	78,593	87,325
8	38,890	48,613	58,335	68,058	70,002	71,947	77,780	87,503	97,225

For families with more than 8 members, add \$3,960 for each additional member for the 100 percent calculation.

**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. By percentage, Rhode Island's enrollment of children and parents (the state's RItE Care population) is lower 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 Executive Office of Health and Human Services' budget.

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

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

\* In millions

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.

### Medical Assistance

The Caseload Estimating Conference met on November 5, 2012 and based on current law, set the FY 2013 medical assistance expenditures at \$1,588.1 million, including \$775.3 million from general revenues, which is \$44.3 million less than enacted from all funds and \$24.3 million less from general revenues. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

The following table itemizes medical assistance expenditures in FY 2011 and FY 2012, as enacted by the 2012 Assembly, adopted by the caseload estimators, and adopted by the 2013 Assembly. The Office's FY 2013 revised request is consistent with the enacted budget. Each category is discussed separately.

Medical Assistance	FY 2011 Spent	FY 2012 Spent	FY 2013 Enacted	FY 2013 Nov CEC	FY 2013 May CEC	FY 2013 Final
<b>Hospitals</b>						
Regular Payments	\$ 125.2	\$ 92.1	\$ 95.2	\$ 92.6	\$ 88.5	\$ 88.5
DSH Payments	122.2	126.9	127.7	127.7	127.7	127.7
<b>Total</b>	<b>\$ 247.4</b>	<b>\$ 219.0</b>	<b>\$ 222.9</b>	<b>\$ 220.3</b>	<b>\$ 216.2</b>	<b>\$ 216.2</b>
<b>Long Term Care</b>						
Nursing and Hospice Care	\$ 334.9	\$ 347.4	\$ 358.5	\$ 364.0	\$ 350.5	\$ 350.5
Home and Community Care	68.6	73.1	74.1	76.1	80.8	80.8
<b>Total</b>	<b>\$ 403.5</b>	<b>\$ 420.5</b>	<b>\$ 432.6</b>	<b>\$ 440.1</b>	<b>\$ 431.3</b>	<b>\$ 431.3</b>
<b>Managed Care</b>						
Rlte Care	\$ 504.3	\$ 482.1	\$ 489.1	\$ 471.2	\$ 457.4	\$ 457.4
Rlte Share	10.0	14.3	15.1	13.8	13.8	13.8
Fee For Service	73.5	62.1	91.5	85.0	85.0	85.0
<b>Total</b>	<b>\$ 587.8</b>	<b>\$ 558.5</b>	<b>\$ 595.7</b>	<b>\$ 570.0</b>	<b>\$ 556.2</b>	<b>\$ 556.2</b>
<b>Rhody Health</b>	<b>\$ 176.9</b>	<b>\$ 175.6</b>	<b>\$ 209.7</b>	<b>\$ 190.2</b>	<b>\$ 185.4</b>	<b>\$ 185.4</b>
<b>Pharmacy</b>	<b>\$ 1.3</b>	<b>\$ (2.3)</b>	<b>\$ 3.9</b>	<b>\$ 2.8</b>	<b>\$ 0.1</b>	<b>\$ 0.1</b>
<b>Pharmacy Part D Clawback</b>	<b>\$ 36.4</b>	<b>\$ 47.4</b>	<b>\$ 49.7</b>	<b>\$ 50.2</b>	<b>\$ 49.8</b>	<b>\$ 49.8</b>
<b>Other Medical Services</b>	<b>\$ 123.5</b>	<b>\$ 115.8</b>	<b>\$ 117.8</b>	<b>\$ 114.5</b>	<b>\$ 117.0</b>	<b>\$ 117.0</b>
Federal Funds	\$ 937.6	\$ 783.2	\$ 821.2	\$ 800.8	\$ 788.4	\$ 788.4
General Revenues	630.5	741.5	799.6	775.3	755.7	755.7
Restricted Receipts	8.7	9.8	11.5	11.9	11.9	11.9
<b>Total*</b>	<b>\$ 1,576.9</b>	<b>\$ 1,534.5</b>	<b>\$ 1,632.3</b>	<b>\$ 1,588.1</b>	<b>\$ 1,556.0</b>	<b>\$ 1,556.0</b>

\* Expenditures in millions

The Governor included \$1,596.6 million from all sources, including \$775.1 million from general revenues for medical assistance benefits. This is \$8.5 million more than the caseload estimate to include federally funded rate increases made to primary care physicians consistent with the Affordable Care Act.

The Assembly provided \$1,556.0 million, including \$755.7 million from general revenues, consistent with the May caseload estimate. This is \$40.6 million less than the Governor's recommendation, including \$25.9 million from the managed care plan expenses, \$8.8 million from long term care, \$4.0 million from hospitals and \$2.7 million in pharmacy expenses. Each change is explained separately.

## Hospitals

The November Caseload Estimating Conference estimate includes hospital expenses totaling \$220.3 million, \$106.1 million from general revenues. It includes \$92.6 million for direct medical services and \$127.7 million for uncompensated care payments to community hospitals. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly provided \$216.2 million, including \$104.1 million from general revenues, consistent with the May caseload estimate and \$4.1 million less than the Governor's recommendation.**

**Hospitals.** The November Caseload Estimating Conference estimate includes FY 2013 expenditures at \$92.6 million, including \$44.9 million from general revenues. The expenditures included in the estimate are \$2.6 million less than enacted, including \$1.2 million less from general revenues and \$1.3 million less from federal funds. The estimate also includes the \$11.8 million upper payment limit reimbursement made to the community hospitals. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly provided \$88.5 million, including \$42.9 million from general revenues, consistent with the May caseload estimate which is \$4.1 million less than the recommendation because of decreased inpatient and outpatient utilization.**

**Integration of Medicare and Medicaid.** The enacted budget directs the Department to enter into a contract by July 1, 2012 to manage the long term care and acute care benefits of Medicaid eligible individuals and those eligible for both Medicare and Medicaid, also called dual eligibles. The Office will enter into a savings agreement with the Centers for Medicare and Medicaid Services in order for the state to recover a portion of the savings that would occur when the state provides services covered under Medicare to clients eligible for both Medicare and Medicaid. The budget does not include any savings from this contract.

The Office has submitted an application to the Centers for Medicare and Medicaid Services in May 2012 and is in the process of issuing the letters of interest from managed care plans. *Consistent with the enacted budget, the Governor's revised budget also does not include any savings from this initiative.* **The Assembly concurred and did not assume any program savings.**

**Upper Payment Limit Reimbursements.** The enacted budget includes \$11.8 million from all sources, \$5.7 million from general revenues to make the outpatient upper payment limit reimbursement to the state's community hospitals. The caseload estimate and the Office's request include the payment. *The Governor's recommendation is consistent with the November conference estimate and the enacted budget.* **The Assembly included the enacted level consistent with both the November and May conference estimates.**

**Hospital License Fee.** The Assembly included Section 1 of Article 21 of 2012-H 7323 Substitute A, as amended, which set the FY 2013 licensing fee at 5.35 percent based on 2011 revenues for all hospitals, including the state-run Eleanor Slater Hospital, except for South County Hospital and Westerly Hospital which will pay a lower 3.37 percent fee, subject to federal approval of a waiver.

FY 2013 Hospital License Fee	FY 2013 Enacted	FY 2013 Gov. Rec.	Change to Enacted	FY 2013 Final	Change to Gov. Rec.
<b>Revenues</b>					
<i>Base Year</i>	<i>2011</i>			<i>2011</i>	
<i>Tax Rate</i>	<i>5.35%</i>			<i>5.35%</i>	
Community Hospital License Fee	\$ 139,495,615	\$ 139,495,615	\$ -	\$ 139,495,615	\$ -
Washington County Hospitals Waiver	(3,508,717)	(3,508,717)	-	(3,508,717)	-
Subtotal Licensing Fee	\$ 135,986,898	\$ 135,986,898	-	\$ 135,986,898	\$ -
Slater License Fee	5,269,740	5,269,740	-	5,269,740	-
<b>Total</b>	<b>\$ 141,256,638</b>	<b>\$ 141,256,638</b>	<b>\$ -</b>	<b>\$ 141,256,638</b>	<b>\$ -</b>

The Office is awaiting approval of the two-tiered payment system, to be effective July 2013, which was submitted on December 27, 2012. *The Governor recommended payments consistent with the enacted budget. The Assembly concurred.*

**Disproportionate Share Payments to Hospitals.** The Caseload Estimating Conference includes \$127.7 million from all sources for the disproportionate share payments for uncompensated care costs to the hospitals, consistent with the enacted budget. This includes \$61.2 million from general revenues and \$66.5 million from federal funds. Funding is provided to Eleanor Slater Hospital and the state's community hospitals through the Office of Health and Human Services. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

Hospital Uncompensated Care	FY 2013 Enacted	FY 2013 Gov. Rec.	Gov. Change to Enacted	FY 2013 Final	Change to Gov. Rec.
<b>Community Hospitals</b>					
State	\$ 60,425,276	\$ 60,425,276	\$ -	\$ 60,425,276	\$ -
Federal	65,741,612	65,741,608	-	65,741,608	-
Subtotal	\$ 126,166,888	\$ 126,166,884	\$ -	\$ 126,166,884	\$ -
<b>Eleanor Slater Hospital</b>					
State	\$ 738,333	\$ 738,333	\$ -	\$ 738,333	\$ -
Federal	810,508	810,508	-	810,508	-
Subtotal	\$ 1,548,841	\$ 1,548,841	\$ -	\$ 1,548,841	\$ -
<b>Upper Payment Limit</b>					
State	5,708,256	\$ 5,708,256	\$ -	\$ 5,708,256	\$ -
Federal	6,056,493	6,056,493	-	6,056,493	-
Subtotal	\$ 11,764,749	\$ 11,764,749	\$ -	\$ 11,764,749	\$ -
<b>Total</b>	<b>\$ 139,480,478</b>	<b>\$ 139,480,474</b>	<b>\$ -</b>	<b>\$ 139,480,474</b>	<b>\$ -</b>

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

Hospitals provide two forms of charitable care: free care for patients up to 200 percent of poverty and care for patients on a sliding scale between 200 and 300 percent of poverty. Bad debt is considered to be unpaid medical expenses for a person above 300 percent of poverty who has no insurance and cannot afford to pay their medical bill. *The Governor's recommendation is consistent with the November conference estimate. The Assembly provided \$127.7 million, including \$61.1 million from general revenues, consistent with the May caseload estimate.*

## Long Term Care

**Long Term Care.** The Caseload Estimating Conference estimate includes long term care expenses at \$440.1 million, of which \$213.5 million is from general revenues. This includes \$364.0 million for nursing facilities and hospice care and \$76.1 million for home and community care. This is \$7.5 million more than the enacted budget, including \$3.2 million from assumed savings related to the Money Follows the Person initiative that will not be realized. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly provided \$431.3 million, including \$209.3 million from general revenues, consistent with the May caseload estimate.**

**Nursing Facilities and Hospice Care.** The Caseload Estimating Conference estimate includes FY 2013 expenditures of \$364.0 million, of which \$176.6 million is from general revenues for the state's 84 nursing facilities, \$5.5 million more than enacted. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly provided \$350.5 million, including \$170.1 million from general revenues, consistent with the May caseload estimate. This is \$13.5 million less than the Governor's recommendation to reflect lower than projected nursing home utilization.**

**Home and Community Care.** The November Caseload Estimating Conference estimate includes \$76.1 million for home and community care expenses, including \$36.9 million from general revenues in the FY 2013 estimate. This includes \$2.0 million more from all funds, \$1.0 million from general revenues for updated program costs. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly provided \$80.8 million, including \$39.2 million from general revenues, consistent with the May caseload estimate. This is \$4.7 million more than the Governor's recommendation to reflect increased utilization.**

**Home and Community Care Clinical Reviews.** The enacted budget includes savings of \$6.3 million, of which \$3.0 million is from general revenues, from conducting a clinical review when individual's monthly expenses for certain community based services exceed the monthly nursing home cost of \$5,531 or \$66,372 annually. The Office indicated some services may exceed \$100,000 annually. Staff will also use a new level of assessment guide when authorizing services to determine the appropriate level of service given a person's specific circumstance. The caseload estimate added back \$3.1 million from all sources, including \$1.5 million from general revenues, for unachieved savings consistent with the Office's testimony. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly concurred.**

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

The caseload estimate and the Department's request include the savings. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly concurred.**

## Managed Care

The Caseload Estimating Conference estimate includes managed care expenses of \$570.0 million, which is \$25.7 million less than enacted, including \$12.5 million less from general revenues. The

estimate includes \$269.1 million from general revenues and \$301.0 million from federal funds and includes RItE Care expenses at \$471.2 million, RItE Share at \$13.8 million and fee-for-service expenses at \$85.0 million; a discussion of each follows. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

*The Governor included \$576.1 million from all sources, including \$268.8 million from general revenues for costs in the managed care program. He added \$6.1 million from federal funds to increase reimbursements made for certain physician-provided services available through the Affordable Care Act starting January 1, 2013, discussed separately. He also shifted \$0.3 million in early intervention general revenue expenses to available federal funds. **The Assembly included \$556.2 million, including \$260.7 million from general revenues for managed care expenses, consistent with the May caseload estimate.***

**RItE Care.** The Caseload Estimating Conference estimated RItE Care expenditures at \$471.2 million including \$229.7 million from general revenues. This is \$17.9 million less than enacted, including \$8.7 million less from general revenues based on reduced growth, lower average per member per month costs, fewer children with special health care needs, and higher than anticipated rebates from drug expenditures. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *As noted, the Governor adjusted RItE Care program expenses to be consistent with January 1, 2013 changes under the Affordable Care Act and shifted general revenues expenses for early intervention to federal funds.*

**The Assembly included \$457.4 million, including \$222.9 million from general revenues for RItE Care expenses, consistent with the May caseload estimate. This is \$19.9 million less than the Governors' recommendation and \$13.8 million less than the November estimate for lower than anticipated program enrollment.**

**Affordable Care Act - Primary Care Payments.** The Patient Protection and Affordable Care Act requires states reimbursing family medicine, general internal medicine, pediatric medicine, and related subspecialists paid through Medicaid to make payments for these services at Medicare levels in calendar years 2013 and 2014. The increase is entirely federally funded. *The Governor added \$8.5 million in federal funds for this requirement, including \$6.1 million in the RItE Care program. **The Assembly concurred.***

**RItE Share.** The Caseload Estimating Conference estimate includes RItE Share expenditures of \$13.8 million, including \$6.7 million from general revenues. This is \$0.5 million less than enacted, including \$0.2 million more from general revenues, based on updated utilization and capitated payments. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. The RItE Share program allows families who are eligible for medical assistance to remain in their employer based health insurance plan. The state pays the health care premiums and co-payments of RItE Share eligible participants if the coverage is similar to the cost and services offered through RItE Care. *The Governor recommended funding consistent with the caseload estimate. **The Assembly included \$13.8 million consistent with the May caseload estimate and the Governor's recommendation.***

**Fee-Based Managed Care.** The Caseload Estimating Conference estimate includes FY 2013 fee-based managed care expenditures of \$85.0 million from all sources, of which \$41.4 million is general revenues. The estimate is \$6.5 million less than enacted, including \$3.2 million less from general revenues. Fee-based managed care provides additional services to those in the contracted managed care system. The Office's revised request is consistent with the enacted budget and does not reflect the

adopted estimate. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly included \$85.0 million consistent with the May caseload estimate and the Governor's recommendation.**

**Dental Benefits.** The enacted budget includes a one-time \$1.8 million payment from the Neighborhood Health Plan of Rhode Island to offset the cost of providing adult dental benefits that were to be eliminated as part of the Governor's FY 2013 recommended budget. The Assembly recognized the additional revenue to support the benefit and also passed Section 2 of Article 19 of 2012-H 7323 Substitute A, as amended, to direct the Executive Office of Health and Human Services to provide a report to the Chairpersons of the House and Senate Finance Committees by January 1, 2013, that analyzes and evaluates the current dental benefits program for Medicaid eligible individuals and includes the number of recipients, types of services provided, reimbursement rates and the settings. The report shall also examine the opportunities for improved quality, access and value of potential partnerships with private entities and shall propose a five-year plan for dental services for Medicaid-eligible adults. As of January 1, 2013, the report had not been submitted.

*The Governor's budget continues to assume the revenue for the services, but does not address the issue of the submittal date.* **The Assembly concurred and as of July 1, 2013 the report had not yet been submitted.**

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

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

### **Rhody Health**

**Rhody Health.** The Caseload Estimating Conference estimate includes expenditures of \$190.2 million from all sources, including \$93.1 million from general revenues for the program for FY 2013. This is \$19.5 million less than enacted, including \$9.7 million less from general revenues. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

*The Governor included \$191.4 million from all sources, including \$93.1 million from general revenues for program costs. He added \$1.2 million from federal funds to increase reimbursements made for certain physician-provided services available through the Affordable Care Act starting January 1, 2013, discussed separately.* **The Assembly provided \$185.4 million, including \$90.6 million from general revenues for the program, consistent with the May caseload estimate. This is \$6.0 million less than the Governor's recommendation for lower than anticipated program enrollment.**

**Affordable Care Act - Primary Care Payments.** The Patient Protection and Affordable Care Act requires states reimbursing family medicine, general internal medicine, pediatric medicine, and related subspecialists paid through Medicaid to make payments for these services at Medicare levels in calendar years 2013 and 2014. The increase is entirely federally funded. *The Governor added \$8.5 million in federal funds for this requirement, including \$1.2 million in the Rhody Health program.* **The Assembly concurred.**

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

### Pharmacy

The Caseload Estimating Conference estimate includes pharmacy expenses of \$52.9 million; this is \$0.7 million less than enacted. This includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. Pharmacy costs also include psychotropic medicines for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' Medicaid eligible behavioral health clients.

*The Governor's recommendation is consistent with the November conference estimate.* **The Assembly included \$49.9 million which is consistent with the May caseload estimate and \$3.1 million less than the Governor's recommendation.**

**Pharmacy.** The Caseload Estimating Conference estimate includes FY 2013 pharmacy expenditures of \$2.8 million, of which \$2.0 million is from general revenues. This is \$1.2 million less than enacted, including \$0.7 million less from general revenues. The caseload estimate updates costs for reduced utilization, and the availability of generic drugs for commonly used drugs and the shift of Oxycontin to the non-preferred drug list that requires prior authorization.

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

*The Governor's recommendation is consistent with the November conference estimate.* **The Assembly included \$0.1 million for pharmacy expenses, consistent with the May caseload estimate and \$2.7 million lower than the Governor's recommendation for pharmaceutical rebate adjustments.**

**Medicare Drug Benefit - Part D Clawback.** The Caseload Estimating Conference estimate includes the state payment for the Medicare Part D clawback provision at \$50.2 million, \$0.5 million more than enacted. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. The plan provides coverage with a series of deductibles and co-payments based on the recipient's income level. For individuals enrolled in Medicaid as well as Medicare, commonly referred to as dual eligibles, the state paid a portion of their drug costs matched by the federal

participation rate. The state no longer directly pays for the drug costs; however, the state does pay a portion of the savings to the federal government, or a clawback, which has been calculated based on a nationwide formula. The dual eligibles do not pay any annual deductible, but do pay a \$1 co-payment for generic drugs or \$3 co-payment for brand names. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly included \$49.8 million consistent with the May conference estimate.**

### **Other Medical Services**

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

**Other Medical Services.** The Caseload Estimating Conference estimate includes expenditures for other medical services at \$114.5 million, which includes \$41.4 million from general revenues. The estimate is \$3.3 million less than the enacted budget, including \$2.4 million less from general revenues. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

*The Governor included \$115.8 million from all sources, including \$41.4 million from general revenues for other medical services. He added \$1.3 million from federal funds to increase reimbursements made for certain physician-provided services available through the Affordable Care Act starting January 1, 2013, discussed separately.* **The Assembly included \$117.0 million, of which \$40.5 million is general revenues consistent with the May caseload estimate and \$1.3 million more than the Governor's recommendation for updated program costs.**

**Affordable Care Act - Primary Care Payments.** The Patient Protection and Affordable Care Act requires states reimburse family medicine, general internal medicine, pediatric medicine, and related subspecialists paid through Medicaid to make payments for these services at Medicare levels in calendar years 2013 and 2014. The increase is entirely federally funded. *The Governor added \$8.5 million in federal funds for this requirement, including \$1.3 million in the other medical services program.* **The Assembly concurred.**

**Children's Health Account.** The enacted budget includes \$11.5 million from restricted receipts, which provide direct general revenue savings for the children's health account. Every insurance provider that delivers certain services to children with special health care needs receives an assessment equivalent to the amount paid by the Department of Human Services for those services, not to exceed \$7,500 per service per child per year. The payments for these assessments are paid from and collected in the children's health account. The Office currently assesses program expenses in three categories; comprehensive, evaluation, diagnosis, assessment, referral and re-evaluation services; home health services; and child and adolescent intensive treatment services, and each category has a number of specific services within it. The caseload estimate increased the receipts by \$0.4 million to \$11.9 million in FY 2013. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly concurred.**

**Health Homes Phase I - CEDARR.** The enacted budget includes general revenue savings of \$1.3 million from providing home and community based treatment services through a new health home

model with the federal government paying 90.0 percent of the costs of Medicaid covered services. The November caseload estimate and the Office's request assume the savings will be achieved.

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

### Central Management

**Reappropriation - Health Care Planning and Accountability Advisory Council.** The Office's request includes \$300,000 from general revenues for the health care planning and accountability advisory council including a \$150,000 reappropriation to support council activities. The support activities include research and reporting related to the council's objective to develop ongoing assessments of the state's health care needs and health care system. *The Governor recommended funding as requested. The Assembly concurred.*

**Reappropriation - Legal and Other Expenses.** The Department requested \$244,101 from general revenues from unspent FY 2012 funds for legal and other expenses in the revised budget. The Governor reappropriated a portion of the general revenue surplus from unfilled positions in FY 2012 to pay for design services and office equipment so that the Office can move a portion of its staff to rental space in Providence. The space has not been identified. *The Governor recommended funding as requested. The Assembly concurred.*

**Office Relocation.** The Department's request includes \$138,322 more than enacted including \$69,161 more from general revenues to rent space in Providence for its Medicaid staff. It should be noted that this expense is not included in the Office's FY 2014 budget request. On December 4, 2013, the State Properties Committee gave the Office permission to develop and issue a request for proposals to determine what lease options are available and what the cost would be to the state. *The Governor did not recommend the expense. The Assembly concurred.*

**Staffing.** The Department requested authorization to increase its staffing by 23.0 positions to 191.0 positions in the revised budget. It should be noted that as of the November 17, 2012 payroll, the Office has 144.0 positions filled, 24.0 below the current authorization.

The request includes seven new positions in the Office of Systems and Strategic Planning, four in the Office of Long Term System and Supports, three in the Office of Primary and Acute Care, three in the Medicaid Program Integrity unit, two in the Office of Rate Setting and Financial Management, two in the legal unit, one in the Office of Eligibility and Operations and one in the HIV/AIDS program which converts a contracted position to a state one.

*The Governor increased the staffing authorization by 1.0 for the requested position in the Office of Long Term System and Supports for the Aging and Disability Resource Center; he did not recommend the remaining positions. The Assembly concurred.*

**Unified Health Infrastructure Project.** The Office requested \$14.0 million from all sources, including \$1.4 million from general revenues for the unified health infrastructure project. This is \$5.0

million more than enacted, including \$0.5 million more from general revenues. This includes five positions and funding to support a project manager and hardware expenses related to the new eligibility system. *The Governor recommended funding as requested with the exception of lowering costs reflecting statewide medical benefit savings.* **The Assembly concurred.**

**Race to the Top Funding.** The Office requested the enacted level of \$312,000 from federal Race to the Top funds in its revised request. The Office reported that FY 2013 funds will be used to pilot the assessment which the Rhode Island Department of Education is developing with two of the thirteen early intervention providers. This assessment would be in addition to the activities currently conducted by the early intervention providers; however as of January 1, 2013, a contract had not been signed. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Money Follows the Person Grant Administration.** The Office requested \$0.3 million more than enacted for federal funding of \$1.2 million for money follows the person grant activities, including adding one position to support the Aging and Disability Resource Center. *The Governor recommended \$0.1 million less than requested to fund the position for the last six months of the fiscal year and included other program adjustments.* **The Assembly concurred.**

**Medicaid Administration.** Excluding other adjustments, the Office requested \$0.3 million less than enacted including \$0.2 million less from general revenues for Medicaid administration activities including staffing, RItE Care and RItE Share contracted administrative activities, early intervention services, claiming costs and other operating expenses.

*The Governor reduced requested funding by \$18,145 to reflect the statewide medical benefit savings and he shifted available resources to miscellaneous operating expenses.* **The Assembly further reduced expenses by \$1.3 million, including \$0.6 million from general revenues for updated staffing costs included in the third quarter report.**

**HIV Treatment Program.** The Office requested \$11.6 million from all sources, including \$2.6 million from general revenues for the HIV treatment program. This includes \$5.2 million for pharmaceutical expenses, of which \$1.9 million is from general revenues. *The Governor recommended funding as requested. He subsequently requested an amendment to shift \$0.7 million in general revenues drug costs to available rebate funds.* **The Assembly concurred with the exception of using an additional \$1.2 million in available rebate funds to pay for treatment costs.**

**Program Audit and Oversight Unit.** The enacted budget includes \$150,170 from general revenues for five positions, starting March 2013, to staff the newly created Program Audit and Oversight Unit in the executive office to conduct program and performance reviews for all the health and human service agencies to include reviewing compliance with state and federal requirements and program standards. The revised budget adds \$237,212 from general revenues to fund the unit and includes one fewer position and reclassifies another position. *The Governor reduced requested funding to reflect the statewide medical benefit savings and updated staffing costs.* **The Assembly concurred.**

**Currentcare.** The Office included the enacted level of \$2.4 million, including \$0.8 million from general revenues for the state to enroll its Medicaid clients in currentcare using a Medicaid match rate of 75 percent. This is a \$1 per member per month payment for approximately 40,000 Medicaid recipients. *The Governor recommended funding as requested.* **The Assembly provided total funding as recommended; however, included savings of \$0.4 million to adjust for the corrected Medicaid match rate of 90 percent.**

**Adult Medicaid Quality Grant.** The Office was awarded a new two-year \$1.0 million federal adult Medicaid quality grant to develop staff capacity to collect, report, and analyze data for adults enrolled in Medicaid subsequent to its request. *The Governor requested an amendment to add \$0.1 million in the revised budget.* **The Assembly concurred and included the federal funds.**

**Central Management Administration.** Excluding the program and audit adjustment, the Office requested \$222,875 more from all sources, including \$241,605 from general revenues for total funding of \$6.9 million to support central management administration expenses. This includes \$160,720 in added staffing costs including upgrades and \$62,155 for office and other operating expenses.

*The Governor did not include the staffing upgrades and further adjusted for the statewide medical benefit savings and shifted available resources to miscellaneous operating expenses.* **The Assembly reduced general revenue expenses by \$228,441 for updated staffing costs included in the third quarter report.**

**Nursing Facilities Penalties.** The Office requested \$374,976 more than enacted from restricted receipts for a total of \$434,976 collected from penalties levied against nursing homes for violations. The increased funding is a one-time adjustment to use all available funding accumulated in prior fiscal years. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Special Education.** The Office requested \$650,000 more than enacted from federal funds for total payments of \$18.5 million for special education services provided by the local education agencies. *The Governor recommended funding as requested.* **The Assembly concurred.**



## Department of Children, Youth and Families

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
Central Management	\$ 6,040,202	\$ 7,229,954	\$ 7,226,970	\$ 7,226,970
Child Welfare	160,452,745	157,843,677	164,606,146	166,014,146
Juvenile Corrections	32,625,789	32,451,700	28,270,433	28,174,486
Children's Behavioral Health	17,270,085	18,897,665	12,799,999	12,494,946
Higher Education Incentive Grants	200,000	200,000	200,000	200,000
<b>Total</b>	<b>\$ 216,588,821</b>	<b>\$ 216,622,996</b>	<b>\$ 213,103,548</b>	<b>\$ 214,110,548</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 68,222,550	\$ 69,203,135	\$ 67,225,422	\$ 66,599,422
Contracted Services	3,420,865	5,209,525	4,761,519	4,761,519
<b>Subtotal</b>	<b>\$ 71,643,415</b>	<b>\$ 74,412,660</b>	<b>\$ 71,986,941</b>	<b>\$ 71,360,941</b>
Other State Operations	8,640,749	7,750,801	7,299,495	7,299,495
Aid to Local Units of Government	18,400	-	-	-
Assistance, Grants, and Benefits	136,021,284	131,688,535	129,999,597	132,399,597
Capital	264,973	2,771,000	3,817,515	3,050,515
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 216,588,821</b>	<b>\$ 216,622,996</b>	<b>\$ 213,103,548</b>	<b>\$ 214,110,548</b>
<b>Sources of Funds</b>				
General Revenue	\$ 153,716,673	\$ 152,586,452	\$ 151,997,086	\$ 151,871,086
Federal Aid	59,910,929	58,440,291	55,105,897	57,005,897
Restricted Receipts	2,682,360	2,825,253	2,538,664	2,538,664
Other	278,859	2,771,000	3,461,901	2,694,901
<b>Total</b>	<b>\$ 216,588,821</b>	<b>\$ 216,622,996</b>	<b>\$ 213,103,548</b>	<b>\$ 214,110,548</b>
<b>FTE Authorization</b>	<b>658.5</b>	<b>665.5</b>	<b>671.5</b>	<b>671.5</b>
<b>FTE Average</b>	<b>627.5</b>			

**FY 2013 Revised Request.** The Department of Children, Youth and Families requested \$2.8 million less than enacted from all sources including \$70 less from general revenues, \$2.5 million less from federal funds, \$0.3 million less from restricted receipts and 5.0 more positions than enacted. *The Governor recommended \$0.7 million less than requested from all sources, including \$0.6 million less from general revenues. He recommended 1.0 more full-time equivalent position than requested. The Assembly included \$1.0 million more from all funds, including \$0.1 million less from general revenues, \$1.9 million more from federal funds and \$0.8 million less from Rhode Island Capital Plan funds.*

### Staffing

The Department requested \$1.7 million less than enacted for staffing costs including \$1.4 million less from general revenues for 670.5 full-time equivalent positions, which is 5.0 more than enacted and also

includes temporary services for clerical and teaching positions that are currently vacant. *The Governor included \$0.5 million less than requested, including \$0.4 million less from general revenues and 1.0 more position than requested. The Assembly included \$0.6 million from turnover savings.*

**Medicaid Personnel Cost Allocation Error.** The Department's first quarter report indicates a \$0.7 million error in federal cost allocation plans for both FY 2012 and FY 2013 that did not appear in the preliminary closing report but was subsequently reflected in the audited version. The Department assumed additional federal funds available for salaries and benefits due to a clerical error on its part. The revised request does not include general revenue funding to correct this error. *The Governor recommended turnover savings in the child welfare program to offset the shortfall rather than provide additional resources. The Assembly concurred.*

**Central Management - New Positions.** The Department requested \$854,986 more than enacted from general revenues for salaries and benefits associated with 7.0 new positions in central management. These include 1.0 associate director of child welfare, 1.0 assistant director, 1.0 administrator of family and adult services, 1.0 principal community program liaison, 1.0 chief human services policy systems specialist, and 2.0 senior word processing typists for services associated with the System of Care. *The Governor recommended funding as requested and added the 7.0 positions. The Assembly concurred.*

**Children's Behavioral Health - New Positions.** The Department requested \$427,294 more than enacted from federal funds for six months of salaries and benefits associated with 4.0 new positions in the children's behavioral health program to be funded with a grant from the Substance Abuse Mental Health Services Administration. These positions include 1.0 chief human services business officer, 1.0 chief human services policy systems specialist, 1.0 chief of program development and 1.0 assistant administrator funded through the Substance Abuse Mental Health Administration federal grant. *The Governor recommended 1.0 information services technician position and \$69,469 more than requested. The Assembly concurred.*

**Child Welfare - New Positions.** The Department requested \$217,779 more than enacted including \$143,224 from general revenues and \$74,555 from federal funds for six months of salaries and benefits associated with 1.5 new positions in the child welfare program. These include 1.0 new community service coordinator and 1.0 licensing aide offset by the elimination of 0.5 case work supervisor positions. The community service coordinator position is funded through general revenues and the licensing aide position is fully funded through federal Race to the Top funds. *The Governor recommended funding as requested and added the 1.5 positions. The Assembly concurred.*

**Other Child Welfare Positions.** The Department requested \$787,236 less than enacted from all sources for staffing costs in the child welfare program including \$739,610 less from general revenues and \$47,626 more from federal funds for the remaining 381.5 positions. The request reflects benefit adjustments consistent with current staffing levels and turnover savings from keeping 10.0 positions vacant. The request increases overtime expenses by \$1.1 million including \$0.7 million from general revenues and \$0.4 million from federal funds as a result of higher than expected turnover. *The Governor recommended \$0.9 million less than requested including \$0.1 million less from general revenues to reflect medical benefit savings and included previously mentioned additional turnover to accommodate the Medicaid personnel cost allocation error. The Assembly included \$0.5 million less from general revenues to reflect additional turnover.*

**Other Children's Behavioral Health Positions.** The Department requested \$15,377 more than enacted from all sources for salaries and benefits for the remaining 17.0 positions in the children's behavioral health program, including \$269,279 less from general revenues and \$398,519 more from

federal Individuals with Disabilities in Education Act and Title I funds. *The Governor recommended \$43,165 less than requested including \$5,242 less from general revenues primarily to reflect statewide medical benefit savings. The Assembly concurred.*

**Other Central Management Positions.** The Department requested \$0.5 million less than enacted including \$0.3 million less from general revenues and \$0.2 million less from federal funds for the remaining 38.0 positions and temporary staffing costs in the central management program. This includes adjustments to salaries and benefits and increased the number of temporary employees. *The Governor recommended \$133,789 less than requested including \$127,548 less from general revenues primarily to reflect additional turnover and statewide medical benefit savings. The Assembly concurred.*

**Juvenile Corrections Positions.** The Department requested \$574,919 less from all sources including \$630,069 less from general revenues and \$55,150 more from federal funds for all staffing costs including 220.5 positions and temporary staffing costs in the juvenile corrections program, reducing training school staff by 7.5 positions. As of January 28, 2013, the total population at the training school is 106 youth, which is significantly lower than the cap of 180, and reduces the need for overtime and staffing. *The Governor recommended \$90,073 less than requested including \$89,292 less from general revenues primarily to reflect reduced overtime expenses due to a lower census at the training school and statewide medical benefit savings. The Assembly included \$0.1 million less from general revenues to reflect additional turnover.*

### Placements

The Department of Children, Youth and Families requested the enacted level of \$71.3 million including \$55.8 million from general revenues and \$15.6 million from federal funds for the System of Care. As of July 1, 2012, the Department initiated Phase 2 of the System of Care transformation in an effort to both reduce the cost of out-of-home placements and to better identify children and families in need of services. The System of Care contract is divided between two lead networks, the Rhode Island Care Management Network and the Ocean State Care Management Network. The networks provide a wraparound approach to client services and identify an appropriate level of care. The Department indicated that the long term goal of the System of Care is to reduce the number of children and families receiving services, maintain uniform rates paid by the Department to providers, and reduce client recidivism by better identifying appropriate services at intake. *The Governor included funding as requested. The Assembly included \$2.4 million more than recommended for the System of Care.*

**System of Care - Residential Placements.** The Department requested the enacted level of funding for residential services provided through the System of Care. This includes \$33.8 million from general revenues for services provided to children and families through the two care management networks. Residential services provided through the System of Care include high end residential treatment, emergency shelters, group homes, independent living programs, semi-independent living programs, and foster care through private agencies. These services are not eligible for federal reimbursement either as a result of lack of Medicaid eligible services or the family's level of income. This also includes \$0.5 million from general revenues in accordance with the school funding formula for youth that are placed in a residential setting and attend school outside of the state. The Department bases expenditure estimates on the number of youth in residential placement each July. In July 2012, there were 554 youths receiving care in a residential setting. *The Governor recommended funding as requested. The Assembly added \$2.4 million, including \$0.5 million from general revenues and \$1.9 million from available social services block grant federal funds for the System of Care for FY 2013. The Assembly included language in Article 10 which requires the Secretary of the Office of Health and*

**Human Services to authorize release of the additional funds to the Department for the System of Care should they be necessary.**

**System of Care - Title IV-E Eligible.** The Department requested the enacted level of \$5.0 million for Title IV-E eligible services provided through the System of Care. This includes \$2.4 million from general revenues and \$2.6 million from federal funds for services provided to children and families through the two care management networks. Services eligible for Title IV-E reimbursement provided through the System of Care include residential services, foster care, and adoption assistance. The Department assumes that approximately 18 percent of all youth receiving foster care services, 8.4 percent of youth in group homes, 5.9 percent of youth in emergency shelters, 5.4 percent of children in residential treatment centers, 4.0 percent of youth in independent living programs, and 0.8 percent of youth in independent living will receive Title IV-E eligible services. The Department has consistently overestimated available Title IV-E funds. In FY 2012, the Department overestimated expenditures that were eligible for Title IV-E availability by \$6.4 million from all funds, including \$3.1 million from general revenues. *The Governor recommended funding as requested.* **The Assembly concurred.**

**System of Care - Medicaid Eligible Services.** The Department requested the enacted level of \$18.1 million for Medicaid eligible services provided through the System of Care. This includes \$8.8 million from general revenues and \$9.3 million from federal funds for services provided to children and families through the two care management networks. Residential services provided through the System of Care include high end residential treatment, emergency shelters, group homes, independent living programs, semi-independent living programs, and foster care through private agencies. In order to be eligible for Medicaid reimbursement, placements must provide a medical service such as an on-site counselor.

The Department assumes that 49.2 percent of youth in residential treatment centers, 42.6 percent of youth placed in group homes, 42.3 percent of youth in independent living programs, 37.3 percent of youth in semi-independent living programs, and 4.5 percent of youth in foster care will receive Medicaid funded services. The Department has consistently overestimated available Medicaid funds. In FY 2012, the Department overestimated Title IV-E availability by \$4.5 million from all funds, including \$2.5 million from general revenues. *The Governor recommended funding as requested.* **The Assembly concurred.**

**System of Care – 18 to 21 Year Olds.** The Department requested the enacted level of \$8.1 million for residential services provided through the System of Care to clients from ages 18 to 21. This includes \$6.8 million from general revenues and \$1.3 million from federal funds for services provided to children and families through the two care management networks. Residential services for 18 to 21 year olds provided through the System of Care include high end residential treatment, group homes, independent living programs, semi-independent living programs, and foster care through private agencies. In order to be eligible for Medicaid reimbursement, placements must provide a medical service such as an on-site counselor. As of January 2013, there are 53 youth between the ages of 18 and 21 being served by the Department. *The Governor recommended funding as requested.* **The Assembly concurred.**

**System of Care - Community Based Services.** The Department requested the enacted level of funding for community based services eligible for the Medicaid global waiver provided through the System of Care. This includes \$2.3 million from general revenues and \$2.4 million from federal funds for services provided to children and families through the two care management networks. The Department assumes that it will provide services to an average of 483 children through the Medicaid global waiver. *The Governor recommended funding as requested.* **The Assembly concurred.**

## Non System of Care Placements

**Residential Placements.** The Department requested \$2.5 million less than enacted for child welfare residential placements, including \$0.4 million more from general revenues and \$2.8 million less from federal funds. The Department's revised request includes \$0.3 million more from general revenues and \$3.4 million less than enacted from federal funds to reflect adjustments to available Title IV-E funds. The Department continues to experience an increase in services that are funded solely by the state and indicates that it overestimated the amount of federal reimbursement for services in the enacted budget. This is the result of expanded use of community based services and other services that are not eligible for federal reimbursement and the demographics of the children being placed in care.

The Department assumes that approximately 49.2 percent of youth in residential treatment centers, 42.6 percent of youth placed in group homes, 42.3 percent of youth in independent living programs, 37.3 percent of youth in semi-independent living programs, and 4.5 percent of youth in foster care will receive Medicaid eligible services. *The Governor recommended \$249,995 more than requested to reflect a grant from the federal Department of Health and Human Services to support early education for children in out-of-home placement.* **The Assembly concurred.**

**Foster Care and Adoption.** The Department requested \$0.3 million more than enacted from all sources, including \$0.1 million more from general revenues and \$0.2 million more from federal funds for foster care and adoption services. The general revenue revised request includes \$37,443 from an Annie E. Casey Foundation grant deposited as general revenues but not included in the enacted budget. The revised request also includes \$0.1 million more than enacted from general revenues and \$0.1 million more from federal funds for Title IV-E guardianship assistance. The Department indicated that the cost of foster care services has increased and federally reimbursable adoption assistance services have been reduced by approximately 5 percent. Foster care placements average 1,124 at the end of the first quarter in FY 2012. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Family Service Units/Child Protective Services.** The Department requested \$82,343 less from general revenues for the four family service units and for child protective services. This represents a reduction in home based therapeutic services provided through child protective services. The family service units are located in Providence, Bristol and Wakefield. The majority of services provided through the family service regions were shifted to the System of Care. *The Governor recommended funding as requested.* **The Assembly concurred.**

**18 to 21 Year Olds.** The Department requested \$0.2 million more than enacted from all funds for services provided to youth between the ages of 18 and 21 years olds. This includes \$0.5 million more from general revenues and \$0.3 million less from federal funds. The Department's request projects a continued reduction in the number of youth in the program; however, fewer youth are being provided Medicaid eligible services because most programs are community based. The Department has continued to reduce services to this population since FY 2008. In FY 2012, the Department provided services to an average of 234 youth per month; 259 were being served at the end of 2010, and 276 in FY 2009. The Department's average census for FY 2013 as of January 2013 is 195 youth. The Department indicated that it bases estimates for services to 18 to 21 year olds based on the previous year's expenditures with adjustments. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Independence Program.** The Department requested \$0.1 million more than enacted from federal funds for the Chafee Foster Care Independence program which represents unused funds from FY 2012.

This program provides services to youth between the ages of 16 and 18 that are transitioning from the Department's care. These services include vocational training, work experience, and day-to-day experiences, such as managing financial, medical, housing, transportation, and recreation needs. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Community Based Services.** The Department requested \$48,919 less from all sources, including \$9,587 less from general revenues and \$73,810 more from federal funds for other community based services. General revenue savings are the result of many of the services being duplicated in the Family Care and Community Partnership program, which is included in the child welfare residential programs item. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Community Service Grants.** The Department requested the enacted level of \$160,256 from general revenues for community service grants. *The Governor recommended funding as requested.* **The Assembly concurred.**

### **Juvenile Corrections**

**Training School and Probation and Parole.** The Department requested \$49,852 more than enacted, including \$49,871 more from general revenues and \$19 less from federal funds for expenditures for juveniles at the Rhode Island Training School and those that are transferred to the care of community based agencies. The changes include reduced expenditures for off-site placements of \$0.4 million because Probation and Parole is now responsible for these placements through the System of Care. The request also reflects \$0.3 million more than enacted for medical services at the Rhode Island Training School. The Department has renegotiated a contract with Rhode Island Hospital and the Department plans to spend \$1.5 million for medical services, which is \$0.2 million less than it spent in FY 2012. The enacted budget includes \$1.2 million for medical services at the training school. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Juvenile Corrections – Other Operations.** The Department requested \$242,983 more than enacted including \$21,001 more from general revenues and \$221,982 more from federal funds for facility repairs and office supplies. The Department shifted unspent federal funds available for the New Hope Diner vocational building project to FY 2013 to use in conjunction with Rhode Island Capital Plan funds in FY 2013. The Department has indicated that the request is based on revised spending projections for various expenses, including design, maintenance and repairs to the training school, and staff training.

*The Governor recommended \$27,931 more than enacted, including \$33,680 more from general revenues primarily to reflect a private grant to improve criminal history exchange capabilities between the Department of Children, Youth and Families and the Department of Corrections. The Governor also shifted \$781 in medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

### **Other Operations**

**Accreditation.** The Department's revised request excludes \$450,000 provided in the enacted budget for accreditation expenses. The Department indicated that it has been in consultation with the Council on Accreditation and has received an initial assessment of the steps necessary to receive accreditation; however, it will not spend \$0.5 million appropriated in FY 2013 for these activities and intends to identify an alternative funding source. The Department indicated that it will attempt to identify an alternate funding source for accreditation with the Budget Office. Legislation passed by the 2011

Assembly required the Department to submit an accreditation plan to the Governor, the Speaker of the House of Representatives, the President of the Senate, the Chairperson of the House Committee on Health, Education, and Welfare, the Chairperson of the Senate Committee on Health and Human Services, the Chairpersons of the House and Senate Finance Committees, and the Chairpersons of the House and Senate Judiciary Committees no later than July 1, 2012. The Department did not meet this deadline. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Regional Office Consolidation.** The enacted budget includes \$0.2 million from general revenues for rent at the North Kingstown regional office that was located at Ten Rod Road. The Department moved this office into a state-owned facility at the Stedman Complex in Wakefield and its revised request includes \$0.2 million in savings for this. The Department continues to maintain offices in Providence and Bristol that it utilizes as office space and visiting areas that are accessible for parents and families with children in state care. *The Governor recommended savings as requested.* **The Assembly concurred.**

**Social Worker Training.** The Department requested \$62,294 more than enacted, including \$50,000 more from general revenues and \$12,284 more federal funds for social worker training at the Rhode Island College Child Welfare Institute and the University of Rhode Island. The Department requested additional funds for staff training inadvertently omitted in the FY 2013 budget request. The Department appears to adjust for \$0.3 million less than enacted from Title IV-E funds with \$0.3 million from a federal Positive Education Partnership grant. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Legal Expenses.** The Department is currently involved in a lawsuit with Children's Rights, an organization representing children that have alleged maltreatment while in the Department's care. The Department has accepted a bid for outside legal services. The initial cost for duplication, e-mail, tape, and document storage is \$0.1 million; however, the costs are annual, and the Department has been using the service for almost one year. The revised request does not include any added resources to cover these potential expenses.

*The Governor included \$0.1 million more from general revenues than requested for legal expenses associated with the lawsuit. His recommendation recognizes that this is a conservative estimate of costs already incurred by the Department for the production and storage of legal documents.* **The Assembly concurred.**

**System of Care Technology Expenses.** The Department requested \$161,457 less than enacted including \$112,227 more from general revenues and \$273,684 less from federal funds for contracted information technology services to upgrade network and billing with the System of Care. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Consulting Contract.** The Department requested \$0.4 million less than enacted from federal funds for the contract with Public Consulting Group. The Department contracts with this agency in order to apply for federal grants and waivers. The Department's current contract is for \$0.6 million and is included in the enacted budget. The Department is working with the agency to apply for a Title IV-E waiver which would allow the Department to better estimate yearly Title IV-E eligible services. It appears that the contract total has not been reduced, underfunding this expense. The Department does not have the federal funds available for this contract. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Operations.** The Department requested \$0.5 million more than enacted, primarily from general revenues, for all other department operations. Excluding a technical correction for the indirect cost recovery receipts, the Department added \$0.2 million from all sources and \$0.3 million from general revenues primarily for new computers to replace those that are more than five years old.

*Excluding the technical correction, the Governor did not recommend the new computers and shifted \$0.1 million in statewide savings from non-general revenue sources to miscellaneous operating expenses. **The Assembly concurred.***

**Capital.** The Department requested the enacted level of funding from Rhode Island Capital Plan funds. The Department indicated that this is an update to the approved Capital Budget plan and includes funding for improvements to the Rhode Island Training School. Specific project information is included in the *Capital Budget Section* of this report. *The Governor recommended \$0.7 million more than enacted from Rhode Island Capital Plan funds primarily to reflect additional funding for the fire code upgrades and the North American Family Institute project in FY 2013. **The Assembly included total funding as recommended; however, shifted \$0.3 million from FY 2013 to FY 2016 to reflect project delays at the Groden Center and \$0.5 million less for fire code upgrades.***

## Department of Health

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
Central Management	\$ 11,900,841	\$ 13,114,905	\$ 13,649,697	\$ 13,639,559
Comm., Family Health & Equity	60,417,786	68,679,059	73,831,083	73,687,321
Environmental & Health Service Reg.	15,553,961	19,214,219	19,269,518	19,310,026
Health Laboratories	7,501,274	8,105,266	7,916,846	8,055,351
Infectious Disease and Epidemiology	4,048,485	5,093,875	4,711,369	4,635,561
Public Health Information	2,381,220	2,850,445	4,851,599	4,949,013
State Medical Examiner	2,281,759	2,464,314	2,521,734	2,465,849
<b>Total</b>	<b>\$ 104,085,326</b>	<b>\$ 119,522,083</b>	<b>\$ 126,751,846</b>	<b>\$ 126,742,680</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 40,933,513	\$ 50,007,483	\$ 47,882,688	\$ 47,338,193
Contracted Services	10,386,647	10,244,634	13,055,422	13,360,419
<b>Subtotal</b>	<b>\$ 51,320,160</b>	<b>\$ 60,252,117</b>	<b>\$ 60,938,110</b>	<b>\$ 60,698,612</b>
Other State Operations	39,814,674	44,106,686	47,057,854	47,170,086
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	12,571,278	14,048,163	17,434,115	17,434,115
Capital	379,214	1,115,117	1,321,767	1,439,867
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 104,085,326</b>	<b>\$ 119,522,083</b>	<b>\$ 126,751,846</b>	<b>\$ 126,742,680</b>
<b>Sources of Funds</b>				
General Revenue	\$ 23,518,929	\$ 24,821,836	\$ 24,721,722	\$ 24,446,722
Federal Aid	55,441,392	65,015,651	70,391,194	70,657,028
Restricted Receipts	25,113,233	29,512,596	31,512,619	31,512,619
Other	11,772	172,000	126,311	126,311
<b>Total</b>	<b>\$ 104,085,326</b>	<b>\$ 119,522,083</b>	<b>\$ 126,751,846</b>	<b>\$ 126,742,680</b>
<b>FTE Authorization</b>	<b>422.3</b>	<b>497.3</b>	<b>498.0</b>	<b>498.0</b>
<b>FTE Average</b>	<b>398.6</b>			

**FY 2013 Revised Request.** The Department of Health requested revised expenditures of \$124.3 million or \$4.8 million more than the enacted budget. The revised request includes increases of \$1,316 from general revenues, \$3.1 million from federal funds, \$1.7 million from restricted receipts and \$45,689 less from other funds. The Department requested the enacted level of 497.3 full-time equivalent positions.

*The Governor recommended \$126.8 million, including \$70.4 million from federal funds, \$31.5 million from restricted receipts, \$24.7 million from general revenues, and \$0.1 million from other sources. This is \$2.5 million more than requested, including \$0.1 million less from general revenues. He also included 498.0 full-time equivalent positions, which is 0.7 positions more than requested. He subsequently requested an amendment to add \$0.3 million from federal funds for three divisions,*

reflecting carry forward funding and new awards received after the Governor's budget was submitted. **The Assembly concurred and also reduced general revenue expenditures by \$275,000 to reflect updated expenditures and turnover savings.**

**Staffing.** The Department requested the enacted level of 497.3 full-time equivalent positions. The following table shows the progression of position totals by program from the enacted budget to the revised request. A more detailed analysis of Department staffing costs and changes is included in the individual program sections that follow. It is important to note that the table reflects the staffing patterns assumed at the time of the budget submission; however, it does not accurately reflect current staffing because of the Department's practice of shifting staff frequently depending on the needs of the individual programs. For each program, the revised request added and eliminated whole positions, increased and decreased parts of positions and shifted positions among programs. This is a result of using available sources, the timing of federal grants and general revenue funding availability.

<b>Programs</b>	<b>FY 2013 Enacted</b>	<b>FY 2013 Rev. Req.</b>	<b>Change to Enacted</b>	<b>FY 2013 Gov. Rev.</b>	<b>Change to Enacted</b>	<b>Change to Request</b>	<b>FY 2013 Final</b>
Central Management	87.0	94.9	7.9	95.8	8.8	0.9	95.8
Community, Family Health & Equity	151.9	143.2	(8.7)	143.0	(8.9)	(0.2)	143.0
Environmental & Health Service Reg.	132.4	137.0	4.6	137.0	4.6	-	137.0
Health Laboratories	56.4	59.8	3.4	59.8	3.4	-	59.8
Infectious Disease and Epidemiology	30.3	26.5	(3.8)	26.5	(3.8)	-	26.5
Public Health Information	23.9	22.4	(1.5)	22.4	(1.5)	-	22.4
State Medical Examiner	15.4	13.5	(1.9)	13.5	(1.9)	-	13.5
<b>Changes to Enacted</b>	<b>497.3</b>	<b>497.3</b>	<b>(0.0)</b>	<b>498.0</b>	<b>0.7</b>	<b>0.7</b>	<b>498.0</b>

The revised request includes \$2.1 million less than enacted from all sources, though primarily federal funds, for the same number of positions from increased turnover savings. The revised request includes additional turnover savings of \$2.0 million, equivalent to approximately 24 vacant positions for the full year. The majority of the savings are in central management; increases and decreases in the remaining programs essentially net to zero. The increase in central management is from the Department shifting vacancies to a central location until new purposes or funding sources can be found for them.

The enacted budget includes 20.0 unfunded positions in central management, added at the Department's request to allow the Department to fill positions when new or increased federal awards become available. The enacted budget also includes the conversion of 39.0 individuals contracted through Adil into full-time equivalent positions. The Department indicated that it now intends to convert 34.0 individuals to positions. As of January 2, 2013, only five had been hired as state employees, while 29.0 positions were in the process of being approved and advertised. This issue is discussed separately.

The Department indicated that in places where a reduction in operating equals the increase for staffing, the Department proposed cuts to make the target and not necessarily proposed true savings or expenditure reductions. The Department indicated that it transferred positions from general revenues to the restricted receipt account where it cannot find operating reductions in order to fund required staffing needs. Also, for several programs, the Department reduced staffing expenses by maintaining more vacancies in addition to increases in the use of contracted grants and services because the Department could not fill positions in time to spend the available grant funds. The Department could not determine how much of the staffing reduction in each program was attributed to each aspect, but acknowledged that both do occur in the revised request.

*The Governor's recommendation includes 498.0 full-time positions, which is 0.7 more than requested, including a reduction of 0.2 in community, family health and equity and an increase of 0.9 in central*

*management, primarily from transferring a public information officer from the Emergency Management Agency to the Department. The recommendation is \$18,892 more than requested, including \$0.1 million less from both general revenues and federal funds and \$0.2 million more from restricted receipt indirect cost recovery funds. **The Assembly concurred with the number of positions and included additional turnover savings of \$0.5 million from general revenues.***

**Adil Conversion.** The enacted budget includes the conversion of 39.0 individuals contracted through Adil to become full-time state employees, leaving 9.0 contracted Adil individuals. As of January 2, 2013, only five had been hired as state employees, while 29.0 positions were in the process of being approved and advertised. Because of delays and changes in federal grants, the number of positions the Department will convert had been reduced to 34.0 and the Department will also maintain 2.0 Adil individuals as contracted employees. However, the Department's request did not include a reduction in the position authorization.

The request includes the funding for the converted Adil staff with the salaries and benefits of the other state positions, but because of delays in filling these positions, the expenses have been paid from contracted services, since these individuals remain contracted services until the conversion occurs. The Department could not verify or provide details about the program location of the converted Adil positions, which grant or service programs the individuals would be working on or expected date of hire, since people and positions are moved around so frequently at the Department.

The Department determined that some of the planned conversions can no longer be done because the federal funding for the grant has been reduced or eliminated; however, the Department tried to fill the positions that would be funded with federal funds and restricted receipts first and has tried to use other sources to cover the general revenue expenses for the remaining conversions.

It also appears that the Department of Administration eliminated the Adil positions that were supposed to be converted from the new contract it just signed with Adil since the positions were to have been filled, but the position conversion has not yet occurred, which may leave the Department short-handed. However, the Administration indicated it will assist the Department in filling these positions as quickly as possible.

*The Governor's recommendation did not make any changes to the request regarding the number of conversions or shift the funding from salaries and benefits to contracted services to reflect the delays. **The Assembly concurred.***

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

**Blood Lead Poisoning Prevention.** The Department requested \$1.1 million from all sources for the blood lead testing program, which is part of the Healthy Homes and Environment division. The request is \$147,957 more than enacted, including \$0.4 million less from federal funds and \$0.5 million more from restricted receipts. Federal funding for the program overall and for adult lead testing has been reduced by approximately 50 percent and the \$0.1 million for childhood lead poisoning prevention was eliminated completely. The request includes a donation of \$0.5 million from Providence Water Supply, deposited as restricted receipts. The request shifts approximately \$0.4 million in federally funded salaries and benefits to restricted receipts as both salaries and benefits and contracted services.

The program provides state staff to investigate complaints and inquiries about lead poisoning, arrange inspections when elevated blood lead levels are found, make referrals for case management and provide follow up after the inspection to ensure the lead abatement was completed and the individual's blood

lead level has returned to a reasonable level. The Department pays for childhood lead inspections, which are often Medicaid reimbursable; it conducted approximately 50 inspections in FY 2012, down from 100 in prior years because fewer children are registering elevated lead levels. The actual blood lead testing appears in the Health Lab section, but the support services are within this program. The Department spent \$1.1 million for this program in FY 2011 and \$0.8 million in FY 2012.

*The Governor shifted \$1,769 in medical benefit savings from non-general revenue sources to miscellaneous operating expenses. **The Assembly concurred.***

[Staff Note: The Department indicated that there were funds carried forward from FY 2012 that may not appear in the request and that it may not spend the entire \$0.9 million in the current year.]

**All Other Salaries and Benefits.** The Department requested \$1.7 million less than enacted from all sources for salaries and benefits for positions in the Community, Family Health and Equity program. This includes \$7,230 more from general revenues, \$2.0 million less federal funds and \$0.4 million more from restricted receipts, reflecting a revised estimate for the collection of fees used to fund numerous positions. The federal fund decrease reflects additional turnover savings from maintaining approximately 4.2 additional vacancies above the enacted level, increases in the use of contracted grants and services because the Department could not fill positions in time to spend the available grant funds, various adjustments to staffing levels, as well as the net transfer of 8.7 positions out of the Community, Family Health and Equity program to other programs within the Department. *The Governor recommended \$68,847 less than requested, including \$5,558 less from general revenues to reflect statewide medical benefit savings and he reduced the authorization by 0.2 positions, reflecting a vacancy that will not be filled in FY 2013. **The Assembly further reduced general revenue expenditures by \$0.1 million, reflecting additional turnover savings included in the Department's third quarter report.***

**All Other Healthy Homes and Environmental Programs.** The Department requested \$86,725 more than enacted for all other operations related to healthy homes and environmental programs, excluding blood lead prevention and salaries and benefits. This includes \$8 more from general revenues, \$132,406 more from federal funds and \$45,689 less from other funds. The increase reflects revised grant awards and anticipated expenditures in addition to unspent funds carried forward from FY 2012 for climate change and radon assessment programs. *The Governor recommended \$5,324 more than requested to reflect shifting medical benefit savings from non-general sources to miscellaneous operating expenses. **The Assembly concurred.***

**Infant and Early Childhood Home Visits.** The Department requested \$1.9 million more than enacted from federal funds for an infant and early childhood home visits initiative that focuses on promoting good health habits for low income pregnant women, mothers, infants and children, and children with special health care needs, and families. It also includes provisions for providing health services for maternal and child health populations who do not have access to adequate health care. The increase primarily reflects unspent funding carried forward from FY 2012. *The Governor's recommendation is \$1,922 more than requested to reflect the shift of medical benefit savings to miscellaneous operating expenses. **The Assembly concurred.***

**HIV Prevention.** The Department requested \$0.9 million more than enacted from federal funds to continue and strengthen effective human immunodeficiency virus (HIV) and acquired immunodeficiency syndrome (AIDS) surveillance programs to effect, maintain, measure and evaluate the extent of HIV/AIDS incidence and prevalence throughout the United States. Funds are used to provide information for targeting and implementing prevention activities. The increase reflects revised awards

and expenditures, such as medical and program supplies, training, and other contracted services for comprehensive prevention services.

The Department indicated that it intends to transfer HIV prevention services to the Infectious Disease and Epidemiology program because the activities more closely align, but the request does not reflect the transfer of the positions or funding to the other program. *The Governor's recommendation is \$6,452 more than requested to reflect the shift of medical benefit savings to miscellaneous operating expenses.*

**The Assembly concurred.**

**Immunizations.** The Department requested \$0.5 million more than enacted from all sources for immunization expenses, including \$0.7 million less from federal funds and \$1.2 million more from restricted receipts. Federal fund reductions for immunization are based on the anticipated amount of free vaccines provided by the Centers for Disease Control's federal immunization program while the request includes restricted receipt reductions for child immunizations and increased expenditures for adult immunizations based on vaccine purchasing projections. *The Governor's recommendation is \$12,170 more than requested to reflect the shift of medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Obesity Prevention.** The Department requested \$0.3 million more than enacted from federal funds for obesity and nutrition related activities. This includes adjustments to actual grant awards, as well as the receipt of additional funding through the American Recovery and Reinvestment Act of 2009. Funds support statewide efforts to promote environmental and policy changes, which support physical activity and healthy eating habits to prevent obesity. *The Governor's recommendation is \$2,849 more than requested to reflect the shift of medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Race to the Top.** The Department requested \$0.2 million more than enacted from federal Race to the Top funds for program, office and computer supplies in addition to contracted consultants. In December 2011, the state was awarded \$50.0 million from federal Race to the Top funds to improve education for pre-school students. This grant will involve multiple human service agencies and the Department of Elementary and Secondary Education with funding allocated over four years. *The Governor's recommendation is \$921 more than requested to reflect the shift of medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Women's Cancer Screening Donations.** The Department requested \$20,000 more than enacted from restricted receipts to reflect a donation made by the Gloria Gemma Cancer Foundation, which was not spent in FY 2012. The Foundation made a \$20,000 donation for both FY 2012 and FY 2013 to be used to provide cancer screenings for women between the ages of 40 and 49 who do not qualify for the federal program. The revised request includes the full \$40,000 for both years in FY 2013. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Perinatal and Early Childhood Programs.** The Department requested \$0.4 million more than enacted for all other services related to perinatal and early childhood programs. The increase primarily reflects revised grant awards and unspent funds carried forward from FY 2012 and includes funding for the child care support network, personal response educational program, the Rhode Island Launch program and family planning. *The Governor's recommendation is \$5,352 more than requested to reflect the shift of medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Health Disparities and Access.** The Department requested \$0.5 million more than enacted for expenses related to health disparities and access. This includes \$125,000 from both federal funds and restricted receipts for student loan payments to eligible doctors and physicians who qualify by residing and practicing in the state for at least two years after graduation and certification. This program had been eliminated in recent years because the matching funds were not available; however, the Rhode Island Foundation agreed to provide the matching funds for FY 2013 and FY 2014, reflected as restricted receipts in the budget request. It also includes \$0.3 million more from federal funds for revised grant awards and anticipated expenditures for primary care and rural health services along with increased expenditures for training and other clerical needs related to disability services. *The Governor's recommendation is \$2,885 more than requested from federal funds to reflect the shift of medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Preventive and Maternal/Child Health Block Grants.** The Department requested \$1.2 million more than enacted from federal funds for expenditures from the maternal/child health and preventive block grants, excluding salaries and benefits. This includes \$1.1 million for the maternal/child health grant and \$0.1 million for the preventive health grant, primarily reflecting unspent FY 2012 funds carried into FY 2013. For expenses related to the preventive block grant, this includes \$125,973 more for training and other contracted services in addition to office and computer supplies, putting expenses \$0.3 million above the amount spent in FY 2012. For the maternal/child health block grant, this includes \$0.5 million in additional grant funds, \$0.4 million more for training and temporary contracted services and \$0.2 million more for all other operations, including computer and office supplies and telecommunications and is \$0.2 million more than spent in FY 2012. *The Governor's recommendation is \$3,931 more than requested from federal funds to reflect the shift of medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Tobacco Cessation.** The Department requested \$0.6 million more than enacted for tobacco cessation related services. This includes \$3,979 more from general revenues for additional training expenses and \$565,099 more from federal funds, including \$130,927 more for the tobacco quit line and \$434,172 for a new initiative with the City of Providence. The Putting Prevention to Work tobacco-free campaign will work to curtail tobacco vendor marketing and point-of-sale practices, restrict tobacco advertising within 1,000 feet of schools, create a new city registration requirement for tobacco vendors, pilot a smoke-free policy in a Providence Housing Authority complex, implement a tobacco cessation program for uninsured Providence smokers who want to quit, initiate a Providence Public School-based policy change creating smoke-free campuses and launch a city-wide public education campaign. *The Governor's recommendation is \$721 more than requested from federal funds to reflect the shift of medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**All Other Operations.** The Department requested \$0.2 million less from all sources for all other Community, Family Health and Equity program operations, including \$11,216 less from general revenues and \$215,876 less from federal funds. The general revenue reduction is primarily for medical supplies for the comprehensive cancer screening program; the matching federal funds are also reduced. Other federal fund reductions related to suicide prevention, asthma and the state system development initiative include utilizing fewer Adil contracted staff as the Department realigns its contracted and state staff, and lower information technology expenses, since staffing levels are lower. Increased expenses from federal funds include medical supplies, grant awards and research contracts with the University of Rhode Island for the arthritis, preventative oral care and the comprehensive cancer control programs, primarily from unspent funds carried forward from FY 2012.

*The Governor's recommendation is \$266,375 more from federal funds, including \$249,613 for two new grants the Department received after the budget request was submitted, including \$168,613 for chronic disease self-management and \$81,000 for women's cancer screening in addition to \$16,762 from shifting medical benefit savings from non-general revenue sources to miscellaneous operating expenses. **The Assembly concurred.***

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

**Salaries and Benefits.** The Department requested \$21,145 less from all sources for all salaries and benefits in the Environmental and Health Services Regulation program. The request includes \$57,004 less from general revenues, \$0.2 million more from federal funds and \$0.2 million less from restricted receipts. The request reflects restoring turnover savings from filling approximately two positions, various adjustments to staffing levels and a net increase of 4.6 positions transferred from other programs.

The 2012 Assembly included \$0.5 million from general revenues for 6.0 additional food inspector positions, 3.0 positions to be filled as of October 1, 2012 and 3.0 positions to be filled as of April 1, 2013. The October positions were filled in November, and the revised request includes funding for all of these positions, but also some turnover savings from the delay in filling the first 3.0 positions.

*The Governor recommended \$64,757 less than requested, including \$39,188 less from general revenues to reflect statewide medical benefit savings. **The Assembly concurred.***

**Licensing and Regulation.** The Department requested \$60,166 less than enacted from restricted receipts to support licensing and regulation services, including savings from having one less summer intern than anticipated and reductions for miscellaneous operating expenses, instead utilizing the restricted receipts elsewhere in the division. The Department issues licenses and regulates numerous professional services, including hearing aid dealers, athletic trainers, tanning salons, swimming pool operators, health care facilities, research institutions and industrial organizations that use or possess radioactive materials. The revenues from these licenses are used towards the staffing expenses and operating costs for the workers in the field to perform their duties. The related expenses are shown throughout the division and funded from restricted receipts. *The Governor's recommendation is \$2,139 more than requested to reflect the shift of medical benefit savings to miscellaneous operating expenses. **The Assembly concurred.***

**All Other Operations.** Excluding all other changes, the Department requested \$0.3 million less than enacted for all other operations in the Environmental and Health Services Regulation program. This includes \$0.1 million more from general revenues, \$0.3 million less from federal sources and \$0.1 million more from restricted receipts. The general revenue increase reflects computer and information technology expenses related to administering the regulations for the state's health professionals that were not made in FY 2012 because of delays. Reduced federal funds reflect the transfer funding for contracted staff to fill state positions, in addition to revised awards and expenditures for most of the grants, including state homeland security, coastal water, lab improvement act, and children partnership grants. Reduced restricted receipts for managed care regulation are consistent with the requested increase for staffing expenses, which reduces the need for these clerical and other temporary services.

*The Governor recommended \$493,430 more than requested, primarily from federal funds for food protection services. This includes new grants of \$300,000 for rapid response teams, \$100,000 for improving capacity to protect public health and \$70,000 for strategies to conform with updated federal manufactured food regulations. The remaining increase of \$23,430 reflects the shift of medical benefit*

*savings from non-general sources to miscellaneous operating expenses. The Assembly added \$40,508 from general revenues, increasing expenditures for information technology and clerical services and reducing expenditures for the purchase of computer equipment, consistent with the Department's third quarter report.*

### Health Laboratory

**Salaries and Benefits.** The Department requested \$0.1 million more than enacted from all sources for salaries and benefits for the Health Laboratory, increased and decreased numerous positions and a net transfer of 3.4 positions into this program from other programs. This includes \$69,745 more from general revenues and \$47,075 more from federal funds. The revised request utilizes reductions to operating expenses to fund these increased staffing expenses. *The Governor's recommendation is \$26,839 less than requested, including \$20,105 less from general revenues to reflect statewide medical benefit savings. The Assembly reduced general revenue expenditures by \$0.2 million to reflect expected turnover savings based on the Department's third quarter report.*

**Food Emergency Response.** The Department requested \$66,000 from federal funds, or \$106,500 less than enacted for equipment, supplies, personnel, training and facility upgrades to Food Emergency Response Laboratory Network (FERN) microbiological laboratories in Rhode Island. The Department indicated that the grant was level funded for FY 2013 but the enacted budget was based on a request that included a certain level of unspent funds carried forward into FY 2013; however, the Department spent some of these funds in FY 2012, making fewer funds available in FY 2013.

[Staff Note: It should be noted that the Department spent \$81,237 in FY 2012, which was \$91,263 less than the final appropriation, which it indicated was due to a lack of staffing and not receiving the funds in the anticipated time frame.]

*The Governor's recommendation is \$597 more than requested from shifting medical benefit savings from non-general revenue sources to miscellaneous operating expenses. The Assembly concurred.*

**All Other Operations.** The Department requested \$0.2 million less than enacted for all other operations in the Health Laboratory program, including \$69,742 less from general revenues and \$108,893 less from federal funds. General revenue reductions include billing services and computer software and hardware expenditures related to toxicology, environmental lab services and lab administration; however, these reductions are requested to utilize the general revenues for the Division's staffing needs. Federal fund reductions include engineering and medical services related to forensic casework DNA backlog processing, since the backlog has been reduced.

The Department spent \$2.7 million in FY 2011 and \$2.0 million in FY 2012, which is \$0.5 million less than the FY 2012 final appropriation, primarily for contracted staff and medical supplies, citing the back log had been reduced by the end of the year. Although hiring state positions reduces the need for contracted services, the lengthy process to fill positions will likely require the Department to maintain a higher level of contracted services than included in the revised request for FY 2013.

*The Governor's recommendation is \$6,137 more than requested from federal funds from shifting medical benefit savings from non-general revenue sources to miscellaneous operating expenses. He subsequently requested an amendment to add \$165,000 from federal funds for a Highway Safety Grant. The Department will purchase two pieces of equipment for the Health Laboratory related to determining the presence of alcohol and drugs in impaired drivers. The Assembly concurred and added \$0.1 million from general revenues based on the Department's third quarter report. This includes*

increases for medical supplies throughout the entire division partially offset by savings for medical services and lab administration.

### **Infectious Disease and Epidemiology**

**Salaries and Benefits.** The Department requested \$0.3 million less than enacted from all sources for salaries and benefits for the Infectious Disease and Epidemiology program. This includes \$32,837 more from general revenues and \$365,460 less from federal funds. The increase reflects the restoration of turnover savings for approximately one position for half of the year, adjustments to numerous positions, decreases in overtime expenses and the net transfer of 3.8 positions to other programs within the Department. *The Governor's recommendation is \$10,052 less than requested, including \$4,224 less from general revenues to reflect statewide medical benefit savings.* **The Assembly included additional general revenue turnover savings of \$0.1 million.**

**Communicable Diseases.** The Department requested \$63,688 less than enacted from general revenues for communicable disease treatment and prevention. This includes \$50,000 less for the Miriam Hospital TB Clinic to reflect a reduction to the contract the state has with the hospital for treatment of tuberculosis at the first signs. The Department and the hospital have been working with the community to provide another treatment option for patients with a latent tuberculosis infection. It also shifted \$13,688 for insurance expenses to be supported by the restricted receipt account in central management. It appears that these general revenue reductions are, at least in part, being used to pay for the increased general revenue funded staffing expenditures. The revised request is consistent with FY 2012 spent level of \$0.6 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Operations.** The Department requested \$18,029 more than enacted from federal funds for all other Infectious Disease and Epidemiology operations. This includes \$0.1 million more for Epidemiology and Lab Capacity through the Affordable Care Act and reductions related to emerging pathogens, tuberculosis control and Medicaid administration reimbursements. *The Governor's recommendation is \$5,828 more from federal funds than requested to reflect the shift in medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly reduced general revenue expenditures for lab testing and pharmaceuticals by \$19,862, based on the Department's third quarter report.**

### **Public Health Information**

**Salaries and Benefits.** The Department requested \$0.1 million more from all sources for salary and benefit expenses for the Public Health Information program. This includes \$170,790 more from general revenues and \$45,223 less from federal funds, primarily for three positions for which the federal funding has ended. The request increased and decreased numerous positions and reflects the net transfer of 1.5 positions from the Public Health Information program to other programs within the Department. *The Governor's recommendation is \$9,774 less than requested, including \$7,924 less from general revenues to reflect statewide medical benefit savings.* **The Assembly included general revenue turnover savings of \$0.1 million based on the Department's third quarter report.**

**Electronic Health Records.** The Department requested \$0.1 million more from federal stimulus funds for electronic health record tracking for the KidsNet system, an electronic child immunization records system. The request includes a reduction for contracted services from converting one contracted person to a state position and increases the reimbursements made to physicians when they integrate their systems with the KidsNet system and stop using a paper based system. Funding is used to update birth

and death data, as well as to enhance the interoperability of records among municipal, state and federal agencies. This federal grant has not been renewed, and the Department must spend the remainder of the grant by August 2013; the FY 2014 request includes \$0.1 million, excluding salaries and benefits, which reflects the remainder of the available grant funds. *The Governor's recommendation is \$358 more than requested to reflect the shift in medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Risk Behavior Survey.** The Department requested \$175,000 more than enacted from federal funds for the risk behavior survey, excluding salaries and benefits. This increase reflects additional funding awarded for the program and the Department requested additional funding for contracted examiners. Since 1997, the state has received funding for this program, which measures health risk behaviors among adults 18 years and older. *The Governor recommended \$249,153 more than requested from federal funds to reflect a new grant award received after the request was submitted.* **The Assembly concurred.**

**All Other Operations.** The Department requested \$55,580 more from all sources for all other Public Health Information operations. This includes \$13,000 less from general revenues and \$68,580 more from federal funds. General revenue savings reflect an \$8,000 reduction for a vital records contract and shift expenditures of \$5,000 to federal sources. Other federal fund increases include printing, maintenance, and office supplies for vital records services because of additional funds received at the end of FY 2012, and \$22,000 carried forward from FY 2012 for health surveys related to injuries from motor vehicle crashes. The revised request is \$91,175 less than the \$0.6 million spent in FY 2012 for all of these expenditures; federal funding for vital records services overall has been decreasing and the enacted budget assumes a larger reduction than was realized, though expenditures for vital records remain \$0.1 million below the FY 2012 spent level.

*The Governor's recommendation is \$1.3 million more than requested from federal funds for new grants awarded to the Department after the budget request was submitted. This includes \$0.7 million for the center for data analysis, comprised of \$0.6 million for immunization capacity and \$0.1 million for a claims database, in addition to \$0.6 million for healthcare surveillance and statistics related to vital records. The recommendation also includes \$1,492 in medical benefit savings shifted from federal sources to miscellaneous operating expenses.*

*He subsequently requested an amendment to increase federal funding in the Vital Records division by \$90,834 to be used for information systems improvements related to newborn screening and electronic verification of vital events. This reflects the confirmation of an anticipated grant award and carry forward funding that was inadvertently excluded from the Department's budget request. The newborn screening funds must be spent by August 2013 and there is no expiration for the electronic verification funding, but the Department anticipates spending the funds in FY 2013.* **The Assembly added \$0.1 million from general revenues for interns and clerical services related to health policy and planning based on estimated expenditures included in the Department's third quarter report.**

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

**Salaries and Benefits.** The Department requested \$133,641 more from all sources for salary and benefit expenses in the Medical Examiner's Office and made numerous adjustments for a net transfer of 1.9 positions to other divisions within the Department. This includes \$26,507 less from general revenues and \$1,308 more from federal funds and includes shifting expenses of \$158,840 from general revenues to restricted receipts. With the general revenue savings created by the transfer, the

Department had fully staffed forensic pathologists and used the remaining resources to fund additional operating expenditures, discussed separately.

*The Governor recommended \$99,507 more than requested, including \$99,787 more from general revenues. This includes increases of \$85,000 for overtime and \$20,000 for holiday pay expenses that were not included in the enacted budget or revised request, and \$5,493 less to reflect statewide medical benefit savings. **The Assembly reduced expenditures by \$0.1 million, based on expected expenditures included in the Department's third quarter report.***

**Contracted Medical Examiners.** The Department requested \$62,750 less from all sources for contract medical examiner expenses. This includes \$37,750 less from general revenues and \$25,000 less from federal funds. The Department reduced these expenditures to remain below its enacted general revenue appropriation for the division, but was not certain that the savings were attainable. The request used the general revenue reduction to fund additional operating expenses, discussed later.

The Department spent \$0.4 million in FY 2011 and \$0.5 million in FY 2012, which was \$75,486 more than the final appropriation because of staffing vacancies, causing the need for contracted forensic pathologists to increase. The Department indicated that it has fully staffed all forensic pathologists in FY 2013, including the Chief Medical Examiner, reducing the need for contracted medical examiners; however, the revised request is \$213,006 less than what was spent in FY 2012, which is a significant reduction, considering the state pays \$1,100 per examination to contracted doctors and examiners. *The Governor recommended funding as requested. **The Assembly added \$0.1 million from general revenues to reflect anticipated expenditures included in the Department's third quarter report.***

**All Other Operations.** The Department requested \$45,582 more from all sources for all other Medical Examiner Office operations, including \$64,257 more from general revenues and \$18,675 less from federal funds. The request reflects increases for medical supplies and insurance because malpractice insurance premiums have increased along with the estimated caseload, which increases costs for livery, exam supplies and histology testing. It includes reductions for office supplies and advertising, bringing expenses to 2.8 percent above the amount spent in FY 2012. The enacted level is \$38,297 less and the revised request is \$7,285 more than the amount spent in FY 2012. General revenue expenditure reductions from staffing and contracted services are used to pay for the increased operating expenditures.

*The Governor's recommendation is \$280 more than requested from federal funds to reflect the shifting of medical benefit savings from non-general revenue sources to miscellaneous operating expenses. He subsequently requested an amendment to add \$10,000 from federal sources for the Coverdell Forensic Science Improvement Program to reflect approved carry forward funding that must be used by the end of FY 2013. **The Assembly concurred with the amendment and reduced various expenditures by \$63,750, based on the Department's third quarter report.***

### Central Management

**Salaries and Benefits.** The Department requested \$0.3 million less than enacted from all sources for salaries and benefits in central management. This includes \$0.1 million less from general revenues, \$0.2 million less from federal funds and \$38,921 more from restricted receipts. The request reflects increased turnover savings from maintaining additional vacancies, increases and reductions to numerous positions as well as the net transfer of 7.9 positions to central management from other programs within the Department. The Department indicated it has moved approximately 15 positions from different divisions to central management, which reflects vacated positions for which the grant funds have ended,

but it is not known where the positions will be needed and filled next. There is no funding for these positions, but they remain available for use when funding is received.

*The Governor's recommendation is \$97,513 more than requested, including \$121,218 less from general revenues. He added authorization and \$132,705 from restricted receipts for a public information officer that was transferred to the Emergency Management Agency back to the Department and shifted funding of \$120,336 for a chief implementation aide from general revenues to restricted receipts. He also included \$35,192 less to reflect statewide medical benefit savings. **The Assembly concurred.***

**Bioterrorism.** The Department requested \$1.0 million more than enacted from federal funds for bioterrorism preparedness, excluding salaries and benefits, to reflect new and adjusted grant awards used to augment hospitals and healthcare entities to plan for, respond to and recover from mass casualty events. It also provided for grants to cities and towns for enhanced emergency response preparedness. Increases include \$0.2 million for computer and information technology expenses, \$0.2 million for equipment, \$0.1 million for grants, \$0.1 million for medical services, \$0.4 million for all other operating expenses, including training, printing and centralized state services. *The Governor's recommendation is \$14,904 more than requested to reflect the shift in medical benefit savings from non-general revenue sources to miscellaneous operating expenses. **The Assembly concurred.***

**Pandemic Flu.** The Department's request eliminated the enacted level of \$0.3 million from federal funds for pandemic flu responses, including H1N1 activities, because the program is no longer funded by the federal government. Funding was used to strengthen the ability of the Department of Health and partner organizations to detect, contain and manage public health threats and emergencies. *The Governor recommended funding as requested. **The Assembly concurred.***

**All Other Operations.** The Department requested \$0.2 million less than enacted for all other operations in Central Management. This includes \$60,000 more from federal funds and reductions of \$2,900 from general revenues and \$233,379 from restricted receipts. The request reflects increased federal funding for temporary contracted services and office supplies, staff training, as well as reductions from general revenues for office supplies and equipment maintenance.

The reduction from restricted receipts reflects the use of indirect cost recovery funds budgeted for miscellaneous expenses to fund staffing costs for the Medical Examiner's Office. The Department spent \$1.3 million from all sources in FY 2012, including \$0.6 million from restricted receipts and the revised request includes \$1.0 million, including \$0.4 million from restricted receipts. It appears the revised request may lower estimated expenditures below a practical level, since the expenditure reduction was for the purpose of funding staff, and not because of realized reductions in expenses.

*The Governor's recommendation includes \$16,406 more than requested, including \$3,000 less from general revenues and \$19,406 more from medical benefit savings from non-general revenue sources shifted to miscellaneous operating expenses. **The Assembly reduced general revenue expenditures by \$10,138 based on the Department's third quarter report.***

## Department of Human Services

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
Central Management	\$ 10,740,798	\$ 10,889,439	\$ 11,093,399	\$ 11,012,623
Child Support Enforcement	8,132,251	8,339,468	8,408,391	8,532,759
Individual and Family Support	114,303,983	144,806,506	160,299,881	158,826,561
Veterans' Affairs	26,278,992	28,887,693	31,276,188	31,321,488
Health Care Quality, Financing and Purchasing	65,274,754	17,838,116	16,732,457	16,125,267
Medical Benefits	1,553,633,011	-	-	-
Supplemental Security Income	18,547,318	18,240,600	18,561,212	18,201,680
Rhode Island Works	88,434,544	89,867,120	90,187,965	87,887,244
State Funded Programs	293,107,002	301,707,222	301,277,002	300,888,802
Elderly Affairs	27,756,744	29,679,848	28,803,380	29,495,154
<b>Total</b>	<b>\$2,206,209,397</b>	<b>\$ 650,256,012</b>	<b>\$ 666,639,875</b>	<b>\$ 662,291,578</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 81,211,045	\$ 86,644,550	\$ 85,494,296	\$ 83,709,645
Contracted Services	45,021,507	15,406,289	17,257,026	17,282,932
<b>Subtotal</b>	<b>\$ 126,232,552</b>	<b>\$ 102,050,839</b>	<b>\$ 102,751,322</b>	<b>\$ 100,992,577</b>
Other State Operations	16,424,719	19,355,411	19,567,251	19,341,405
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,056,056,195	520,519,494	533,643,697	531,294,991
Capital	389,845	2,237,621	4,654,117	4,639,117
Capital Debt Service	-	-	-	-
Operating Transfers	7,106,086	6,092,647	6,023,488	6,023,488
<b>Total</b>	<b>\$2,206,209,397</b>	<b>\$ 650,256,012</b>	<b>\$ 666,639,875</b>	<b>\$ 662,291,578</b>
<b>Sources of Funds</b>				
General Revenue	\$ 844,385,003	\$ 97,023,967	\$ 96,845,266	\$ 95,668,119
Federal Aid	1,344,961,678	539,731,758	553,002,562	550,001,881
Restricted Receipts	12,585,836	9,111,103	12,213,022	12,057,553
Other	4,276,880	4,389,184	4,579,025	4,564,025
<b>Total</b>	<b>\$2,206,209,397</b>	<b>\$ 650,256,012</b>	<b>\$ 666,639,875</b>	<b>\$ 662,291,578</b>
<b>FTE Authorization</b>	<b>949.2</b>	<b>940.7</b>	<b>946.6</b>	<b>933.1</b>
<b>FTE Average</b>	<b>806.1</b>			

**FY 2013 Revised Request.** The Department of Human Services requested \$661.9 million or \$11.6 million more than enacted, including \$0.4 million more from general revenues, \$7.0 million more from federal funds, \$4.2 million more from restricted receipts and the enacted level from other funds. The Department also requested 965.8 full-time equivalent positions, 25.1 more than enacted.

*The Governor recommended expenditures of \$666.6 million, including \$96.8 million from general revenues. This is \$4.8 million more than requested, including increases of \$6.3 million from federal*

funds and \$0.2 million from other funds with reductions of \$1.1 million from restricted receipts and \$0.6 million from general revenues. He recommended 946.6 full-time equivalent positions, which is 19.2 positions less than requested. He subsequently requested an amendment to reduce Rhode Island Capital Plan funding for the blind vending facilities by \$15,000 to reflect updated expenditure projections.

**The Assembly included \$662.3 million from all sources and 933.1 positions; it did not include authorization or funding for the new positions in the recommendation, included turnover and operating savings based on the Department's third quarter report and added general revenues for community service grants.**

**Staffing.** The Department requested 965.8 full-time equivalent positions in FY 2013, which is 25.1 positions above the enacted authorization. The increase includes 6.0 unified health infrastructure project positions, 4.0 Medicaid eligibility positions, 4.0 supplemental nutrition assistance positions, 4.0 positions for Rhode Island Works and subsidized child care programs, 3.5 positions for new grant awards, 2.0 positions for the quality and fraud units in central management, 1.2 positions for the weatherization assistance program, and 1.0 time-limited position for the Division of Elderly Affairs. It also includes 0.6 fewer positions at the Veterans' Home.

<b>Staffing</b>	<b>Central Mgmt.</b>	<b>Child Support</b>	<b>Individual &amp; Family Support</b>	<b>Health Care Eligibility</b>	<b>Elderly Affairs</b>	<b>Veterans Affairs</b>	<b>Total</b>
<i>FY 2013 Enacted</i>	60.0	61.0	457.5	93.0	30.0	239.2	940.7
IFS, Works, Child Care, Medicaid			4.0	4.0			8.0
New Grants			3.5				3.5
Veterans' Affairs						(0.6)	(0.6)
Elderly Affairs					1.0		1.0
UHIP				6.0			6.0
SNAP Field Staff			4.0				4.0
Weatherization			1.2				1.2
Quality / Fraud ETs	2.0		-				2.0
<i>Sum of Changes</i>	2.0	-	12.7	10.0	1.0	(0.6)	25.1
<b>Revised Request</b>	<b>62.0</b>	<b>61.0</b>	<b>470.2</b>	<b>103.0</b>	<b>31.0</b>	<b>238.6</b>	<b>965.8</b>
Change to Enacted	2.0	-	12.7	10.0	1.0	(0.6)	25.1
<b>FY 2013 Gov. Rec.</b>	<b>61.0</b>	<b>61.0</b>	<b>459.0</b>	<b>96.0</b>	<b>31.0</b>	<b>238.6</b>	<b>946.6</b>
Change to Request	(1.0)	-	(11.2)	(7.0)	-	-	(19.2)
<b>FY 2013 Final</b>	<b>60.0</b>	<b>61.0</b>	<b>453.5</b>	<b>90.0</b>	<b>30.0</b>	<b>238.6</b>	<b>933.1</b>
Change to Governor	(1.0)	-	(5.5)	(6.0)	(1.0)	-	(13.5)

The revised request assumes all new positions will be filled for at least 85 percent of the fiscal year and assumes 90 and 100 percent for several positions. However, as of December 7, 2012, less than five of the new positions have been approved to be filled and those approved were not filled until November, which is one-third into the fiscal year. The revised request assumes the use of additional turnover savings to fund these positions. However, since the revised request overestimates salary and benefit costs for the new positions, the remaining turnover assumed is either artificially high as well or there are significant vacancies that are funded that have not been filled.

The Department has maintained an average of 810.1 filled positions through pay period ending December 15, 2012, which is 130.6 fewer than authorized, although they are not all funded. The

enacted budget includes turnover for approximately 89 positions, leaving about 42 funded, yet vacant positions in the enacted authorization. With this many funded vacancies, it would be expected that the request include less funding for staffing expenses than it does, but the request assumes a significant number of vacancies will be filled in the current year, including unfunded vacancies. It is because of this assumption that the request includes an increase to the position authorization.

*The Governor's recommendation includes 946.6 full-time equivalent positions, which is 19.2 fewer than requested. This includes 7.0 fewer health care eligibility positions, 6.0 fewer supplemental nutrition assistance positions, 3.0 fewer for Rhode Island Works administration and one position less for each of the child care, individual and family support, and central management divisions and removes the 0.2 position inadvertently included for weatherization assistance. Although the Governor added a net 5.9 positions, his recommendation includes 13.5 new positions in FY 2013. He recommended \$0.5 million less than requested from all funds, of which \$389,186, including \$178,701 from general revenues, reflects the distribution of savings from the medical benefit holiday.*

**The Assembly did not include any of the new positions and reduced expenditures by \$0.8 million, including \$0.2 million from general revenues.**

**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
Children	24.0	77,872	48.9%	44.5%	\$ 68,400	\$ 228.3	20.0%	13.4%	\$ 2,848	\$ 2,932
Adults	11.4	39,190	23.2%	22.4%	46,800	172.5	14.0%	10.2%	4,123	4,402
Blind/Disabled	9.0	40,763	18.3%	23.3%	148,400	871.1	44.0%	51.3%	16,563	21,371
Aged	4.8	17,312	9.8%	9.9%	74,600	425.5	22.0%	25.1%	15,678	28,541
<b>Total</b>	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.

**Federal Poverty Guidelines.** The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Office of Health and Human Services. The 2012 guidelines are as follows.

Percent of Federal Poverty Level based on Annual Income								
Family Size	100%	133%	150%	175%	180%	185%	200%	250%
1	\$ 11,170	\$ 14,856	\$ 16,755	\$ 19,548	\$ 20,106	\$ 20,665	\$ 22,340	\$ 27,925
2	15,130	20,123	22,695	26,478	27,234	27,991	30,260	37,825
3	19,090	25,390	28,635	33,408	34,362	35,317	38,180	47,725
4	23,050	30,657	34,575	40,338	41,490	42,643	46,100	57,625
5	27,010	35,923	40,515	47,268	48,618	49,969	54,020	67,525
6	30,970	41,190	46,455	54,198	55,746	57,295	61,940	77,425
7	34,930	46,457	52,395	61,128	62,874	64,621	69,860	87,325
8	38,890	51,724	58,335	68,058	70,002	71,947	77,780	97,225

*For families with more than 8 members, add \$3,960 for each additional member for the 100 percent calculation.*

### Cash Assistance Programs

The Caseload Estimating Conference estimate includes \$111.5 million from all sources, including \$30.3 million from general revenues for cash assistance programs, including Rhode Island Works, child care, state only supplemental security income program payments and general public assistance bridge program benefits. The caseload estimate is \$0.2 million more than enacted, including \$59,761 more from general revenues. The Department's request is consistent with the enacted level for cash assistance and does not reflect the estimate adopted at the November caseload conference.

*The Governor recommended \$111.5 million from all sources, including \$30.3 million from general revenues, consistent with the November caseload estimate. **The Assembly reduced expenditures by \$3.0 million, including \$0.6 million from general revenues, for total funding of \$108.4 million to be consistent with the May caseload estimate.***

**Maintenance of Effort Requirement.** The Department is required to spend \$60.4 million from general revenues as its maintenance of effort requirement for the \$95.0 million temporary assistance to needy families' block grant, assuming it meets its work participation rates. The state has separate one-parent and two-parent participation rates, but receives the penalty if either rate is not met. For Rhode Island, this increases by \$4.0 million to \$64.4 million if one or both of the work participation rates are not met. The state has not met its 90 percent two-parent participation rate, so it must maintain the higher maintenance of effort.

Work participation rates are the percent of qualified parents that are participating in work, work-like activities or the individualized employment plan. Almost all individuals receiving Rhode Island Works are required to immediately enter into individualized employment plans, which can include job search and readiness, vocational or adult education, on-the-job training and subsidized employment. The Department has not met its 90 percent two-parent work participation rate, which requires one parent to engage in work activities for 35 hours a week, because families who are in non-compliance with their work plan remain on the active caseload. The rules and regulations call for individuals and families to be sanctioned and have benefits reduced or eliminated when they are not in compliance with the individual employment plan, miss appointments, or refuse or quit employment.

The state can report any spending for its maintenance of effort requirement as long as it meets one of the four temporary assistance to needy families purposes: assisting needy families so that children can be cared for in their own homes; reducing the dependency of needy parents by promoting job preparation, work and marriage; preventing out-of-wedlock pregnancies; and encouraging the formation and maintenance of two-parent families. The state uses the circuit breaker program, earned income tax credit, administrative expenses through the Department of Human Services, and services provided

through the Departments of Children, Youth and Families and Labor and Training. The Department's request assumes that the higher \$64.4 million requirement will be met. *The Governor's budget assumes the state meets its maintenance of effort requirements for the block grant funding.* **The Assembly concurred.**

The following table itemizes cash assistance expenditures adopted by the 2012 Assembly, adopted by the caseload estimators, and adopted by the FY 2013 Assembly, along with comparable data for FY 2011 and FY 2012. Each category is discussed separately.

Cash Assistance	FY 2011 Spent	FY 2012 Spent	FY 2013 Enacted	FY 2013 Nov. CEC	FY 2013 May CEC	FY 2013 Final
<b>Rhode Island Works</b>						
Persons	15,797	16,000	16,100	16,195	15,775	15,775
Monthly Cost per Person	\$ 187.93	\$ 190.05	\$ 192.00	\$ 190.00	\$ 186.00	\$ 186.00
General Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	39.0	40.1	40.8	40.8	39.4	39.4
<b>Total Costs*</b>	<b>\$ 39.0</b>	<b>\$ 40.1</b>	<b>\$ 40.8</b>	<b>\$ 40.8</b>	<b>\$ 39.4</b>	<b>\$ 39.4</b>
<b>Child Care</b>						
Subsidies	6,906	6,777	6,840	6,985	6,870	6,870
Annual Cost per Subsidy	\$ 7,064	\$ 7,066	\$ 7,150	\$ 7,070	\$ 7,060	\$ 7,060
General Revenues	\$ 9.3	\$ 9.7	\$ 9.7	\$ 9.7	\$ 9.7	\$ 9.7
Federal Funds	39.5	38.7	39.4	39.7	38.8	38.8
<b>Total Costs*</b>	<b>\$ 48.7</b>	<b>\$ 48.3</b>	<b>\$ 49.0</b>	<b>\$ 49.4</b>	<b>\$ 48.5</b>	<b>\$ 48.5</b>
<b>SSI</b>						
Persons	32,997	33,398	33,800	33,260	33,150	33,150
Monthly Cost per Person	\$ 47.41	\$ 46.05	\$ 44.75	\$ 46.35	\$ 45.60	\$ 45.60
<b>Total Costs/General Revenues*</b>	<b>\$ 20.9</b>	<b>\$ 18.6</b>	<b>\$ 18.2</b>	<b>\$ 18.6</b>	<b>\$ 18.2</b>	<b>\$ 18.2</b>
<b>SSI Transition/Bridge</b>						
Persons	591	622	650	575	525	525
Monthly Cost per Person	\$ 100.19	\$ 115.41	\$ 109.40	\$ 109.00	\$ 103.00	\$ 103.00
General Revenues	\$ 2.0	\$ 2.6	\$ 2.4	\$ 2.1	\$ 1.8	\$ 1.8
Federal Funds	1.0	0.4	0.8	0.6	0.5	0.5
<b>Total Costs*</b>	<b>\$ 3.0</b>	<b>\$ 3.0</b>	<b>\$ 3.2</b>	<b>\$ 2.7</b>	<b>\$ 2.3</b>	<b>\$ 2.3</b>
General Revenues	32.3	30.8	30.3	30.3	29.7	29.7
Federal Funds	79.4	79.2	81.0	81.2	78.7	78.7
<b>Total Cash Assistance*</b>	<b>\$ 111.7</b>	<b>\$ 110.0</b>	<b>\$ 111.3</b>	<b>\$ 111.5</b>	<b>\$ 108.4</b>	<b>\$ 108.4</b>

\*Expenditures in millions

**Rhode Island Works.** The November Caseload Estimating Conference estimate includes program expenditures of \$40.8 million entirely from federal funds. The estimate increases the monthly caseload by 95 cases to a level of 16,195. The cost per case is estimated to decrease by \$2.00 to a \$190.00 monthly cost per person. The estimated program expenditures are \$14,105 less than the enacted budget, including \$169,800 less from the reduction in the cost per case, \$141,695 more for transportation expenses along with \$5,000 more for clothing, and \$9,000 more for other supportive services. The Department's request is consistent with the enacted level for the Rhode Island Works program and does not reflect the estimate adopted at the November caseload conference. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly reduced federal fund expenditures by \$1.4 million to reflect the May caseload estimate, which reduced the number of people by 420 to 15,775 and the monthly cost per person by \$4.00 to \$186.00.**

**Child Care.** The November Caseload Estimating Conference estimate includes caseload child care expenditures of \$49.4 million, of which \$9.7 million is from general revenues. This is \$0.3 million

more federal funds than enacted, reflecting 145 additional child care subsidies for a monthly level of 6,985 and decreases the annual cost per subsidy by \$80 to \$7,070 for FY 2013. The Department's request is consistent with the enacted level for the child care program and does not reflect the estimate adopted at the November caseload conference.

A family is eligible for child care assistance either through the Rhode Island Works (if they qualify for the program they are automatically eligible for assistance) or if they qualify as low income, which is at or below 180 percent of federal poverty. *The Governor recommended funding consistent with the caseload estimate. The Assembly reduced general revenue expenditures by \$0.9 million to reflect the May caseload estimate, which reduced the number of subsidies by 115 to 6,870 and decreased the annual cost per subsidy by \$10 to \$7,060.*

**Supplemental Security Income Payments.** The November Caseload Estimating Conference estimate includes FY 2013 direct supplemental security income expenditures of \$18.5 million from general revenues, or \$0.3 million more than enacted. The caseload decreased by 540 persons to a monthly level of 33,260 and the estimate increased the monthly cost per person by \$1.60 to \$46.35. The Department's request is consistent with the enacted level and does not reflect the conference estimate. *The Governor recommended funding consistent with the caseload estimate. The Assembly reduced general revenue expenditures by \$0.4 million to reflect the May caseload estimate, which reduced the number of people by 110 to 33,150 and the average monthly cost by \$0.75 to \$45.60 per person.*

The following table includes the separate categories and monthly payments, for calendar years 2012 and 2013. There was a 1.7 percent cost-of-living adjustment, effective January 1, 2013, which increased the federal portion of the payment. The increase is reflected in the following table.

Supplemental Security Income Payments Category	Beginning 1-1-2012			Beginning 1-1-2013		
	State	Federal	Total	State	Federal	Total
Individual Living Alone	\$ 39.92	\$ 698.00	\$ 737.92	\$ 39.92	\$ 710.00	\$ 749.92
Couple Living Alone	\$ 79.38	\$ 1,048.00	\$ 1,127.38	\$ 79.38	\$ 1,066.00	\$ 1,145.38
Individual Living with Others	\$ 51.92	\$ 465.34	\$ 517.26	\$ 51.92	\$ 473.34	\$ 525.26
Couple Living with Others	\$ 97.30	\$ 698.67	\$ 795.97	\$ 97.30	\$ 710.67	\$ 807.97
Resident in State Licensed Supportive Residential Care	\$ 300.00	\$ 698.00	\$ 998.00	\$ 300.00	\$ 710.00	\$ 1,010.00
Resident in Assisted Living	\$ 332.00	\$ 698.00	\$ 1,030.00	\$ 332.00	\$ 710.00	\$ 1,042.00
Supplement	\$ 20.00	\$ 30.00	\$ 50.00	\$ 20.00	\$ 30.00	\$ 50.00

**Supplemental Security Income Transaction Fees.** The November Caseload Estimating Conference estimate includes \$62,000 from general revenues for the payment of transaction fees in FY 2013, primarily for individuals residing in an assisted living facility, which is \$28,000 less than enacted. The Department's request is consistent with the enacted level and does not reflect the conference estimate. The state makes its portion of the payments directly to the clients in most categories; for individuals in assisted living residences, the state still pays a transaction fee for the federal government to make the state's payment. *The Governor recommended funding consistent with the caseload estimate. The Assembly concurred; the estimate for transaction fees did not change in the May estimate.*

**Additional State Supplemental Payment.** The Department requested the enacted level of \$250,000 from general revenues for additional state supplemental payments of \$206 per month to individuals who receive the state supplemental security income payment and reside in a state licensed assisted living facility that is not eligible to receive Medicaid.

The 2011 Assembly enacted legislation that reduced the payment for all residents in assisted living facilities from \$538 to the state's federally required minimum payment of \$332, effective October 1, 2011. This applied to residents in both Medicaid and non-Medicaid funded facilities to pay for room and board expenses. For most individuals in Medicaid funded facilities, the monthly payment offset costs that were shifted to Medicaid, saving state funds. For those in non-Medicaid funded facilities, it was a reduction to the individual and a loss to the facility. The 2012 Assembly adopted legislation in Article 18 of the appropriations act to provide an additional \$206 a month to individuals who, on or after July 1, 2012, receive the state supplemental security income payment and reside in a state licensed assisted living facility that is not eligible to receive Medicaid. *The Governor recommended funding as requested.* **The Assembly added \$83,000 from general revenues to reflect higher than anticipated individuals eligible for this additional payment, consistent with the Department's third quarter report.**

**Supplemental Security Income Transition/Bridge Program.** The November Caseload Estimating Conference estimated expenditures for the supplemental security income transition/bridge program at \$2.7 million, including \$2.1 million from general revenues. This is \$0.4 million less than enacted from all sources, including \$0.3 million less from general revenues. The estimate includes \$0.8 million for cash payments, \$1.2 million for medical expenses and \$0.8 million for burials. The estimate decreases the projected number of persons by 75 for a level of 575 and reduces the monthly cost per person from \$109.40 to \$109.00. The Department's request is consistent with the enacted level and does not reflect the conference estimate. This program is designed for individuals who maintain an active application for the supplemental security income program. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly reduced expenditures by \$0.4 million, primarily from general revenues to reflect the May caseload estimate, which reduced the number of people by 50 to 525 and lowered the average cost by \$6.00 to \$103.00 per person.**

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

### Cash Assistance Administration

**1.0 New Rhode Island Works Administration Position.** The Department requested \$0.1 million and authorization for 1.0 full-time equivalent Supervising Eligibility Technician to assist in the field offices with applications and eligibility determinations for the Rhode Island Works program. The request includes \$44,519 from both general revenues and federal funds and assumes the position will be filled for 85 percent of the fiscal year, though the position remained vacant as of December 7, 2012. It appears the Department is using turnover savings from other positions in the program to fund this position. *The Governor's recommendation did not include authorization or funding for this position, noting the significant unfilled vacancies in this division.* **The Assembly concurred.**

**Rhode Island Works Program Administration - All Other Staffing.** The Department requested \$0.2 million less for salary and benefit expenses for Rhode Island Works administration. This includes \$20,665 less from general revenues and \$123,078 less from federal funds. The request shifts federally matched expenses to the state only account and assumes additional turnover, which is partially used to fund the new position previously discussed.

*The Governor recommended \$0.4 million more than requested, including \$0.1 million more from general revenues for the Department to fill some of its approximately 20 vacant positions within the Rhode Island Works administrative program. The recommendation also removes authorization for 2.0 currently vacant positions. The Assembly included general revenue turnover savings of \$0.4 million based on the projected expenditures included in the Department's third quarter report.*

**Rhode Island Works Program Grants.** The Department requested \$1.0 million more from federal funds for training and work activities for program recipients. The Department entered into contracts for on-the-job training grants, plans to fund contracts to improve its clients' life skills and job readiness, and has plans for training and guidance to help workers improve their ability to work with families of disabled individuals. *The Governor recommended funding as requested. The Assembly concurred.*

**Rhode Island Works Program Administration - Other Operations.** The Department requested \$0.2 million less than enacted for Rhode Island Works program administration expenses. This includes \$30,902 less from general revenues and \$165,875 less from federal funds. The request includes increased expenditures for lease and security expenses in the field offices, printing and various maintenance expenses while postage expenditures are reduced by \$0.3 million, reflecting a decrease in the estimated amount of required mailings. The Department indicated it inadvertently omitted expenditures of \$0.2 million from federal funds. *The Governor recommended \$40,833 more than requested, including \$39,229 in medical benefit savings shifted to miscellaneous operating expenses, \$1,536 for computer maintenance expenses and \$68 more for the services of a notary public. The Assembly concurred.*

**1.0 New Child Care Administration Supervisor.** The Department requested \$0.1 million for 1.0 new supervisor position for FY 2013. This includes \$44,519 from both general revenues and federal funds and assumes the position will be vacant for 15 percent of the year; however, as of December 18, the position had not yet been filled. *The Governor's recommendation does not include authorization or funding for this position. The Assembly concurred.*

**Child Care Administration - All Other Staffing.** The Department requested \$26,795 more from all funds for salary and benefit expenses for child care administration. This includes \$817 less from general revenues and \$27,612 more from federal funds. The request includes \$6,000 in additional overtime expenditures and adjustments to retirement and medical benefit rates. *The Governor recommended \$81,225 more than requested, including \$40,625 more from general revenues to allow the Department to fill existing vacancies in the current year, and included \$7,813 less from all sources to reflect statewide benefit savings. The Assembly concurred.*

**Child Care Administration - Other Operations.** The Department requested \$0.1 million more for child care administration expenditures, including \$681 more from general revenues and \$75,500 more from federal funds. The revised request includes \$79,000 more for postage and \$681 for cellular phone expenses with a reduction of \$3,500 for printing. *The Governor added \$3,919 from medical benefit savings from non-general revenue sources to miscellaneous operating expenses. The Assembly concurred.*

**SSI Supplemental Payment Administration.** The Department requested \$4,337 less from general revenues for expenses related to administering the state supplemental security income program for individuals whose income is too high to meet the eligibility criteria for the federal supplemental security income program. This includes \$24,082 more for salaries and benefits; increased expenditures include \$5,000 for overtime, which was not included in the enacted budget, and filling a vacancy at a pay level

higher than anticipated. It also includes \$28,419 less for operational expenditures, with increases of \$14,581 for information technology expenditures offset by \$43,000 less for office supplies. It appears that savings from operating expenses are being used for the additional staffing costs. *The Governor's recommendation is \$1,414 less than requested to reflect statewide medical benefit savings.* **The Assembly concurred.**

### **Division of Veterans' Affairs**

**Turnover Reduction.** The Department requested \$0.6 million from all sources, including \$0.4 million from general revenues and \$0.2 million from federal funds to fill 22.0 full-time equivalent and temporary positions. The request includes converting 7.0 temporary positions into full-time equivalent positions at the same pay level, but now providing benefits, filling 5.0 vacant positions in the Division, and filling 10.0 vacant temporary positions, the 7.0 converted and 3.0 others. *The Governor's recommendation does not include the additional funding to fill the requested positions.* **The Assembly concurred.**

**Delay in Staffing Increase.** The Department did not include the \$0.5 million from all sources, including \$0.4 million from general revenues and \$0.1 million from federal funds that would be required for filling 9.0 full-time equivalent positions and 26.0 temporary positions to start on April 1, 2013, which was to coincide with the completion of the nursing wing renovations. There have been several delays to the wing renovation projects and the revised request assumes these positions will not be filled until early FY 2014. The revised request removes the funding for these positions, but not the authorization. *The Governor's recommendation assumes these positions will be filled for an April 1st start date, consistent with the enacted budget. The construction is anticipated to begin by the third quarter of FY 2013 and the Department has begun the process of filling equivalent positions.* **The Assembly concurred.**

**All Other Staffing.** The Department requested \$0.8 million less than enacted from all funds for salaries and benefits, including \$0.1 million less from general revenues and \$0.7 million less from federal funds. The request reduces overtime by \$0.3 million, bringing this expense to less than half of what was spent in FY 2012, maintains one additional vacancy and makes a number of other benefit rate adjustments. The Department inadvertently excluded holiday pay for the employees who work at the 24-hour state-run Veterans' Home and as a result its revised request is underfunded by \$0.4 million from all sources, including \$0.3 million from general revenues.

*The Governor's recommendation is \$0.5 million more than requested, including \$0.2 million more from general revenues. The Governor added \$1.3 million for overtime expenses, including \$0.8 million from general revenues and \$0.6 million from federal funds, for total overtime expenses of \$2.4 million, and he restored the \$0.4 million for holiday pay. Based on payroll expenditures through January, the Governor assumed additional turnover of \$1.2 million, including \$0.9 million from general revenues and reduced expenses for the medical benefit savings.* **The Assembly added \$43,500 from restricted receipts based on projected expenditures included in the Department's third quarter report.**

**Medical and Operational Expenses.** The Department requested \$0.1 million less than enacted from all sources for medical and operating expenses at the Veterans' Home, including \$18,577 less from general revenues, \$0.1 million from restricted receipts and the enacted level from federal funds. The request includes \$0.2 million less for pharmaceuticals, \$23,659 less for contracts for doctors, dentists and nurses and \$5,000 more for laboratory testing. It also includes increases of \$60,000 for a new wheelchair van for the Veterans' Home, \$34,000 for computer supplies and equipment and \$150,582 for miscellaneous expenses and reductions of \$93,000 for building maintenance and lease costs.

*The Governor's recommendation is \$457,420 more than requested, including \$70,336 less from general revenues. It includes \$500,000 more from restricted receipts for contracted nurses and \$28,256 more in medical benefit savings from federal funds shifted to miscellaneous operating expenses. He reduced general revenue funded pharmaceutical expenses by \$78,170 and made minor adjustments for supplies.* **The Assembly concurred.**

**New Veterans' Home Design.** The Department requested \$1.7 million from all sources for architectural and engineering expenses related to a new Veterans' Home. This is \$1.4 million more from all sources, including \$0.4 million from federal funds and \$1.0 million from restricted receipts; it is \$0.9 million more than the capital budget request and changes the funding source from Rhode Island Capital Plan funds to federal and restricted sources. The enacted budget does not include any funding for planning or construction of a new Veterans' Home. *The Governor did not include any funding for expenses related to the new Veterans' Home in FY 2013.* **The Assembly concurred.**

**Veterans' Cemetery.** The Department requested the enacted level of \$885,000 from all funds, including \$800,000 from federal funds and \$85,000 from restricted receipts for the Veterans' Cemetery in Exeter. This includes \$800,000 from a new federal grant from the National Cemetery Administration for the repair and restoration of burial fields and \$85,000 for the purchase of four lawn mowers and two utility vehicles for maintenance services at the Cemetery through the Memorial Fund.

Subsequent to submitting the request, the Department indicated that there had been delays related to the National Cemetery Administration award. It indicated that only part of the \$800,000 award allocated for the current year would be spent in FY 2013 and the remainder would be spent in FY 2014, in addition to the FY 2014 allocation of \$0.4 million. *The Governor recommended funding as requested and included the \$800,000 because the Department may still be able to begin the project in the current year.* **The Assembly concurred.**

**Capital Projects.** The Department requested \$1.9 million more than enacted from all sources, including \$0.2 million less from federal funds and \$2.5 million more from restricted receipts for capital projects at the Veterans' Home and Cemetery. The Department removed the \$515,000 from federal funds for a new columbarium at the Cemetery because it has not yet received the funds for the project; however, subsequent to the request, it indicated that while it is still awaiting official notification, architectural and engineering expenses are expected to be made in FY 2013, for which the enacted budget includes \$70,000. The request adds \$2.5 million from restricted receipts for renovations at the Veterans' Home, which is \$0.1 million more than the capital budget request and shifts expenditures from Rhode Island Capital Plan funds to restricted receipts. All projects are described in the Capital Budget Section of this publication.

*The Governor's recommendation is \$0.3 million more than requested and includes the \$515,000 from federal funds for the columbarium since the project may still begin in FY 2013 and \$2.4 million from restricted receipts for renovations at the Home.* **The Assembly concurred.**

#### **Division of Elderly Affairs**

**Pharmaceutical Assistance to the Elderly.** The Department requested \$35,706 more than enacted from restricted receipts for administration of the pharmaceutical assistance program for FY 2013, primarily for an increase in the Hewlett-Packard contract with \$885 more for staffing and operating expenses. *The Governor recommended funding as requested and shifted \$162 in medical benefit savings to miscellaneous operating expenses.* **The Assembly concurred.**

**1.0 Money Follows the Person Position.** The request includes an individual previously assigned to the Office of Health and Human Services to temporarily assist the Aging and Disability Resource Center through the end of FY 2014 with supplemental funding related to the money follows the person initiative. The request includes \$13,210 from federal funds for the position, equivalent to approximately two months, and the Division indicated it does not require a general revenue match. *The Governor recommended funding as requested.* **The Assembly did not include the authorization or the funding for the position.**

**All Other Staffing.** The Department requested \$0.1 million less than enacted, including \$9,006 from general revenues and \$0.1 million from federal funds for all other salaries and benefits for 30.0 full-time equivalent positions. The request includes \$96,180 more from federal funds for a staff member from elsewhere in the Department to fill a temporary position for the senior Medicare patrol project. The request reduces federal expenditures from Title III funds by \$0.1 million to reflect a vacancy and inadvertently reduces federal funding for Medicaid administration by \$126,199. *The Governor recommended \$114,130 more than requested, including \$3,568 less from general revenues. This includes adding the Medicaid administration funds that were omitted and \$11,662 from statewide medical benefit savings.* **The Assembly concurred.**

**Home and Community Care Services.** The Department requested \$543 less than enacted from federal funds for all home and community care services, including case management, to adjust for the Medicaid match rate. This includes \$299 less for home care and \$244 less for adult day care services and the enacted level for case management and Medicaid waiver services. *The Governor recommended funding as requested.* **The Assembly added \$0.9 million from all sources, including \$0.4 million from general revenues, for increased utilization of home care and assisted living Medicaid waiver services, offset by reduced utilization in adult day services, consistent with the Department's third quarter report.**

**Medicare Outreach and Enrollment Assistance Grants.** The revised request eliminates the enacted level of \$158,965 from federal funds for Medicare Outreach and Enrollment Assistance grants because the federal government discontinued funding for this program. These grants were available through the Medicare Improvements for Patients and Providers Act and the purpose was to provide targeted outreach to clients who may be eligible for the Medicare savings program and the "Extra Help" program and who are not yet enrolled. These programs were for people with limited income and resources that pay some monthly premiums, annual deductibles, and prescription co-payments related to a Medicare prescription drug plan. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Nutrition and Meals Services.** The Department requested \$206,719 less than enacted from federal funds for all nutrition and meals services. This includes \$624 less for home delivered meals through the Rhode Island Meals on Wheels program to reflect updated grant information and \$206,095 less for congregate meal sites because of federal reductions to the grant. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Aging and Disability Resource Center.** The Department's request includes \$16,725 more than enacted from federal funds for the Aging and Disability Resource Center, locally known as the Point, representing funds carried forward from FY 2012. The Point's goal is to provide information about and referral to a statewide network of programs for seniors, adults with disabilities, and caregivers. *The Governor's recommendation adds \$110,246 from federal Money Follows the Person grant funds received by the Department during FY 2013.* **The Assembly removed \$106,646 from federal sources based on the spending projections included in the Department's third quarter report.**

**All Other Programs and Adjustments.** The Department requested \$0.1 million less than enacted from federal funds for all other grant awards. This includes increases of \$54,979 for the senior Medicare patrol project and \$17,885 for health information and counseling, and reductions of \$86,092 for family caregiver support, Rhode Island respite, senior companion, and the ombudsman programs. It also inadvertently reduces the federal portion of Medicaid administrative funding by \$87,000. *The Governor's recommendation is \$94,645 less than requested from general revenues to reflect the corresponding reduction to the federal Medicaid administrative funding based on prior years' spending.* **The Assembly reduced federal expenditures by \$0.1 million, including additional funding for family caregiver support and reduced funding for Medicaid administration, based on the Department's third quarter report.**

**Indirect Cost Recovery Rate.** The request includes \$397,091 to support miscellaneous operating expenses in the Division of Elderly Affairs. The Department is in coordination with the Office of Health and Human Services to negotiate a federal indirect cost recovery rate that will offset state funded program costs. The Department continues to assume the savings but had not yet applied for the rate. *The Governor removed the restricted receipt funding since the funds are not likely to be recovered. Since it does not appear that these funds are dedicated to particular expenditures, he did not adjust general revenues.* **The Assembly concurred.**

**Other Operations.** The Department requested \$15,500 less than enacted from federal funds for all other operations. This includes additional expenses for advertising and various supplies for the senior Medicare patrol project and health information and counseling program, and reductions for travel expenses and computer and information technology equipment, primarily from Title III funding.

*The Governor's recommendation is \$78,866 less than requested, including \$87,383 less from general revenues. It reduces general revenue funded computer licensing and equipment expenses for the administrative office to more closely align with prior years expenditures and adds \$8,517 in medical benefit savings from federal sources to miscellaneous operating expenses.* **The Assembly concurred.**

### **Medical Assistance Administration**

**6.0 New Positions for Unified Health Infrastructure Project.** The Department requested \$0.6 million from all sources, including \$0.1 million from general revenues and \$0.5 million from federal funds, for 6.0 new positions for the unified health infrastructure project. The project is a joint venture between the Department, Office of Health and Human Services, and the new health insurance exchange to create smoother transitions for individuals, whom upon entering their personal information are not eligible for the exchange, can seamlessly enroll in Medicaid or other assistance without calling a different office and re-entering their information. The 6.0 positions in the request will be assigned to training and application testing and will be required to learn about the Department and its eligibility system in order to perform unit and regression testing. The request assumes full funding for all of the positions for the full fiscal year; however, as of December 7, none of the positions have been filled.

*The Governor recommended \$281,726 less than requested, reflecting turnover savings for six months and statewide medical benefit savings.* **The Assembly did not include authorization or funding for the new positions because of continued delays in hiring and the availability of positions within the Department's authorization limit.**

**4.0 New Positions for Medical Assistance Administration.** The Department requested \$0.4 million, including \$0.2 million from both general revenues and federal funds for 4.0 new Medicaid administration positions. The positions include an administrator, a supervising eligibility technician and

two eligibility technicians. The request includes funding for these positions for 85 percent of the fiscal year; however, as of December 7, the positions are not yet filled. It appears the Department was using turnover savings from other positions in the program to fund these positions. *The Governor did not include authorization or funding for these positions.* **The Assembly concurred.**

**Medical Assistance Administration - Other Staffing.** The Department requested \$0.9 million less than enacted from all sources for salaries and benefits for medical services operations. This includes \$0.5 million less from general revenues and \$0.4 million less from federal funds for the enacted level of 93.0 positions. The request assumes additional turnover savings for at least 3.0 additional positions and reduces overtime by \$0.1 million. It appears the Department is utilizing turnover savings from additional vacancies in the program to fund the 4.0 new positions in the request, previously discussed.

*The Governor recommended \$0.5 million less than requested, including \$0.2 million less from general revenues and authorization for 3.0 fewer positions, reflecting vacancies unlikely be filled before the end of the fiscal year, additional turnover savings, and \$17,723 to reflect statewide benefit savings.* **The Assembly included additional turnover savings of \$0.3 million from all sources based on expected expenditures within the Department's third quarter report.**

**Medical Assistance Administration - Operations.** The Department requested \$7,368 less than enacted for expenditures related to the operations of the medical benefits program. This includes \$18,838 less from general revenues and \$11,470 more from federal funds. Increased expenditures include lease and security costs in the field offices and printing expenses while expenditures for contracted interpreters and postage decreased. *The Governor recommended \$28,723 more from federal funds for miscellaneous operating expenses made available from statewide medical benefit savings.* **The Assembly concurred.**

### Other Programs

**Child Support Enforcement.** The request includes \$76,531 more than enacted, including \$55,960 more from general revenues for expenditures related to child support enforcement. It includes \$20,251 more for staffing expenses, including \$25,580 more for overtime and \$71,045 more for medical benefits which appear to be overstated, and assumes additional turnover for approximately one position. It includes \$56,280 more for operating expenses and includes increases of \$86,000 for constables, \$11,400 for lease costs, \$5,100 for the InRhodes eligibility and benefit payment systems, \$1,295 for postage and printing, and \$926 for all other operating expenditures. It also includes reductions of \$48,411 for computer equipment and information technology services and \$2,500 for interpreter services.

*The Governor recommended \$7,608 less from general revenues to reflect statewide medical savings and shifted \$14,769 in medical benefit savings from federal sources to miscellaneous operating expenses.* **The Assembly added \$0.1 million from all sources for information technology system expenses, based on the Department's third quarter report.**

**Women, Infants and Children Nutrition Program.** The Department requested \$0.2 million more than enacted from federal funds for the Women, Infants and Children administration and benefits program. This is \$0.2 million more from administrative funds and includes the enacted level of \$19.4 million for benefit payments. From administrative funds, the request includes reductions of \$42,706 for salaries and benefits, \$21,932 for temporary services, and \$16,000 for postage and printing plus increases of \$260,000 for information technology and claims processing, \$35,000 for training programs and \$665 for all other operating expenses. *The Governor recommended \$6,820 less than requested,*

*including \$6,820 inadvertently requested for the payment of deferred furlough days and shifted \$4,151 in medical benefit savings from non-general revenue sources to miscellaneous operating expenses. The Assembly concurred.*

**Supplemental Nutrition Assistance Program - Benefits.** The Department requested the enacted level of \$298.2 million from federal funds for direct benefit payments for the Supplemental Nutrition Assistance program in FY 2013. The Department spent \$289.9 million for benefits in FY 2012. *The Governor recommended funding as requested. The Assembly concurred.*

**4.0 New Supplemental Nutrition Assistance Program Positions.** The Department requested \$0.3 million from all sources and authorization for 4.0 new positions. This includes \$0.2 million from both general revenues and federal funds for an assistant administrator and 3.0 eligibility technicians. The request includes funding for these positions for 85 percent of the fiscal year; however, as of December 7, the positions were not yet filled. It appears the Department is using turnover savings from other positions in the program to fund these positions. *The Governor's recommendation did not include authorization or funding for these positions because there were significant vacancies within this program. The Assembly concurred.*

**Supplemental Nutrition Assistance Program - All Other Staffing.** The Department requested \$0.3 million less than enacted from all funds for salaries and benefits for the Supplemental Nutrition Assistance program. This includes \$0.2 million less from general revenues and \$0.1 million less from federal funds. The request includes \$0.1 million less for overtime expenses, and utilizes turnover savings from additional vacancies in the program to fund the 4.0 new positions in the request, previously discussed.

*The Governor's recommendation is \$0.4 million more than requested, including \$0.2 million more from general revenues for the Department to fill some of its approximately 20.0 vacant administrative positions within the Supplemental Nutrition Assistance program. The recommendation also removes authorization for 2.0 currently vacant positions. The Assembly concurred.*

**Supplemental Nutrition Assistance Program - Operations.** The Department requested \$0.4 million more than enacted from all sources for operating expenditures related to the Supplemental Nutrition Assistance program, formerly called the food stamp program, excluding salaries and benefits. The request includes \$7,860 less from general revenues and \$393,860 more from federal funds; it includes \$115,982 more for general administration and \$270,018 more from a new federal technology improvement grant to be used for document imaging and to help individuals who cannot get to a field office to access the program's applications and online services. Administrative increases include \$79,605 for the InRhodes eligibility system, \$26,650 for the electronic benefit cards, \$19,071 for printing, and \$15,712 for lease and security costs. The request reduced expenditures for interpreter services by \$16,773 and postage by \$8,283.

The FY 2014 request includes \$256,626 from available bonus funding for half of the state's penalty from the federal Food and Nutrition Services unit that oversees the program. Rhode Island had claims error rates above the national average benchmark for two federal fiscal years and was assessed a penalty of \$519,038; the penalty must be paid from general revenues that are not matched by federal funds, but the state has available bonus funding from prior years which can be used in lieu of general revenues. Currently, the state is only being assessed half of the penalty, which it must spend towards improving the system to prevent future high error rates. If the state can improve error rates to the satisfaction of the federal agency, it will not be assessed the remainder of the penalty. The funding is

available to the Department at any time, since it is in a separate account, but the Department requested the funds for FY 2014 to allow time to develop a plan.

*The Governor recommended \$588,403 more than requested. This includes \$259,000 towards the state's penalty; the Department subsequently indicated it needed the money in the current year to begin improving the system. The recommendation added \$301,272 from federal funds to continue an employment and training program where clients receive employment services from certain community agencies; the award was received after the budget was enacted. His recommendation also added \$28,131 to miscellaneous operating expenses made available from statewide medical benefit savings. The Assembly eliminated the \$0.3 million from federal funds for the employment and training program; the Department's third quarter report indicated it would not be spent in FY 2013.*

**Low Income Home Energy Assistance Program.** The Department requested \$13.7 million more than enacted from federal funds, including grant funds of \$13.4 million which reflects unspent funding from FY 2012 and increased grant awards, \$0.3 million for operating expenses and \$0.1 million less for staffing expenses. The request shifts staffing expenses to available restricted receipts in the weatherization assistance program where the Department indicated the expenses should be charged. The request includes operating increases of \$303,000 for office supplies and doubles expenses for all other operating items. In FY 2012, when the program was still located in the Department of Administration, \$18.7 million was spent for all expenses.

This program provides funds to assist Rhode Island's low income households to meet the increasing cost of home energy and reduce the severity of an energy related crisis. The program currently assists approximately 37,000 low income households and payments range from \$300 to \$450 depending on income level. *The Governor recommended funding as requested and shifted \$2,337 from statewide medical benefit savings to miscellaneous operating expenses. The Assembly concurred.*

**Weatherization Assistance Program.** The Department requested \$1.0 million more than enacted, including \$0.2 million from federal funds and \$0.8 million from restricted receipts for the weatherization assistance program. The request includes \$0.2 million more for staffing, including \$38,307 less from federal funds and \$262,171 more from restricted receipts from shifting expenses from the low income home energy assistance program along with funding and authorization for 1.0 additional full-time equivalent position, though it remained vacant as of January 3, 2013. It also includes \$0.7 million in additional grant funds, including \$0.2 million from federal funds and \$0.5 million from restricted demand side management funds. The revised request inadvertently increased the staffing authorization by 0.2 positions, though it does not include funding for this partial position.

The weatherization assistance program provides cost effective, energy efficient weatherization improvements. It also provides low-income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. *The Governor recommended funding as requested and shifted \$1,479 in statewide medical benefit savings from non-general revenue sources to miscellaneous operating expenses. The recommendation does not include the 0.2 position increase. The Assembly did not include authorization or funding for the new position, reducing restricted receipt expenditures by \$0.1 million.*

**Race to the Top.** The Department requested \$6.6 million less than enacted from federal Race to the Top funds. This includes \$6.7 million less for grant funds, which were inadvertently omitted from the request, \$88,095 more for an additional 0.5 position, and \$47,000 more for contracted work.

In December 2011, the state was awarded \$50.0 million from federal Race to the Top funds to be used to improve education for pre-school students. This grant involves multiple human service agencies and the Department of Elementary and Secondary Education with funding allocated over four years. *The Governor recommended \$1.2 million less than enacted, reflecting updated grant expenditures anticipated in the current year and shifted \$1,634 in medical benefit savings to miscellaneous operating expenses.* **The Assembly did not include the authorization or funding for the 0.5 new position.**

**Paratransit Services for the Elderly.** The Department requested the enacted level of \$6.5 million from all sources for elderly transportation services, including \$1.8 million from general revenues, \$0.4 million from federal funds and \$4.2 million from the Department's one-cent share of the gas tax.

The state leverages Medicaid funds under the global waiver for certain transportation expenses that were previously state only; however, there has been an increase in the number of riders who are not Medicaid eligible. The Department spent \$6.5 million in FY 2011 and \$6.7 million in FY 2012, thus it appears that the request will not be sufficient for FY 2013. *The Governor recommended \$69,159 less from gas tax revenue proceeds.* **The Assembly concurred.**

**Community Services Block Grant.** The Department requested \$64,103 more than enacted from federal funds for expenses related to the community service block grant. The increase is primarily for salary and benefit expenses, more closely aligning them to the FY 2012 spent level by funding a position that was filled in FY 2012, but had been assumed vacant in FY 2013. The request includes \$4.3 million for direct grants awarded to the state's nine community action agencies and \$9,738 for all other operating expenditures, consistent with the enacted budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Head Start.** The Department requested the enacted level of \$0.8 million from general revenues to support the local head start agencies. Head Start is a federally funded program that provides services to 2,432 children, ages three to five years old, at eight locations throughout the state. The federal funds are appropriated directly to the agencies and the state provides additional funding. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Community Service Grants.** The Department requested the enacted level of \$2.6 million from general revenues to support over 100 social service agencies and community organizations throughout the state. This includes the community service grants related to the Division of Elderly Affairs. Since three grantees closed, Central Falls YMCA Community Center, Community Resource Center/Westminster and Westminster Senior Center, these agencies will not receive the FY 2013 awards of \$27,847, when combined. The revised request does not reflect this closure. *The Governor recommended funding as requested.*

**The Assembly eliminated authorization and funding for the closed agencies and added \$120,000 to the grant to the community action agencies, restoring funding to the FY 2012 level; the 2012 Assembly consolidated 11 grants for community action agencies into one grant, and inadvertently reduced the grant amount.**

**Community Health Centers.** The Department requested the enacted level of \$1.3 million, including \$0.6 million from both general revenues and federal funds, to support uncompensated health care expenses at the state's 12 community health centers. The state is able to leverage Medicaid for this activity through the global waiver and the funding is distributed among the health centers that provide medical services at 24 clinics throughout Rhode Island. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Crossroads Rhode Island.** Consistent with the enacted budget, the Department requested \$360,000 from general revenues to support activities provided by Crossroads Rhode Island, the largest homeless services organization in Rhode Island providing 24-hour assistance, seven days a week. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Work Support Strategies Grant.** The request includes \$420,000 for a second Work Support Strategies grant from the Urban Institute. The first grant for FY 2012 was for \$250,000 and the second is a three-year grant for \$1.3 million, beginning March 2012. The Department requested \$420,000 to be spent in FY 2013. The request includes \$0.2 million for information technology and computer expenses, \$0.1 million for miscellaneous costs and \$0.1 million for 2.0 new positions while the grant is available. The request assumes these positions will be vacant for approximately 5 months; as of December 7, they were not yet filled. The Department had used a consultant for the first grant in FY 2012, but the new grant requires more staff time over a three-year period and, although some consultant time is still necessary, the Department requested temporary positions rather than consultants to accomplish the varied tasks that could be done by temporary state employees.

*The Governor recommended \$540 less than requested to reflect medical benefit savings; however, this is an outside grant deposited as general revenues, thus the savings reduce the overall grant award.* **The Assembly reduced general revenue expenditures by \$0.3 million and removed authorization for the 2.0 new positions based on delays in filling the positions and updated expenditures included in the Department's third quarter report.**

**1.0 New Workforce Innovation Position.** The Department requested \$95,310 from federal funds for 1.0 new Program Services Officer to work with the Department of Labor and Training on a new program called On-Ramps to Career Pathways, which will undertake systems reform in two main areas. The first, building on existing work done by the Governor's Workforce Board, will establish three to four career pathways and align and integrate a range of public funding streams and programs along those pathways; and the second will create an On-Ramps system to those pathways to enable low-skilled, low-literacy, and long-term unemployed workers to successfully access those pathways and in turn, access the private-sector training and experience needed to gain greater economic stability.

The only funding included for the Department of Human Services is for the 1.0 staff person and the request assumes turnover for about one month; however, as of December 7, the position has not been filled. *The Governor recommended funding as requested, but shifted \$480 in medical benefit savings to miscellaneous operating expenses, though there were no operating expenses in the request.* **The Assembly did not include the authorization or the funding for this position.**

**2.0 New Central Management Positions.** The Department requested \$0.2 million from all sources for 2.0 new positions in the Central Management program. This includes \$0.1 million from both general revenues and restricted receipts for a quality control review supervisor and a social case worker for the quality and fraud units. The request includes funding for these positions for 85 percent of the fiscal year; however, as of December 7, 2012, the positions were not yet filled. The request shifts \$61,251 from restricted receipt funding for operations to cover some of the staffing costs and uses turnover savings from other positions in the program for the remainder of the expenses for these two positions. *The Governor recommended funding as requested, which appears to exceed the need as these positions remained vacant as of January 25, 2013. He only included authorization for 1.0 new position.* **The Assembly did not include the authorization for the new position or the funding for either position.**

**Central Management - All Other Staffing and Operations.** The Department requested \$57,960 less than enacted for all other expenses in central management. This includes \$48,860 more from general

revenues, \$620 more from federal funds and \$0.1 million less from restricted receipts. The Department requested \$35,441 less for staffing expenses, utilizing turnover savings from vacancies to fund the 2.0 new positions in the request, previously discussed. It requested \$22,519 less for all other expenses; increasing expenditures for centralized services, insurance and office supplies, while restricted receipts were shifted to fund the 2.0 new positions in the request, previously discussed.

*The Governor recommended \$652 more than requested, including \$4,697 less from general revenues to reflect statewide medical benefit savings. His recommendation shifts \$2,322 in medical benefit savings from non-general revenue sources to miscellaneous expenses and adds \$5,349 from restricted receipts for other benefit adjustments. **The Assembly shifted general revenue staffing expenses of \$25,700 to available restricted receipts.***

**Disabilities Determination Unit Staffing.** The Department's request includes \$0.8 million less than enacted from federal funds for disability determination unit staffing expenses. This includes \$0.3 million less for overtime and \$0.5 million in additional turnover for approximately 4.6 positions. The federal Social Security Administration put a freeze on hiring and limits for overtime, causing reduced expenditures. The Administration did allow the state to fill four positions in November; the Department indicated that the funding included in the revised request is sufficient for these new positions. *The Governor recommended \$18,628 less than requested to reflect statewide medical benefit savings. **The Assembly concurred.***

**Office of Rehabilitation Services - All Other Staffing and Operations.** The Department requested \$48,982 less than enacted for all other staffing and operating expenses for the Office of Rehabilitation Services, including \$44,984 more from general revenues and \$93,996 less from federal funds. This includes \$34,385 more for staffing costs, including more for the vocational rehabilitation programs and less for the independent living program. The request includes increased salary expenses for approximately 0.3 full-time equivalent positions, but increases medical benefits by \$26,964, which appears to overstate them, while understating other benefits. The request includes \$83,367 less to support operations and the largest expenditure reduction is for rehabilitative and education services to clients. With fewer filled positions than anticipated, especially in the disabilities determination unit, there have been fewer authorizations and eligibility determinations. The revised request also includes a reduction for various maintenance expenses and increases for utilities, information technology services and lease costs for the offices located at 40 Fountain Street in Providence.

*The Governor recommended \$10,029 more than requested. He included \$8,599 less from general revenues to reflect statewide medical benefit savings and shifted \$43,421 in medical benefit savings from non-general revenue sources to miscellaneous operating expenses. **The Assembly concurred.***

**2.0 New Individual and Family Support Positions.** The request includes authorization for 2.0 new positions and funding of \$0.2 million from all sources, primarily from general revenues. This includes an Assistant Director of Financial and Contract Management, funded from general revenues and a Supervising Eligibility Technician, funded from both general revenues and federal funds. The request assumes no turnover for the Assistant Director, though the position will not be filled until January 2013, and assumes the Supervising Eligibility Technician position will be vacant for 15 percent of the fiscal year, though the position has not been filled.

*The Governor recommended \$35,681 from general revenues and authorization for one Administrator of Financial Management at a lower grade than the requested Assistant Director, keeping the position in line with deputy level positions in similar sized agencies. His recommendation assumes the position will be vacant through February. His recommendation does not include funding or authorization for the*

*Supervising Eligibility Technician.* **The Assembly did not include authorization or funding for the 1.0 new position, reducing general revenue expenditures by \$35,681.**

**Individual and Family Support - All Other Staffing and Operations.** The Department requested \$126,788 less than enacted, including \$85,360 less from general revenues for all other staffing and operations related to individual and family support. This includes \$74,700 less for staffing expenses, utilizing turnover savings from vacancies in the program to fund the 2.0 new positions in the request, previously discussed, and an additional \$4,000 for overtime. The request includes \$52,088 less from federal funds for all other expenditures, including an increased grant award of \$65,250 for refugee services and administration, and reductions of \$116,413 for family violence prevention grants and \$925 for various other expenses.

*The Governor's recommendation is \$15,279 less than requested, including \$59,798 less from general revenues. This includes additional turnover savings from general revenue funded vacancies and shifts \$4,253 in medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly included general revenue turnover savings of \$0.1 million, based on the Department's third quarter report.**

**Capital - Blind Vending Facilities.** The Department requested \$165,000 from Rhode Island Capital Plan funds for the ongoing construction and renovation of statewide vending facilities, consistent with the enacted level. The Department spent \$92,404 less than the FY 2012 final appropriation due to timing and scheduling issues, but did not request or require that carry forward funding in FY 2013. There are currently 15 facilities that operate under the name COFFEE PLUS and the staff is trained through the Department's Office of Rehabilitation Services. *The Governor recommended funding as requested. He subsequently requested an amendment to reduce funding by \$15,000 to reflect updated expenditure estimates.* **The Assembly concurred.**



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

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
Central Management	\$ 931,652	\$ 1,159,154	\$ 1,185,601	\$ 1,185,601
Services for the Dev. Disabled	216,516,120	224,409,200	223,467,593	222,863,943
Hosp. & Comm. System Support	3,429,456	4,782,738	4,745,398	3,542,459
Hospital & Comm. Rehab. Services	107,317,441	104,438,790	107,086,062	106,341,062
Behavioral Healthcare Services	99,838,597	110,881,262	95,136,224	95,107,224
<b>Total</b>	<b>\$ 428,033,266</b>	<b>\$ 445,671,144</b>	<b>\$ 431,620,878</b>	<b>\$ 429,040,289</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 124,273,694	\$ 120,614,335	\$ 125,468,269	\$ 126,418,269
Contracted Services	1,273,702	1,124,257	1,564,176	1,564,176
<b>Subtotal</b>	<b>\$ 125,547,396</b>	<b>\$ 121,738,592</b>	<b>\$ 127,032,445</b>	<b>\$ 127,982,445</b>
Other State Operations	13,411,255	11,860,700	12,886,449	12,886,449
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	286,345,512	299,212,880	283,503,661	282,900,011
Capital	2,337,371	12,858,972	8,198,323	5,271,384
Capital Debt Service	-	-	-	-
Operating Transfers	391,732	-	-	-
<b>Total</b>	<b>\$ 428,033,266</b>	<b>\$ 445,671,144</b>	<b>\$ 431,620,878</b>	<b>\$ 429,040,289</b>
<b>Sources of Funds</b>				
General Revenue	\$ 190,883,740	\$ 193,137,995	\$ 193,234,700	\$ 193,234,700
Federal Aid	225,892,157	234,125,964	223,479,713	223,826,063
Restricted Receipts	6,973,731	7,188,834	7,177,366	7,177,366
Other	4,283,638	11,218,351	7,729,099	4,802,160
<b>Total</b>	<b>\$ 428,033,266</b>	<b>\$ 445,671,144</b>	<b>\$ 431,620,878</b>	<b>\$ 429,040,289</b>
<b>FTE Authorization</b>	<b>1,372.2</b>	<b>1,383.2</b>	<b>1,424.4</b>	<b>1,424.4</b>
<b>FTE Average</b>	<b>1,217.1</b>			

**FY 2013 Revised Request.** The Department included \$10.8 million less than enacted in its revised request of which \$10.2 million is from federal funds primarily from the Department leveraging lower than projected enhanced Medicaid funds through the health homes initiative in the behavioral health program. The Department's revised request reduces general revenues by \$3,786 and also reduces Rhode Island Capital Plan funds by \$0.6 million. The Department also added 41.2 positions to its current authorized staffing level. *The Governor recommended \$3.3 million less than requested from all sources, including \$0.1 million more from general revenues. He included the requested staffing increase. The Assembly further reduced expenses by \$2.6 million, including \$3.5 million less for capital projects in FY 2012.*

**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. By percentage, Rhode Island's enrollment of children and parents (the state's RItE Care population) is lower 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 Executive Office of Health and Human Services' budget.

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

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.

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

\* In millions

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

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

### **Division of Developmental Disabilities**

**Developmental Disabilities Programs.** The Department's revised request includes \$223.8 million from all sources, of which \$105.9 million is from general revenues for its programs to support adults with developmental disabilities. It includes \$2.3 million from Rhode Island Capital Plan funds for the upkeep and maintenance of the state owned group homes and day programming sites in the privately operated community based system. The Department's revised request is \$0.2 million more from all sources, including \$0.7 million from general revenues primarily for the state-run system.

Funding through the Medicaid global waiver supports community based residential support programs in the state-run system which is comprised of 31 homes, has a capacity to hold 234 patients and represents 7.0 percent of the residential caseload. Three of the 31 homes are considered special care facilities, since the homes allow and accommodate 24-hour care for special care patients and can serve as a

transition from the hospital or nursing home back to a community setting. The private provider system is comprised of 339 homes, has a capacity to offer residential supports to 1,741 clients, and represents 93.0 percent of the residential caseload. In addition to the residential support, the state also provides funding for day programming, supported employment activities and family support services through a Medicaid waiver. *The Governor recommended funding as requested. The Assembly concurred.*

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

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

**Privately Operated Community Programs.** The Department requested \$188.9 million from all sources, including \$91.4 million from general revenues for programs operated through community based agencies providing residential and day programming services to approximately 3,600 adults with developmental disabilities. The Department's revised request is \$0.6 million less from all sources; however, the Department reports that based on first quarter spending it is anticipating a January 1, 2013 rate change to one-to-one staffing and other reimbursement changes to remain within the enacted funding levels. *The Governor recommended funding as requested. The Assembly concurred.*

**Health Homes Initiative.** The enacted budget includes savings of \$0.2 million from general revenues from taking advantage of the health homes initiative to provide medical benefits to medically needy developmentally disabled adults through a new health home model with the federal government paying 90.0 percent of the costs of Medicaid funded services for two years. The Department's revised request eliminates the savings and reports that the University of Rhode Island's College of Pharmacy has received a \$14 million innovation grant to improve care and lower costs for cognitively challenged adults with chronic diseases. The Department reports that it is waiting for the outcome of the federal grant to implement any changes on a department level. *The Governor recommended funding as requested. The Assembly concurred.*

**Project Sustainability Management Contract.** The Department requested \$614,890 from all sources to pay Burns and Associates to implement the administrative and reimbursement program changes under Project Sustainability. This is \$400,000 more than the enacted budget including \$200,000 more from general revenues. The revised request includes approximately \$300,000 not spent in FY 2012, partly as a result of clinical validations occurring late in June 2012 to be paid in FY 2013. *The Governor recommended funding as requested. The Assembly concurred.*

**Developmental Disabilities Day Programming - Rehab. Option.** The Department requested the enacted level of \$1.2 million for day programming services provided through the Medicaid rehabilitation option. The optional program allows the state to provide day programming services to individuals who are Medicaid eligible but do not meet the state's criteria for these services through the primary developmental disabilities waiver. The Department does not have an application process for this program. There are currently 170 individuals receiving services at an annual cost of \$7,124.

The Department spent \$1.3 million in FY 2010 and \$1.2 million each in FY 2011 and FY 2012. Services are provided by the 40 community agencies in the privately operated system and the payments are made through Project Sustainability. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Medicaid Funded Services.** The Department requested \$1.1 million for other Medicaid funded services provided to clients in the developmental disabilities system that are not eligible for either the home and community based Medicaid program or services through the rehabilitation option because the client does not have a disability that is consistent with the federal Social Security Administration's definition of a disability. This is \$0.8 million less than enacted and is consistent with FY 2012 spending. This program also does not have an application process. *The Governor recommended funding as requested. The Assembly concurred.*

**Developmental Disability Other State Services.** The Department requested \$7.5 million for other state services for adults with developmental disabilities, including \$4.5 million from general revenues. This is \$0.4 million more than enacted from all sources, including \$0.3 million from general revenues for updated program costs. This includes staffing costs in the division as well as state funded services to individuals who are not Medicaid eligible or for services being provided that are not eligible for Medicaid reimbursement. *The Governor recommended \$12,519 less than requested for statewide medical benefit savings. The Assembly concurred.*

**New Positions.** The Department requested 4.4 positions above the current authorization in the Division of Developmental Disabilities. The community living aide positions are not funded but the Department reports that increasing its staffing authorization with these specific positions will allow it to continuously recruit when positions become vacant allowing it to reduce its overtime expenses. It should be noted that as of the January 12, 2013 payroll report, the Department had 162.0 vacant positions and any necessary changes to position titles should be addressed administratively. *The Governor recommended the positions. The Assembly concurred.*

**State Operated Program - Salaries and Benefits.** The Department requested \$1.0 million more from all sources, including \$0.7 million more from general revenues for salaries and benefits in its revised request. This includes \$3.3 million more for overtime, offset by \$2.2 million for staffing costs and \$0.2 million less for temporary employees.

The enacted budget assumes the Department's ability to fill approximately 386 positions in FY 2013; however, the revised budget provides funding for 370.1 and increases overtime to address staffing needs for the state- run system.

*The Governor recommended \$155,519 less from all funds, including \$69,548 less from general revenues to reflect statewide medical benefit savings. The Assembly concurred.*

**State Operated Program - Other Operations.** The Department requested \$1.5 million for all for other operations in the state-run system. This is \$39,939 less than enacted and includes \$0.7 million for medical and dental services.

It should be noted that the Department has argued that the additional medical services provided to individuals in the state run system are necessary because the population is older and more behaviorally challenged. However, the Department's FY 2014 constrained budget proposes that these services be delivered through the existing network of providers. *The Governor added \$85,971 from federal funds*

*to miscellaneous operating expenses from statewide medical benefit savings. The Assembly included funding as recommended.*

**State Operated System Client Revenue.** The Department's revised budget includes the enacted level of \$1.8 million from restricted receipts to reflect the use of \$713.92 monthly supplemental security income payments made to clients in the state-run developmental disabilities system to support their living costs, such as rent, food, utilities and other daily living expenses. *The Governor recommended funding as requested. The Assembly concurred.*

### **Division of Behavioral Healthcare Services**

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

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

**Community Mental Health Treatment Services - Medicaid.** The Department requested \$51.1 million from all sources for mental health services provided through the Medicaid rehabilitation option, which allows the state to provide mental health treatment services that are otherwise not eligible under Medicaid. Revised spending is \$9.0 million less than the final costs for FY 2012 and includes updated projections of expenditures related to the health homes initiative.

The revised request is \$13.0 million less from all sources including \$12.3 million less from federal funds through the health homes initiative to reflect fewer individuals receiving services through the health home model than anticipated. The Department also reduces general revenues by \$0.6 million to adjust the state match for health homes.

It should be noted that the Department used general revenue savings from other mental health and substance abuse programs to backfill the loss of enhanced funding through health homes in FY 2012 and paid for services provided by the mental health community providers for Medicaid eligible individuals at the regular Medicaid rate, instead of the higher health homes rate.

The enacted budget includes savings of \$15.7 million from general revenues from the state taking advantage of opportunities under federal health care reform. Through the Patient Protection and Affordable Health Care Act, states can choose to provide medical benefits, including community based mental health treatment services, through a new health home model with the federal government paying 90 percent of the costs of Medicaid funded services for two years. *The Governor recommended funding as requested. The Assembly concurred.*

**Community Substance Abuse Treatment Services - Medicaid.** The Department requested \$5.6 million from all sources for substance abuse services provided through the Medicaid rehabilitation option, which allows a state to provide substance abuse treatment services to Medicaid eligible

individuals. This is \$0.8 million less than enacted including \$0.4 million from general revenues; however, it is \$0.8 million more than FY 2012 expenses from all sources, including \$0.4 million from general revenues.

Substance abuse treatment services are not a mandated Medicaid benefit and Rhode Island chooses to provide the services through this option. The Department spent \$4.2 million in FY 2010 and FY 2011 and \$4.8 million in FY 2012 for the treatment services.

The Department did not reduce its projected FY 2013 revised spending to be consistent with the prior three fiscal years; however, in the FY 2012 final behavioral health program expenses, general revenue savings in this program, as well as other programs, were used to backfill the loss of the federal health homes enhanced Medicaid funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Community Mental Health Treatment Programs - Medicaid.** The Department requested \$6.3 million from all sources for community mental health treatment programs. This is \$0.5 million less from all sources, including \$0.2 million less from general revenues. The request is also \$0.7 million less than FY 2012 actual expenses.

The Department spent \$5.0 million in FY 2011 and \$7.0 million in FY 2012 on the programs. The Department continues to assume the ability to leverage Medicaid through the global waiver. *The Governor recommended funding as requested.* **The Assembly concurred.**

**State Only Mental Health Treatment Services.** The Department requested the enacted level of \$1.2 million for state only mental health treatment services. This is \$0.2 million more than FY 2012 spending. Services support individuals who are not eligible for Medicaid but receive outpatient and residential treatment services. The Department has not provided any information as to why there is an increase in the revised budget and what the projected caseload is for these services.

It should be noted that savings from this state only program were used to backfill the loss of federal funds through the health homes initiative in FY 2012. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Substance Abuse Treatment Services - Medicaid.** The Department requested \$1.7 million less from all sources for total funding of \$1.7 million for other Medicaid funded substance abuse treatment services. This is \$0.8 million less from general revenues and \$0.9 million less from federal funds.

The Department's FY 2012 final expenses were \$2.9 million with FY 2011 final expenses at \$3.0 million. The revised request is \$1.1 million less than FY 2012 and the Department is in the process of providing its projected caseload and an explanation for the decrease to program expenses in its revised request. *The Governor recommended funding as requested.* **The Assembly concurred.**

**State Only Substance Abuse Treatment Services.** The Department requested \$0.4 million more from general revenues for total funding of \$4.5 million for state only substance abuse treatment services in the revised request. The Department has not provided the information to substantiate the increase.

The Department spent \$4.5 million in FY 2011; however, FY 2012 actual expenses were \$2.1 million or \$2.3 million less than the revised request. It should be noted that savings from this state only program were used to backfill the loss of federal funds through the health homes initiative in FY 2012.

*The Governor did not add the requested funding and instead included \$550,000 from general revenue savings based on two actions. He shifted \$300,000 in expenditures that support the municipal substance abuse task force from state sources to the federal substance abuse block grant. This is consistent with the Department's FY 2014 constrained budget request. He also reduced expenses supporting a residential adolescent treatment program by \$250,000. **The Assembly concurred.***

**Substance Abuse Treatment Block Grant.** The Department requested \$6.5 million from federal funds for the substance abuse treatment block grant. Funding is awarded to community agencies to support local programs. *The Governor recommended funding as requested and used \$0.3 million in available resources to support the municipal substance abuse task force. **The Assembly concurred.***

**Community Medication Assistance Drug Expenses.** The Department requested \$1.2 million from all funds for total drug expenses for the community medication assistance program. The final expenses were \$3.5 million in FY 2010, \$1.6 million in FY 2011 with FY 2012 state spending of \$0.2 million offset by federal fund savings for deficit spending of \$8,433. The Department reports increased rebates for the decrease in FY 2012 program costs.

Similar to the savings in the state only mental health services and substance abuse treatment programs, general revenue savings from this program were used to backfill the loss of federal funds through the health homes initiative in FY 2012. *The Governor recommended funding as requested. **The Assembly concurred.***

**Methadone Maintenance Treatment Services.** The Department requested \$2.1 million from all sources for methadone maintenance treatment services matched by Medicaid under the global waiver, or \$0.8 million more than enacted. This includes adding \$0.4 million from general revenues and federal funds. The Department reports that it anticipates raising the reimbursement rates to match the Medicaid rate, but is waiting for federal approval.

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

**Parolee Treatment Grant.** The Department requested \$145,000 more from federal funds carried forward from FY 2012 for the treatment grant for total funding of \$165,000 in the revised budget. Funding is awarded to the Providence Center. *The Governor recommended funding as requested. **The Assembly concurred.***

**State Epidemiological Outcome Workgroup Grant.** The Department requested \$94,000 less from federal funds for the state epidemiological outcome workgroup grant. Funding awarded to Brown University supports the coordination, conducting and dissemination of data on substance abuse, mental health and protective factors. The Department is in the process of providing a copy of the grant award and a list of the award recipients. This is consistent with the FY 2012 spending levels. *The Governor recommended funding as requested. **The Assembly concurred.***

**Social Services Block Grant - Mental Health Treatment Services.** The Department requested \$0.2 million less from federal social services block grant funds to support mental health services. The

Department is in the process submitting information about what services are provided and which agencies receive the funding. The Department receives annual federal funds totaling \$1.7 million; however, the Department overspent in FY 2012 and used a portion of the FY 2013 enacted funding to pay the claims. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Post-Traumatic Stress Services.** The Department's revised request adds \$132,155 of federal funding from the post-traumatic stress services grant awarded to the Kent Center for diversion activities and court services and the Providence Center for peer supports. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Salaries and Benefits.** The Department requested \$221,932 less from all sources, including \$430,227 from general revenues for salary and benefit adjustments in the behavioral healthcare program. The Department shifted \$0.3 million in general revenue funded costs to Medicaid funds to support 36.0 positions, leaving one position vacant. *The Governor reduced funding by \$14,093 to reflect statewide medical benefit savings, including \$7,449 from general revenues and \$6,644 from federal funds.* **The Assembly concurred.**

**All Other Operations.** The Department requested \$48,772 less than enacted for all other operations, including \$19,924 more from general revenues. The request reduces federal grants by \$24,668 to reflect updated awards. *The Governor added \$6,644 for miscellaneous operating expenses to reflect federal funds available from the statewide medical benefit savings.* **The Assembly concurred.**

### **Eleanor Slater Hospital**

**Hospital Census.** The state hospital is a 495-bed licensed facility comprised of two campuses: 306 licensed beds at the main Pastore Campus in Cranston, of which 156 are occupied and 189 licensed beds, of which 123 are occupied at the Zambarano unit in Burrillville. The FY 2013 enacted budget is based on a census of 279 patients. *The Governor's budget continues to assume the enacted census level.* **The Assembly concurred.**

**Hospital Licensing Fee.** The enacted budget includes \$5.3 million from all sources to pay the 5.35 percent fee assessed on state and community hospitals' gross patient services revenue for the hospital year ending September 30, 2011, including \$2.6 million from general revenues in FY 2013. *The Governor's budget includes the payment.* **The Assembly concurred.**

**New Positions.** The Department requested 37.7 new positions at the state-run hospital to include: registered nurses, certified nursing assistants, institutional attendants and cook's helpers. The positions are not funded but the Department reports that increasing its staffing authorization with these specific positions will allow it to continuously recruit when positions become vacant allowing it to reduce its overtime expenses. It should be noted that as of the January 12, 2013 payroll report, the Department had 162.0 vacant positions and any necessary changes to position titles could be addressed administratively. *The Governor increased the staffing authorization to include the new positions and left them unfunded.* **The Assembly concurred.**

**Hurricane Sandy Overtime Expenses.** The Department's revised request does not include any overtime costs at the state-run hospital related to the two shut down days during Hurricane Sandy. *The Governor's budget adds \$0.4 million from general revenues for the expenses, but does not reflect any Medicaid matching funds. He subsequently requested an amendment to add the Medicaid matching funds.* **The Assembly concurred.**

**Hospital - All Other Overtime Expenses.** The Department requested \$5.0 million more than enacted for total funding of \$6.9 million from all sources for overtime expenses. This includes \$2.6 million more from general revenues. The request is \$3.2 million less than FY 2012 actual expenses and \$3.1 million less than FY 2011 costs. The enacted budget assumes lower overtime costs from filling vacant positions which the Department is unable to do resulting in additional overtime expenses.

*The Governor recommended \$0.6 million more than requested from general revenues for updated overtime costs; however, the recommendation excludes the necessary Medicaid funds to support the expenses which either underfunds overtime by \$0.6 million or exceeds the general revenue need by \$0.3 million. The Governor requested an amendment to add the Medicaid matching funds for overtime expenses. **The Assembly concurred.***

**Hospital - All Other Staffing.** The Department requested \$1.2 million less from all sources, primarily from general revenues for all other staffing. The revised request increases by 37.8 the number of positions at the hospital for a staffing of 907; however, the request funds 877 positions. It is unclear why the Department is requesting an increase to its staffing authorization level. *The Governor reduced expenses by \$374,613 from all sources to account for statewide medical benefit savings, including \$187,359 from general revenues and \$187,254 from federal funds and restricted receipts. **The Assembly concurred.***

**Other Hospital Expenses.** The Department requested \$0.6 million more than enacted for all other hospital expenses, of which \$0.4 million is from general revenues. The request includes \$0.3 million more for pharmaceutical expenses, \$0.2 million more for medical supplies and \$0.1 million to purchase two vehicles.

*The Governor added \$182,062 from federal funds and \$5,192 from restricted receipts to reflect shifting medical benefit savings from non-general revenue sources to miscellaneous operating expenses. He also included funding for the two new vehicles. **The Assembly included funding as recommended.***

### **Hospital and Community Support**

**Indirect Cost Recovery Rate.** The Department requested \$450,652 to support 4.0 positions and other operating expenses in the division of hospital and community support. The Department is in coordination with the Office of Health and Human Services to negotiate a federal indirect cost recovery rate that will offset state funded program costs. The Department continued to assume the savings but had not yet applied for the rate. The Department spent \$15,000 from restricted receipts in FY 2012 and any staffing expenses were shifted to available general revenues. *The Governor recommended funding as requested. **The Assembly concurred.***

**Other State Operations.** The Department requested \$227,451 less from general revenues for hospital and community support state operations. The revised request supports 20.0 positions, leaving one position vacant and eliminating a fiscal clerk position. *The Governor recommended \$7,856 less than requested to reflect the statewide medical benefit savings. **The Assembly concurred.***

### **Central Management**

**State Operations.** The Department increased all central management operations by \$41,225, including \$6,006 from general revenues. This includes \$88,242 more for salaries and benefits to fully fund 8.0 positions and \$47,017 less for all other expenses. The request includes the enacted level of \$40,000 to operate a notification system with the Department of Corrections. *The Governor recommended \$14,778*

*less than requested, including \$2,284 less for the statewide medical benefit savings and \$12,494 less to support the notification system to reflect six months of spending. **The Assembly concurred.***

**Capital.** The Department requested \$10.6 million or \$0.1 million less from Rhode Island Capital Plan and Medicaid funds for various projects, outlined in the capital section of the analysis. *The Governor recommended \$3.4 million less than requested. **The Assembly further reduced funding by \$3.5 million.***

## Office of the Child Advocate

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 585,520	\$ 641,545	\$ 618,309	\$ 618,309
Contracted Services	-	-	500	500
<b>Subtotal</b>	<b>\$ 585,520</b>	<b>\$ 641,545</b>	<b>\$ 618,809</b>	<b>\$ 618,809</b>
Other State Operations	12,079	15,027	15,923	15,923
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	1,000	2,000	2,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 597,599</b>	<b>\$ 657,572</b>	<b>\$ 636,732</b>	<b>\$ 636,732</b>
<b>Sources of Funds</b>				
General Revenue	\$ 550,913	\$ 611,469	\$ 590,664	\$ 590,664
Federal Aid	46,686	46,103	46,068	46,068
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 597,599</b>	<b>\$ 657,572</b>	<b>\$ 636,732</b>	<b>\$ 636,732</b>
<b>FTE Authorization</b>	<b>5.8</b>	<b>5.8</b>	<b>5.8</b>	<b>5.8</b>
<b>FTE Average</b>	<b>5.8</b>			

**FY 2013 Revised Request.** The Office of the Child Advocate requested \$208 less than enacted, including \$173 less from general revenues and \$35 less from federal funds. It requested the enacted level of 5.8 positions. *The Governor recommended \$23,028 less than requested, including \$20,632 less than enacted from general revenues.* **The Assembly concurred.**

**Salaries and Benefits.** The Office requested \$1,858 less than the enacted budget for all salaries and benefits, including \$1,823 less from general revenues and \$35 less from federal funds, based on employee benefits selection. *The Governor recommended \$21,378 less than requested including \$21,132 less from general revenues to reflect \$19,060 in additional turnover savings and \$2,315 from statewide medical benefit savings.* **The Assembly concurred.**

**Other Operations.** The Office requested \$1,650 more than enacted from general revenues for all other expenses. These additional expenses include \$1,000 for a new computer, \$700 for travel associated with in and out-of-state residential facility inspection and \$50 less for other operating adjustments. It appears that the Office used \$1,650 from savings achieved through one employee electing to not receive medical benefits to increase its funding for other expenses. *The Governor recommended \$1,650 less than requested including \$500 more from general revenues to cover additional mileage costs.* **The Assembly concurred.**



## Commission on the Deaf and Hard of Hearing

		FY 2012 Reported		FY 2013 Enacted		FY 2013 Revised		FY 2013 Final
<b>Expenditures by Category</b>								
Salaries and Benefits	\$	311,651	\$	329,012	\$	319,572	\$	319,572
Contracted Services		53,634		51,634		51,634		51,634
<b>Subtotal</b>	<b>\$</b>	<b>365,285</b>	<b>\$</b>	<b>380,646</b>	<b>\$</b>	<b>371,206</b>	<b>\$</b>	<b>371,206</b>
Other State Operations		8,602		9,605		10,495		10,495
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		-		-		-		-
Capital		3,117		-		-		-
Capital Debt Service		-		-		-		-
Operating Transfers		-		-		-		-
<b>Total</b>	<b>\$</b>	<b>377,004</b>	<b>\$</b>	<b>390,251</b>	<b>\$</b>	<b>381,701</b>	<b>\$</b>	<b>381,701</b>
<b>Sources of Funds</b>								
General Revenue	\$	377,004	\$	390,251	\$	381,701	\$	381,701
Federal Aid		-		-		-		-
Restricted Receipts		-		-		-		-
Other		-		-		-		-
<b>Total</b>	<b>\$</b>	<b>377,004</b>	<b>\$</b>	<b>390,251</b>	<b>\$</b>	<b>381,701</b>	<b>\$</b>	<b>381,701</b>
<b>FTE Authorization</b>		<b>3.0</b>		<b>3.0</b>		<b>3.0</b>		<b>3.0</b>
<b>FTE Average</b>		<b>3.0</b>		<b>3.0</b>		<b>3.0</b>		<b>3.0</b>

**FY 2013 Revised Request.** The Commission requested \$385,067 from general revenues which is \$5,184 less than enacted. *The Governor recommended \$3,366 less than requested.* **The Assembly concurred.**

**Salaries and Benefits.** The Commission requested \$7,574 less than enacted from general revenues for salary and benefit adjustments primarily to reflect savings from a position filled at a lower cost than assumed in the enacted budget. *The Governor recommended \$1,866 less than requested to reflect statewide medical benefit savings.* **The Assembly concurred.**

**All Other Operations.** The Commission requested \$2,390 more than enacted from general revenues for all other expenses. This includes \$1,000 for interpreter services for a new deaf consumer education training and \$500 for a new American Sign Language video prompter for online video communication. The Commission also requested \$890 for other operating adjustments. *The Governor recommended \$1,500 less than requested to reflect exclusion of funds for the consumer education training and video prompter.* **The Assembly concurred.**



## Governor's Commission on Disabilities

		FY 2012 Reported		FY 2013 Enacted		FY 2013 Revised		FY 2013 Final
<b>Expenditures by Category</b>								
Salaries and Benefits	\$	380,542	\$	395,384	\$	338,961	\$	338,961
Contracted Services		2,490		7,773		17,200		17,200
<b>Subtotal</b>	<b>\$</b>	<b>383,032</b>	<b>\$</b>	<b>403,157</b>	<b>\$</b>	<b>356,161</b>	<b>\$</b>	<b>356,161</b>
Other State Operations		30,315		35,647		54,911		54,911
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		43,464		60,754		134,050		134,050
Capital		138,656		251,881		289,346		53,881
Capital Debt Service		-		-		-		-
Operating Transfers		2,500		-		-		-
<b>Total</b>	<b>\$</b>	<b>597,967</b>	<b>\$</b>	<b>751,439</b>	<b>\$</b>	<b>834,468</b>	<b>\$</b>	<b>599,003</b>
<b>Sources of Funds</b>								
General Revenue	\$	381,160	\$	371,096	\$	357,498	\$	324,421
Federal Aid		70,987		120,649		182,291		215,368
Restricted Receipts		7,442		9,694		9,214		9,214
Other		138,378		250,000		285,465		50,000
<b>Total</b>	<b>\$</b>	<b>597,967</b>	<b>\$</b>	<b>751,439</b>	<b>\$</b>	<b>834,468</b>	<b>\$</b>	<b>599,003</b>
<b>FTE Authorization</b>		<b>4.0</b>		<b>4.0</b>		<b>4.0</b>		<b>4.0</b>
<b>FTE Average</b>		<b>4.0</b>						

**FY 2013 Revised Request.** The Commission's revised request includes \$129,722 more than enacted from all sources, including \$214 more from general revenues and the enacted level of 4.0 full-time equivalent positions. *The Governor recommended \$83,029 more than enacted and \$46,743 less than requested. General revenues are \$13,598 less than enacted and \$13,384 less than requested.* **The Assembly concurred and shifted \$33,077 from general revenue expenses to available federal funds.**

**Turnover Savings.** The Commission requested \$57,731 less than enacted from all sources for salaries and benefits, which includes \$24,681 less from general revenues and \$33,050 less from federal funds based on recent staffing changes. The state Americans with Disabilities Act coordinator retired and a public education aide was hired at a lower cost than anticipated in the enacted budget. *The Governor recommended \$1,308 less than requested including \$1,315 more from general revenues to reflect updated projections and statewide medical benefit savings.* **The Assembly concurred and shifted \$33,077 from general revenues to available Help America Vote Act funds.**

**Election Activities.** The Commission requested \$80,809 more than enacted from federal funds for election activities. The Commission plans to spend \$59,496 more from Federal Help America Vote Act funds including two new fellowships, voter education, and transportation on Election Day. The Commission indicated that redistricting necessitated delays of the voter inspections originally planned to be completed in FY 2012, and were completed before the November elections in FY 2013 and will be

completed before the FY 2014 elections. Fellows will perform inspections of polling places to identify barriers to voting and work with the Commission to remove them.

The Commission's request also includes \$21,313 more than enacted for advertising and printing associated with a mass mailing of voting rights information to all state citizens with disabilities, and other operations associated with access to elections. *The Governor recommended shifting \$21 in medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Fellowships.** The Commission requested \$25,250 more than enacted including \$14,900 more from general revenues and \$10,350 more from federal funds for four additional fellowships. The Commission currently uses \$10,350 from general revenues to provide three college students with disabilities a semester-long, part-time placement with the Commission, during which students work on disability policy and research. Students must be attending in-state colleges and universities. *The Governor recommended \$11,450 less than requested and \$13,800 more than enacted from all funds including \$3,450 from general revenues for 1.0 new fellowship.* **The Assembly concurred.**

**Other Operations.** The Commission requested \$9,357 more than enacted including \$9,567 more from general revenues, \$3,519 more from federal funds, and \$3,729 less from restricted receipts for all other operations. This includes increases over the enacted of \$6,000 for communication consultants to improve the Commission's ability to reach out to individuals with disabilities, \$2,000 for personnel management software to better manage employee and fellow workloads and \$1,357 for other operating adjustments. *The Governor recommended funding as requested; however, shifted \$3,249 from general revenues to restricted receipts to reflect updated projections for the technical assistance program.* **The Assembly concurred.**

**Accessibility Project.** The Commission requested \$72,087 more than enacted from Rhode Island Capital Plan funds for its accessibility project to reflect unused funds carried forward from FY 2012. Funding will be used to construct an elevator at the Groden Center to provide accessibility for disabled students. Funding will also be used to provide necessary upgrades to the electrical system. *The Governor recommended \$36,622 less than requested to fund accessibility projects as described in the Capital Budget Section of this analysis.* **The Assembly did not include funding for this project as the lowest bid was \$0.6 million more than recommended for this project.**

## Office of the Mental Health Advocate

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 361,855	\$ 434,239	\$ 335,911	\$ 286,808
Contracted Services	7,192	1,800	13,800	26,003
<b>Subtotal</b>	<b>\$ 369,047</b>	<b>\$ 436,039</b>	<b>\$ 349,711</b>	<b>\$ 312,811</b>
Other State Operations	13,562	11,080	10,496	10,496
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	5,285	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 387,894</b>	<b>\$ 447,119</b>	<b>\$ 360,207</b>	<b>\$ 323,307</b>
<b>Sources of Funds</b>				
General Revenue	\$ 387,894	\$ 447,119	\$ 360,207	\$ 323,307
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 387,894</b>	<b>\$ 447,119</b>	<b>\$ 360,207</b>	<b>\$ 323,307</b>
<b>FTE Authorization</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>
<b>FTE Average</b>	<b>3.0</b>			

**FY 2013 Revised Request.** The Office of the Mental Health Advocate requested \$43,427 less than enacted from general revenues for FY 2013 based on updated cost projections. *The Governor recommended \$43,485 less than the revised request.* **The Assembly further reduced expenses by \$36,900.**

**Salary and Benefit Adjustments.** The Office requested \$54,843 less for salaries and benefits. The Office currently has 1.7 vacant positions to include the mental health advocate and an attorney that the Office estimates will be vacant for 8 pay periods and 11 pay periods, respectively, in FY 2013. The enacted budget was based on the mental health advocate salary at the entry level and the Office adjusted its revised request to reflect the cost of the Governor's nominee who is a current state employee entitled to longevity pay. *The Governor further reduced requested expenses by \$43,485 from filling the advocate's position in February and included statewide medical benefit adjustments.* **The Assembly further reduced expenses by \$49,103 based on spending through the third quarter.**

**Legal and Other Operating Expenses.** The Office requested \$11,416 more than enacted for operating expenses incurred by the Office. It adds \$12,000 for outside legal services to continue to provide assistance until the vacant positions are filled. The budget also includes \$584 less for other office expenses. *The Governor recommended funding as requested.* **The Assembly added \$12,203 for additional legal services based on spending through the third quarter.**



## Department of Elementary and Secondary Education

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
State Aid	\$ 641,176,479	\$ 709,832,325	\$ 710,940,198	\$ 710,540,198
School Housing Aid	69,648,322	74,568,906	72,058,624	72,034,378
Teachers' Retirement	80,385,930	79,768,447	76,911,999	76,075,296
RI School for the Deaf	6,629,575	6,997,839	6,982,055	7,021,841
Central Falls School District	39,161,041	39,705,879	39,705,879	39,705,879
Davies Career & Technical School	16,789,435	17,213,337	20,175,309	20,228,555
Met School	12,175,853	16,081,589	18,255,577	18,255,577
Administration	256,733,452	254,051,036	263,104,988	261,599,070
<b>Total</b>	<b>\$1,122,700,087</b>	<b>\$1,198,219,358</b>	<b>\$1,208,134,629</b>	<b>\$1,205,460,794</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 36,654,569	\$ 41,623,997	\$ 40,447,494	\$ 40,358,494
Contracted Services	43,586,468	57,471,052	58,792,206	58,625,866
<b>Subtotal</b>	<b>\$ 80,241,037</b>	<b>\$ 99,095,049</b>	<b>\$ 99,239,700</b>	<b>\$ 98,984,360</b>
Other State Operations	12,078,694	11,450,827	12,712,767	12,366,013
Aid to Local Units of Government	1,010,621,671	1,062,572,255	1,058,700,214	1,057,839,265
Assistance, Grants, and Benefits	14,890,251	18,595,503	23,466,680	23,466,680
Capital	4,868,434	6,505,724	14,015,268	12,474,184
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	330,292
<b>Total</b>	<b>\$1,122,700,087</b>	<b>\$1,198,219,358</b>	<b>\$1,208,134,629</b>	<b>\$1,205,460,794</b>
<b>Sources of Funds</b>				
General Revenue	\$ 860,936,950	\$ 935,364,061	\$ 930,213,401	\$ 928,916,698
Federal Aid	234,690,933	230,760,206	237,992,129	238,106,081
Restricted Receipts	23,014,366	25,643,868	26,584,021	26,634,021
Other	4,057,838	6,451,223	13,345,078	11,803,994
<b>Total</b>	<b>\$1,122,700,087</b>	<b>\$1,198,219,358</b>	<b>\$1,208,134,629</b>	<b>\$1,205,460,794</b>
<b>FTE Authorization</b>				
Administration	169.4	169.4	171.4	171.4
Davies	126.0	126.0	126.0	126.0
School for the Deaf	60.0	60.0	60.0	60.0
<b>Total Authorized Positions</b>	<b>355.4</b>	<b>355.4</b>	<b>357.4</b>	<b>357.4</b>
<b>FTE Average</b>	<b>314.1</b>			

**FY 2013 Revised Request.** The Board of Regents requested an additional \$11.9 million of spending for FY 2013, including \$2.1 million less from general revenues. The general revenue changes include \$2.5 million less in school housing aid offset by an additional \$0.4 million in increased support for the Education Telecommunications Access Fund. The request includes \$6.7 million more from federal funds, \$6.3 million more from other funds and \$0.9 million more from restricted sources. The Regents

also requested funding and authorization for an additional 2.0 full-time equivalent positions to work on municipal oversight initiatives.

*The Governor recommended \$5.2 million less from general revenues than enacted and \$3.1 million less than requested primarily from changes to teacher retirement. He also included \$60,000 more for group home aid and \$6,367 less for education aid based on mid-year adjustments to charter school enrollments. The Governor recommended authorization but no funding for the requested municipal oversight positions.*

**The Assembly reduced general revenues for school housing aid by \$24,246 and for teacher retirement by \$0.8 million based on projected final expenditures. It eliminated \$0.4 million from general revenues for the Education Telecommunications Access Fund and added \$.01 million in turnover savings. The Assembly also added \$0.1 million from federal funds based on revisions to grant awards and shifted \$1.5 million from Rhode Island Capital Plan funds from FY 2013 to the out years based on projected spending. It further added \$50,000 from restricted receipts for temporary services at the School for the Deaf and restored \$53,246 mistakenly removed for Davies' medical benefit savings.**

**School Housing Aid.** Final FY 2013 school construction aid is \$2.5 million less than the enacted level of \$74.6 million. Reimbursement cannot begin until a project is completed, and several districts did not complete their new projects by June 30, 2012 in order to be eligible for reimbursement to begin in FY 2013. *The Governor recommended funding as requested.* **The Assembly recognized additional savings of \$24,246 based on final expenditures.**

**Teacher Retirement.** The Regents requested the enacted amount of \$79.8 million for the state's share of teacher retirement costs. The state funds a percentage of the employer's share of the necessary contribution to the Teacher Retirement System, and municipalities contribute the balance. The employer's share is determined annually, based on actuarial reports by the State Employees Retirement System and is applied to the covered payroll. *The Governor's recommendation is \$2.9 million less than requested and enacted to reflect revisions to payroll growth assumptions based on FY 2012 experience.*

*The Governor requested an amendment to reduce expenditures by \$0.8 million based on updated payroll data.* **The Assembly concurred.**

**Education Aid Data Update.** The Regents requested the enacted amount for state aid to local districts including charter and state schools. State law provides for a mid-year adjustment for charter schools that experience a greater than 10 percent change in enrollment as of October 1 of each year. *The Governor recommended an additional \$6,367 based on the mid-year adjustment.* **The Assembly concurred.**

**Group Home Aid.** The Regents requested the enacted amount of \$8.2 million to fund beds for communities hosting group homes. The 2007 Assembly made statutory changes to align the payment of communities' group home aid to reflect more closely the actual number of group home beds open at the time of the budget. The legislation uses the count of beds that are open as of December 31 for the budget year's aid. *The Governor recommended an additional \$60,000 to reflect the beds open as of December 31, 2012.* **The Assembly concurred.**

**Education Telecommunications Access Fund.** The Regents requested an additional \$0.7 million including \$0.4 million from general revenues and \$0.3 million from restricted receipts for the education telecommunications access fund for total FY 2013 funding of \$1.9 million. The education

telecommunications access fund is designed to provide financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the Internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line. The FY 2013 enacted budget excluded general revenue funding because of incorrect information that the principal payment on a \$20.0 million information technology bond could be used as state match; it cannot. Because of that, the Regents requested \$0.4 million be provided from general revenues. *The Governor recommended funding as requested.*

[Staff Note: The Department had indicated that it would be able to sustain the program in the current year without additional state resources. The Department indicated that its request to add the \$0.4 million from general revenues in the revised budget would allow it to receive an additional federal match and make improvements to several local education agencies that will not be possible without the additional funds.]

**The Assembly removed the \$400,000 from general revenues based on the Department's assertion that it could sustain the program without the additional resources.**

**Statewide Student Transportation.** The Regents' request includes an additional \$0.3 million from restricted receipts for the statewide transportation system resulting from an increase in the student busing contracts. The 2009 Assembly adopted legislation mandating use of a statewide transportation system for all students. Districts reimburse the state for its share of the cost, offsetting this expenditure. All fees paid for transportation services under the statewide system are paid into a restricted receipt account. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Race to the Top.** The Regents requested \$27.8 million for education reforms funded by the Race to the Top grant for FY 2013. This is \$3.7 million more than enacted based on planned expenditure activities for FY 2013. The Department's total award of \$75.0 million will be spent from FY 2011 through FY 2014. A requirement of the award is that 50.0 percent of funds be used directly for education aid; most of the remaining funds will be used for consultants and 22.0 full-time equivalent positions. These personnel will include transformation specialists, multiple pathway specialists, data managers/analysts, grants management, and clerical support. As of October 2012, all but 1.0 of the 22.0 positions has been filled. *The Governor recommended \$4,280 more than requested to reflect shifting medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Race to the Top – Early Childhood.** The Department requested \$2.9 million from Race to the Top – Early Childhood grant funds, which is \$0.6 million less than enacted based on planned activities for FY 2013. In December 2011, the state was awarded \$50.0 million to be used to improve education for pre-school students. This grant involves multiple human service agencies and the Department of Elementary and Secondary Education with funding allocated over four years beginning in FY 2012. *The Governor recommended \$3,692 more than requested to reflect shifting medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Education Jobs Funds.** The Regents requested authorization to spend \$1.7 million from federal education jobs funds for FY 2013. This is \$0.6 million less than enacted and reflects anticipated spending. Districts were able to request funding at their discretion within the grant period and some districts spent grant funding sooner than the budget anticipated. Funding was spent by September 30, 2012. The state was awarded \$32.9 million in federal Education Jobs funds to retain and rehire school-based personnel in local education agencies. Funding was distributed to districts based on their share of

FY 2011 enacted state aid. The money can only be used for compensation costs for school-based personnel. *The Governor recommended \$395 more than requested to reflect shifting medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Nutrition Grants.** The Regents requested authorization to spend \$48.2 million from federal nutrition program funds. This is \$1.9 million more than the enacted level. The funding reflects an increase in school lunch program participation as well as the number of free meals being served. This also reflects an increase in the number of schools offering the school breakfast program. *The Governor recommended \$1,864 more than requested to reflect shifting medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Special Education Grants.** The Regents requested authorization to spend \$45.5 million, \$0.4 million more than enacted from federal special education funds to reflect available carry forward funds. The funds are distributed to school districts and provide administrative support. Most of the funds must be distributed to local education agencies serving children directly. Federal funds are combined with state and local funds to provide children with disabilities free and appropriate public education, including special education and related services. *The Governor recommended \$4,756 more than requested to reflect shifting medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Title I Grants.** The Regents requested \$53.2 million in revised federal fund expenditures from Title I funds. This is \$2.0 million more than enacted for FY 2013 to reflect available carry forward funds. Most Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students. Title I fund distributions to states are calculated through four distinct formulas based upon different levels of poverty; however, funds are allocated to districts as one amount. *The Governor recommended \$1,891 more than requested to reflect shifting medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Vocational Education Grants.** The Regents requested \$6.0 million from federal vocational education grants for FY 2013. This is \$0.1 million less than the enacted level to reflect the vocational rehabilitation grant being moved to the Department of Human Services' office of rehabilitative services during the second quarter of FY 2013. Vocational education funds are used to improve vocational educational programs throughout the state. *The Governor's recommendation is \$0.3 million more than enacted and retained the vocational rehabilitation grant in the Department of Elementary and Secondary Education's budget.* **The Assembly concurred.**

**Teacher Quality Grants.** The Regents requested \$14.3 million from federal funds that support teacher quality and professional development. This is \$0.2 million less than enacted to reflect a reduction in available federal funds. *The Governor added \$0.1 million to the request based on available funds.* **The Assembly concurred.**

**Permanent School Fund.** The Regents requested an additional \$0.3 million and \$1.1 million for FY 2013 and FY 2014, respectively, from the Permanent School Fund to support reform efforts for persistently lowest achieving districts. Funding will be used for professional development and materials among other things. The enacted budget includes \$0.2 million from the Permanent School Fund for education aid. This is money received in the fund from duties paid to the state by auctioneers. Prior to the final FY 2012 budget, this money went to the Central Falls School District. The Department requested that the funding be shifted to education aid so that all persistently lowest achieving districts may be eligible for some funding.

*The Governor recommended an additional \$0.1 million which is \$0.2 million less than requested to reflect actual revenues into the fund. **The Assembly concurred.***

**New Municipal Oversight Positions.** The Regents requested \$57,948 from general revenues and 2.0 new full-time equivalent positions to work on municipal oversight initiatives associated with legislation passed by the 2012 Assembly. Funding represents filling the positions for the final quarter of FY 2013. 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. *The Governor recommended the 2.0 new positions but not funding. Budget Office supporting documents indicate that the intention is to fund these positions through turnover savings elsewhere in the Department. **The Assembly concurred.***

**Other Salaries and Benefits.** Excluding the 2.0 new positions previously described, the Regents requested \$20.7 million for salaries and benefits for the Department's 169.4 administration positions. This is \$1.6 million less than enacted and includes \$95,964 more from general revenues to reflect revised turnover savings. The enacted budget includes \$0.5 million in general revenue turnover savings; the revised request includes \$0.4 million based on the Department's current vacancies.

The request also includes \$1.6 million in federal fund savings. The majority of this reflects a delay in hiring people to work on the Race to the Top - Early Childhood grant. The enacted budget includes 13.0 new positions to work on the Race to the Top - Early Childhood grant that the Department was awarded in December 2011. As of the end of October 2012, 8.0 of the positions had been filled; the Department plans on filling the remaining 5.0 positions by the end of the fiscal year. *The Governor recommended \$0.1 million less than requested mostly to reflect statewide medical benefit savings. **Based on the Department's third quarter report, the Assembly included an additional \$65,126 in general revenue turnover savings.***

**Grants and Programming Revisions.** The Regents requested adjustments in general, federal and restricted receipts producing an increase of \$0.9 million from all funds. General revenues are \$0.1 million less than enacted. Federal funds changes reflect adjustments for actual grant awards. Minor adjustments were made in other operating and contracted services. *The Governor recommended \$23,922 less than requested including \$40,180 less from general revenues. The recommendation shifts \$29,924 in medical benefit savings from non-general revenue sources to miscellaneous operating expenses offset by minor reductions in computer expenditures.*

*The Governor subsequently requested an amendment to add \$82,000 from newly available federal funds. This includes \$98,000 to reflect a carry forward balance from FY 2012 for the Head Start grant. It also reflects shifting \$1.2 million to the Higher Education Assistance Authority from a newly awarded WaytoGo grant from the federal longitudinal data systems grant awarded to the Department for the WaytoGo web portal at the Higher Education Assistance Authority.*

*The Governor requested a second amendment to add \$77,792 from federal funds to reflect a carry forward balance from FY 2012 for a state personnel development grant, an additional \$0.1 million for a workforce investment fund grant for a partnership with the Department of Labor and Training, and \$50,000 for a child nutrition meal grant. These are offset by a reduction of \$98,000 to correct for an error in the Governor's budget. **The Assembly concurred.***

**Met School Capital Projects.** The Regents requested an additional \$2.0 million from Rhode Island Capital Plan funds for FY 2013 for the East Bay campus project based on a revised construction schedule. Since the purchase of the property in the summer of 2011, the Department has solicited bids for a design/build contract for the construction of the school. Bids were received and reviewed and a contract is expected to be issued this fall. The current plan is for occupancy in September 2013.

*The Governor recommended \$0.2 million more than requested to reflect inclusion of funding for asset protection projects at the Met School consistent with his capital budget recommendations. **The Assembly concurred.***

**Other Capital Projects.** The Regents' request includes an additional \$2.7 million from Rhode Island Capital Plan funds for FY 2013 for the Department's other capital projects. This includes an additional \$1.6 million for the Cranston Career and Technical Center, \$0.5 million for the Warwick Center and \$0.7 million for the Woonsocket Center. The state is making significant repairs and renovations at the career and technical centers for the districts to consider taking ownership of the facilities. *The Governor recommended funding as requested.*

**Based on projected spending, the Assembly shifted \$0.7 million from FY 2013 to FY 2016 for the Warwick Center project and shifted \$1.2 million from FY 2013 and FY 2014 to FY 2015 for the Woonsocket Center project.**

**Davies Career and Technical School.** The Regents requested an additional \$2.4 million from all funds for FY 2013, of which \$1.3 million is from Rhode Island Capital Plan funds. This includes an additional \$0.4 million for the roof project, \$0.3 million for asset protection projects and \$0.6 million for the HVAC project. General revenues are at the enacted level. Because the school is now funded through the education funding formula, it gets a single state allocation for the year.

The revised request also reflects an additional \$0.7 million from local tuition revenue that the school received from sending districts in FY 2012 but did not expend. Davies was able to finish FY 2012 with only expending general revenues. The local share funding received will be carried forward to FY 2013. The state is reducing its funding to Davies over a ten-year period, but locals are increasing their shares over a five-year period, which serves to increase the budget over the first few years of the formula implementation and fall off in the out-years of the formula phase in.

*The Governor recommended \$0.5 million more than requested including \$53,246 less from general revenues to reflect statewide medical benefit savings. Its budget should not be reduced by the value of the statewide savings because it gets a single state allocation for the year pursuant to the education funding formula. The Governor also recommended adding \$0.6 million from Rhode Island Capital Plan funds to reflect his recommendation contained in his capital budget.*

*The Governor subsequently requested an amendment to restore the \$53,246 from general revenues for statewide medical benefit savings. **The Assembly concurred.***

**Rhode Island School for the Deaf.** The Regents requested \$42,273 more for the School for the Deaf for FY 2013. This includes the enacted amount from general revenues. Federal funds are \$0.2 million more than enacted, approximately half of which is from Race to the Top funds and the Regents include \$0.2 million less from restricted receipts for the fee for service model established at the beginning of FY 2010. *The Governor recommended additional turnover savings of \$25,762 and statewide medical benefit adjustments of \$32,295.*

*The Governor subsequently requested amendments to add \$13,660 from available federal Title I funds for FY 2013 to finance one substitute teacher and \$50,000 from restricted receipts for temporary services based on anticipated expenditures.*

**The Assembly included an additional \$23,874 from general revenue turnover savings and concurred with the remainder of the Governor's recommendation.**



## Public Higher Education

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
Board of Governors/Higher Ed.	\$ 9,319,100	\$ 10,713,567	\$ 11,078,558	\$ 11,078,558
University of Rhode Island	678,948,103	711,922,390	716,947,077	715,847,077
Rhode Island College	167,594,277	163,940,749	161,587,667	161,725,288
Community College of RI	154,081,378	145,099,613	147,363,040	147,363,040
<b>Total</b>	<b>\$1,009,942,858</b>	<b>\$1,031,676,319</b>	<b>\$1,036,976,342</b>	<b>\$1,036,013,963</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 435,877,449	\$ 448,875,758	\$ 443,057,289	\$ 443,194,910
Contracted Services	17,330,930	21,282,132	21,393,288	21,393,288
<b>Subtotal</b>	<b>\$ 453,208,379</b>	<b>\$ 470,157,890</b>	<b>\$ 464,450,577</b>	<b>\$ 464,588,198</b>
Other State Operations	187,218,989	197,974,088	195,310,270	195,310,270
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	269,297,881	285,100,409	284,725,825	284,725,825
Capital	50,434,400	25,733,061	42,177,476	41,077,476
Capital Debt Service	45,439,640	52,640,093	50,312,194	50,312,194
Operating Transfers	4,343,569	70,778	-	-
<b>Total</b>	<b>\$1,009,942,858</b>	<b>\$1,031,676,319</b>	<b>\$1,036,976,342</b>	<b>\$1,036,013,963</b>
<b>Sources of Funds</b>				
General Revenue	\$ 165,658,691	\$ 172,456,170	\$ 172,696,230	\$ 172,696,230
Federal Aid	23,218,046	4,852,615	5,226,649	5,226,649
Restricted Receipts	739,741	702,583	702,583	702,583
Other	820,326,380	853,664,951	858,350,880	857,388,501
<b>Total</b>	<b>\$1,009,942,858</b>	<b>\$1,031,676,319</b>	<b>\$1,036,976,342</b>	<b>\$1,036,013,963</b>
<b>Uses of Funds</b>				
Unrestricted Use Funds	\$ 570,180,114	\$ 595,875,037	\$ 587,818,980	\$ 587,818,980
Restricted Use Funds	439,762,744	435,801,282	449,157,362	448,194,983
<b>Total</b>	<b>\$1,009,942,858</b>	<b>\$1,031,676,319</b>	<b>\$1,036,976,342</b>	<b>\$1,036,013,963</b>
<b>FTE Authorization</b>	<b>3,438.8</b>	<b>3,464.8</b>	<b>3,464.8</b>	<b>3,464.8</b>
<i>Limited to Third Party Funds</i>	<i>776.2</i>	<i>776.2</i>	<i>776.2</i>	<i>776.2</i>
<b>Total Authorized Positions</b>	<b>4,215.0</b>	<b>4,241.0</b>	<b>4,241.0</b>	<b>4,241.0</b>
<b>FTE Average</b>	<b>3,901.9</b>			

**FY 2013 Revised Request.** The Board's revised request is \$2.3 million below the FY 2013 enacted level. This includes the enacted level from general revenues, \$9.6 million less from tuition and fee revenues, \$1.4 million more from other unrestricted sources, and \$6.0 million more from restricted sources. The request also includes 4,241.0 full-time equivalent positions, which is consistent with the enacted authorization.

*The Governor recommended \$5.3 million more than enacted from all sources, which is \$7.6 million more than requested, primarily from Rhode Island Capital Plan funds, to reflect his capital budget recommendation. His revised budget includes \$0.2 million more from general revenues than enacted and requested to reflect medical benefit savings offset by additional debt service expenditures.*

**The Assembly included a new \$0.1 million grant from Rhode Island Hospital for Rhode Island College's School of Nursing to fund a position and shifted \$1.1 million from Rhode Island Capital Plan funds from FY 2013 to FY 2015 for the University's fire safety administration and academic buildings project based on anticipated expenditures.**

**Unrestricted Source Expenditures.** The unrestricted budget consists of those funds that can be used for any legitimate purpose. Those purposes fall within the education and general operations of the institutions. They include state general revenue appropriations, tuition and general fees, and sponsored research overhead. The unrestricted budget is similar to the general revenue budget of other agencies and departments. The FY 2013 unrestricted budget includes spending of \$587.6 million. This is \$8.3 million less than the enacted budget including the enacted level from general revenues.

The revised unrestricted budget includes \$5.9 million less than the enacted budget for all salaries and benefits. The revised budget also includes \$0.2 million more for contracted services, \$5.3 million less for operating expenses, and \$1.2 million less for grants. Capital expenditures are \$3.9 million more than enacted. The total includes \$4.1 million less at the University and \$4.2 million less at the College from tuition and fees. The reduction results from lower enrollment projections than assumed in the enacted budget. The University projected FY 2013 enrollment of 14,315, which is a decrease of 279 or 2.0 percent compared to the enrollment assumptions in the FY 2013 enacted budget. The College projected FY 2013 enrollment of 6,690, which is a decrease of 450 or 6.0 percent compared to the enrollment assumptions in the enacted budget.

In order to align expenditures with revised revenue projections, the University reduced expenditures for salaries and benefits by leaving vacant positions open for savings of \$1.7 million. The University also reduced student aid by \$1.2 million and miscellaneous operating expenses by \$1.7 million. Student aid can be seen as a discount to the tuition and the expenditure is directly related to tuition and fee revenue. The College increased turnover for savings of \$2.6 million, reduced student aid by \$0.3 million and reduced all other operating expenses by \$2.2 million. Both the Community College and the Office requested total expenditures consistent with the FY 2013 enacted budget. They did make adjustments among categories of expenditures to reflect anticipated expenditures.

*The Governor's unrestricted budget contains \$0.2 million more in expenditures from general revenues than requested. The changes include an additional \$0.7 million for debt service expenditures on general obligation bonds for the new Rhode Island College art center and University chemistry building projects not included in the revised request. This is offset by \$0.4 million in statewide medical benefit savings. The recommendation also shifts \$1.0 million in medical benefit savings from non-general revenue sources to miscellaneous operating expenses. **The Assembly concurred.***

**Restricted Source Operating Expenditures.** The restricted budget is composed of what are generally thought of as restricted receipt funds or enterprise funds. They include the residence hall funds, dining funds and any other funds whose sources are limited to use for certain purposes. Federal funds are considered restricted use. The revised restricted budget includes \$4.8 million more general operating expenditures from restricted sources. The revised request includes \$2.0 million more for salaries and benefits, \$44,652 less for contracted services, \$2.1 million more for operations with \$0.8 million more for grants.

The changes in spending include \$0.4 million or 7.7 percent more for the Office. Expenditures at the University are \$0.5 million or 0.2 percent less than enacted. At the College, restricted expenditures are \$3.6 million or 9.1 percent more. Expenditures at the Community College are \$1.4 million or 3.7 percent more than estimated in the enacted budget.

*The Governor recommended \$3.3 million less than requested. This includes shifting \$0.4 million in statewide medical benefit savings to miscellaneous operating expenses. It also reflects removing \$3.3 million for the Rhode Island College asset protection project that was mistakenly requested as an operating expense.*

*The Governor subsequently requested a budget amendment to add \$137,621 for FY 2013 and \$142,849 for FY 2014 to reflect a grant for Rhode Island College's School of Nursing from Rhode Island Hospital. Funding will be used to fund a Professional Development Nurse Faculty Specialist to provide professional nursing development and education services to professional nurses and nursing students.*

**The Assembly concurred.**

**Restricted Capital Improvements.** The revised budget includes a \$1.9 million increase, including a \$2.5 million decrease from Rhode Island Capital Plan funds based on revised project schedules. *The Governor recommended \$10.6 million more from Rhode Island Capital Plan funds than requested to reflect his capital budget recommendations, which include advancing funding from the out years of the approved capital plan to earlier years. It also reflects correctly showing \$3.3 million for the Rhode Island College asset protection project as a capital expenditure. These projects are described in detail in the Capital Budget Section of this analysis.*

**The Assembly shifted \$1.1 million from Rhode Island Capital Plan funds from FY 2013 to FY 2015 for the University's project to upgrade existing fire alarm systems and install fire-suppressing sprinkler systems in all of the academic and administrative buildings that are not presently equipped with such systems. This was based on anticipated expenditures.**

**Restricted Debt Service.** The revised budget decreases restricted use debt service costs by \$0.7 million to reflect a decrease in debt service costs for University dorm projects. *The Governor recommended funding as requested.* **The Assembly concurred.**



## Rhode Island State Council on the Arts

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 829,511	\$ 575,716	\$ 572,659	\$ 572,659
Contracted Services	22,623	30,000	30,000	30,000
<b>Subtotal</b>	<b>\$ 852,134</b>	<b>\$ 605,716</b>	<b>\$ 602,659</b>	<b>\$ 602,659</b>
Other State Operations	103,962	82,234	90,688	90,688
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,531,213	1,911,657	1,661,657	1,661,657
Capital	272,813	808,500	1,552,492	1,552,492
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 2,760,122</b>	<b>\$ 3,408,107</b>	<b>\$ 3,907,496</b>	<b>\$ 3,907,496</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,656,364	\$ 1,565,813	\$ 1,565,813	\$ 1,565,813
Federal Aid	824,066	998,794	754,191	754,191
Restricted Receipts	-	-	-	-
Other	279,692	843,500	1,587,492	1,587,492
<b>Total</b>	<b>\$ 2,760,122</b>	<b>\$ 3,408,107</b>	<b>\$ 3,907,496</b>	<b>\$ 3,907,496</b>
<b>FTE Authorization</b>	<b>8.6</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>
<b>FTE Average</b>	<b>8.6</b>			

**FY 2013 Revised Request.** The Council requested \$0.5 million more than enacted from all sources. This includes \$19,532 more from general revenues, \$236,600 less from federal funds, and \$0.7 million more from Percent for Arts funds and includes the enacted level of 6.0 positions. *The Governor recommended \$27,535 less than requested, including the enacted level of funding from general revenues. The Assembly concurred.*

**Salaries and Benefits.** The Council requested \$20,552 more than enacted for all salaries and benefits, including \$7,152 from general revenues and \$13,400 from federal funds to reflect current staffing costs and overstating medical benefit expenses. *The Governor recommended \$23,609 less than requested for salaries and benefits, including \$14,406 less from general revenues to reflect adjustments to correct medical insurance and \$3,087 less from general revenues to reflect statewide medical benefit savings. The Assembly concurred.*

**Discretionary Grants.** The Council requested \$250,000 less than enacted from federal funds for discretionary grants to reflect a revision to grant funding provided by the National Endowment for the Arts. These grants are awarded to individuals and organizations to help support the arts and encourage artists to continue to make the arts visible in the community. The Council requested the enacted level of \$590,000 from general revenues for discretionary grants. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Operations.** The Council added \$12,380 from general revenues in its revised request to restore savings achieved in the enacted budget from using federal funds, available from retirement changes, to support operating costs. The enacted budget did not alter the federal grant award just the use of the funds, and it appears that the Council's revised request overfunds its operating costs since it does not reduce federal funds. *The Governor recommended \$3,926 less than requested which includes the restoration of general revenues from pension savings and also shifted \$1,200 from medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Percent for Arts Program.** The Council's revised request includes \$0.7 million more than enacted for public arts projects at the Division of Motor Vehicles, the University of Rhode Island, Wickford Junction, and Block Island Airport. The increase reflects funds that would be carried forward for projects that were delayed at the University of Rhode Island College of Pharmacy and a medicinal garden at the new University of Rhode Island Environmental Biotechnology Center. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Community Service Grants.** The Council requested the enacted level of \$362,227 from general revenues for community service grants. These grants are appropriated by the General Assembly with a designated agency and amount. *The Governor recommended funding as requested.* **The Assembly concurred.**

## Rhode Island Atomic Energy Commission

	FY 2012		FY 2013		FY 2013	FY 2013
	Reported		Enacted		Revised	Final
<b>Expenditures by Category</b>						
Salaries and Benefits	\$ 1,062,475	\$	1,062,124	\$	1,009,530	\$ 984,530
Contracted Services	-		15,191		12,318	12,318
<b>Subtotal</b>	<b>\$ 1,062,475</b>	<b>\$</b>	<b>1,077,315</b>	<b>\$</b>	<b>1,021,848</b>	<b>\$ 996,848</b>
Other State Operations	137,703		327,636		311,417	311,417
Aid to Local Units of Government	-		-		-	-
Assistance, Grants, and Benefits	-		-		-	-
Capital	82,313		72,000		94,171	94,171
Capital Debt Service	-		-		-	-
Operating Transfers	-		-		-	-
<b>Total</b>	<b>\$ 1,282,491</b>	<b>\$</b>	<b>1,476,951</b>	<b>\$</b>	<b>1,427,436</b>	<b>\$ 1,402,436</b>
<b>Sources of Funds</b>						
General Revenue	\$ 875,412	\$	876,213	\$	866,750	\$ 841,750
Federal Aid	79,057		267,616		267,044	267,044
Restricted Receipts	-		-		-	-
Other	328,022		333,122		293,642	293,642
<b>Total</b>	<b>\$ 1,282,491</b>	<b>\$</b>	<b>1,476,951</b>	<b>\$</b>	<b>1,427,436</b>	<b>\$ 1,402,436</b>
<b>FTE Authorization</b>	<b>8.6</b>		<b>8.6</b>		<b>8.6</b>	<b>8.6</b>
<b>FTE Average</b>	<b>8.6</b>					

**FY 2013 Revised Request.** The Rhode Island Atomic Energy Commission requested \$1.5 million, which is \$28,755 more than enacted, including \$18,356 less from federal funds and \$47,111 more from University of Rhode Island sponsored research funds. Its request from general revenues is consistent with the enacted budget. The Commission requested 8.6 full-time equivalent positions, consistent with the enacted budget. *The Governor recommended \$1.4 million from all sources, which is \$78,270 less than requested, including \$9,463 less from general revenues, \$17,784 more from federal funds, and \$86,591 less from the University of Rhode Island sponsored research funds. He recommended staffing consistent with the authorized level.* **The Assembly reduced general revenue funding by \$25,000.**

**Salaries and Benefits.** The Commission's request for salaries and benefits is \$37,984 less than enacted from all funds, including \$27,356 from federal funds, \$7,784 from general revenues, and \$2,844 from University of Rhode Island sponsored research. The reduction reflects turnover savings based on the current roster of employees. *The Governor's recommendation is \$14,610 less than requested, including \$2,097 less from general revenues, \$17,774 more from federal funds, and \$30,297 less from University of Rhode Island sponsored research funds to reflect the current roster of employees and statewide medical benefit savings.* **The Assembly included an additional \$25,000 in general revenue turnover savings based on a delay in hiring a new director.**

**All Other Operations.** The request includes \$16,739 more than enacted for all other operations. This is \$7,784 more from general revenues, \$9,000 more from federal funds and \$45 less from other funds. The revised request from general revenues is a 19.9 percent increase above the enacted level. The

Commission typically overestimates its operations budget in order to account for volatility in prices for insurance and electricity. *The Governor recommended \$26,831 less than requested for all other operations, including \$7,366 less from general revenues and \$19,465 less from other funds primarily to adjust for estimated costs in fuel and utilities. The recommendation for federal funds is consistent with the Commission's request. **The Assembly concurred.***

**Asset Protection.** The revised request includes \$100,000 from Rhode Island Capital Plan funds for asset protection, \$50,000 more than enacted. The revised request appears to be in error, because the capital request includes the approved amount of \$50,000. The Commission indicated that it will also use \$13,171 from Rhode Island Capital Plan funds carried forward from FY 2012 for ongoing asset protection projects. *The Governor recommended \$63,171, which includes \$13,171 carried forward from FY 2012. **The Assembly concurred.***

## Rhode Island Higher Education Assistance Authority

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
Scholarship and Grant Program	\$ 5,911,331	\$ 5,617,064	\$ 5,693,667	\$ 5,693,667
Loans Program	9,566,866	13,346,283	12,814,483	13,994,483
Tuition Savings Program	8,558,273	8,758,802	8,535,829	8,535,829
<b>Total</b>	<b>\$ 24,036,470</b>	<b>\$ 27,722,149</b>	<b>\$ 27,043,979</b>	<b>\$ 28,223,979</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 2,682,658	\$ 3,576,546	\$ 2,743,290	\$ 2,743,290
Contracted Services	6,126,154	7,508,100	7,838,100	7,838,100
<b>Subtotal</b>	<b>\$ 8,808,812</b>	<b>\$ 11,084,646</b>	<b>\$ 10,581,390</b>	<b>\$ 10,581,390</b>
Other State Operations	1,472,258	2,976,500	2,409,586	3,589,586
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	13,755,400	13,161,003	13,553,003	13,553,003
Capital	-	500,000	500,000	500,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 24,036,470</b>	<b>\$ 27,722,149</b>	<b>\$ 27,043,979</b>	<b>\$ 28,223,979</b>
<b>Sources of Funds</b>				
General Revenue	\$ 5,911,331	\$ 5,617,064	\$ 5,693,667	\$ 5,693,667
Federal Aid	9,566,866	13,346,283	12,814,483	13,994,483
Restricted Receipts	-	-	-	-
Other	8,558,273	8,758,802	8,535,829	8,535,829
<b>Total</b>	<b>\$ 24,036,470</b>	<b>\$ 27,722,149</b>	<b>\$ 27,043,979</b>	<b>\$ 28,223,979</b>
<b>FTE Authorization</b>	<b>41.6</b>	<b>38.6</b>	<b>36.0</b>	<b>36.0</b>
<b>FTE Average</b>	<b>29.9</b>			

**FY 2013 Revised Request.** The Rhode Island Higher Education Assistance Authority requested \$27.1 million from all fund sources, \$0.7 million less than the FY 2013 enacted budget. This includes \$0.5 million less from federal funds and \$0.2 million less from Tuition Savings program revenues. General revenues are consistent with the enacted budget. The Authority requested 36.0 full-time equivalent positions, 2.6 less than the enacted authorization. *The Governor recommended \$8,565 less than requested, including \$76,603 more from general revenues, \$75,705 less from federal funds, and \$9,463 less from tuition savings funds. He recommended staffing consistent with the request.* **The Assembly added \$1.2 million from federal funds for the WayToGoRI webportal and concurred with the remainder of the Governor’s recommendation.**

**Need Based Scholarships and Grants.** The Authority requested \$12.5 million for need based scholarships and grants in its FY 2013 revised request, or \$54,941 more from general revenues than the enacted budget. Total funds include \$5.2 million from general revenues and \$7.3 million from tuition savings plan funds generated through fees paid by participants of the CollegeBound*fund*, a college

savings plan administered by the investment firm AllianceBernstein on behalf of the Authority. It should be noted that the requested increase of \$54,941 for scholarships and grants is equal to the requested reductions in personnel and operations.

Expenditures for the scholarships and grants are listed in the following table by program and fund source:

<b>Scholarships and Grants</b>				
	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final	Change to Enacted
<b>Uses</b>				
<b>Need Based Scholarships and Grants</b>				
General Revenues	\$ 5,161,003	\$ 5,303,003	\$ 5,303,003	\$ 142,000
Tuition Savings Fees	7,250,000	7,250,000	7,250,000	-
<i>Subtotal</i>	<i>\$ 12,411,003</i>	<i>\$ 12,553,003</i>	<i>\$ 12,553,003</i>	<i>\$ 142,000</i>
<b>Other Grant Programs</b>				
Academic Promise	\$ 750,000	\$ 1,000,000	\$ 1,000,000	\$ 250,000
<i>Subtotal</i>	<i>\$ 750,000</i>	<i>\$ 1,000,000</i>	<i>\$ 1,000,000</i>	<i>\$ 250,000</i>
<b>Total</b>	<b>\$ 13,161,003</b>	<b>\$ 13,553,003</b>	<b>\$ 13,553,003</b>	<b>\$ 392,000</b>
<b>Sources</b>				
General Revenues	\$ 5,161,003	\$ 5,303,003	\$ 5,303,003	\$ 142,000
Tuition Savings Fees	8,000,000	8,250,000	8,250,000	250,000
<b>Total</b>	<b>\$ 13,161,003</b>	<b>\$ 13,553,003</b>	<b>\$ 13,553,003</b>	<b>\$ 392,000</b>

*The Governor recommended \$12.6 million, including \$5.3 million from general revenues and \$7.3 million from tuition savings plan funds. The recommendation includes \$142,000 more than enacted from general revenues to meet the federal maintenance of effort required by the College Access Challenge Grant. The Assembly concurred.*

**Academic Promise Scholarship Program.** The FY 2013 revised request includes \$250,000 more than enacted from tuition savings funds for the Academic Promise Scholarship program, bringing total funding to \$1.0 million. The program awards scholarships up to \$2,500 a year through four years of college enrollment to academically qualified students with demonstrated financial need and up to a total of \$10,000. Students in an approved five-year program may be eligible for an additional year of support. The Authority indicated that the request of \$1.0 million would support 100 students over a four-year college career. *The Governor recommended funding consistent with the requested level. The Assembly concurred.*

**CollegeBound fund Marketing.** The Authority requested \$0.3 million less than enacted from tuition savings funds for advertising and promotion expenses. Since 2010, AllianceBernstein, by contract with the Authority, funds the first \$750,000 of marketing and promotion for CollegeBound fund advertising within Rhode Island. At the close of the fiscal year, the Authority reimburses the firm for the cost of advertising expenditures above the \$750,000 limit. The Authority requested the decrease in funding to align more closely with its recent levels of advertising expenses. *The Governor recommended funding as requested. The Assembly concurred.*

**Salaries and Benefits.** The Authority requested \$2.9 million from all sources for salaries and benefits, including \$39,441 less than enacted from general revenues, \$541,095 less than enacted from federal funds, and \$143,510 less than enacted from tuition savings plan funds. This request also includes 36.0 full-time positions. The Authority had 25.0 of its 38.6 authorized full-time equivalent positions filled as of the December 1, 2012 pay period. The Authority anticipated filling 27.0 full-time positions for the remainder of the fiscal year, or 11.6 fewer positions than the enacted authorization. The revised

request for 2.6 less positions reflects a transition in the Authority toward a smaller role in its Guaranty Agency and a lower demand for administrative services. *The Governor recommended \$0.8 million less than enacted from all sources, including \$49,897 from general revenues, \$629,874 from federal funds and \$153,845 from tuition savings plan funds. The recommendation includes additional turnover savings of \$109,210 and \$10,456 from general revenues from statewide medical benefit adjustments.* **The Assembly concurred.**

**Collections.** The Authority requested \$7.0 million from federal funds for costs related to the management of its loan portfolio, which is \$0.5 million more than enacted. This includes \$5.0 million for commissions to contracted collection agencies. The request also includes \$2.0 million for fees owed to the Student Loan Marketing Association ("Sallie Mae") for managing collections for the Authority. This is an increase of \$500,000, which the Authority noted is based on the rising volume of transactions and a 15.0 percent price increase for the service. *The Governor recommended \$20,000 less than requested, though it appears the intent was to concur with the request.* **The Assembly concurred.**

**Default Aversion Services.** The Authority requested \$0.5 million from federal funds, or \$250,000 less than the enacted level for default aversion services to reflect lower default aversion expenditures. The Guaranty Agency earns fees from the Federal Student Loan Reserve Fund by preventing delinquent loans from defaulting. However, if a referred loan defaults, the Agency is obligated to return its fee. *The Governor recommended funding consistent with the request.* **The Assembly concurred.**

**All Other Operations.** The Authority requested \$1.7 million for all other operations, which is \$200,500 less than the enacted level from all sources, including \$15,500 less from general revenues, reflecting lower need for office space given a decline in full-time positions and \$20,000 less from tuition savings plan fees reflecting lower than anticipated travel expenses, indicating again lower demand based on a fewer number of employees. The request also includes \$165,000 less from federal funds, reflecting \$0.2 million less for a reduction in WayToGoRI promotion and advertising and \$65,000 less for staff training, travel and various overhead expenses. These reductions would be offset by a \$0.1 million increase for legal services. *The Governor recommended adding \$13,586 of statewide savings from non-general revenue sources shifted to miscellaneous operating expenses and \$20,000 more than requested from federal funds, which appears to be an error.*

*The Governor subsequently requested an amendment to add \$1,180,000 from federal funds for the WaytogoRI webportal to upgrade its electronic transcript system and to complete a database portal grading system. The funding is projected to be spent by June 30, 2013, and must be expended by September 30, 2013.* **The Assembly concurred.**



## Historical Preservation and Heritage Commission

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,524,310	\$ 1,655,323	\$ 1,627,312	\$ 1,627,312
Contracted Services	3,067	5,750	4,875	4,875
<b>Subtotal</b>	<b>\$ 1,527,377</b>	<b>\$ 1,661,073</b>	<b>\$ 1,632,187</b>	<b>\$ 1,632,187</b>
Other State Operations	161,178	92,053	106,612	106,612
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	217,047	885,851	596,194	596,194
Capital	2,886	90,000	190,500	115,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,908,488</b>	<b>\$ 2,728,977</b>	<b>\$ 2,525,493</b>	<b>\$ 2,450,493</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,253,696	\$ 1,361,801	\$ 1,265,417	\$ 1,265,417
Federal Aid	537,821	836,139	589,279	589,279
Restricted Receipts	41,971	456,037	454,191	454,191
Other	75,000	75,000	216,606	141,606
<b>Total</b>	<b>\$ 1,908,488</b>	<b>\$ 2,728,977</b>	<b>\$ 2,525,493</b>	<b>\$ 2,450,493</b>
<b>FTE Authorization</b>	<b>16.6</b>	<b>16.6</b>	<b>16.6</b>	<b>16.6</b>
<b>FTE Average</b>	<b>14.8</b>			

**FY 2013 Revised Request.** The Historical Preservation and Heritage Commission requested \$2.5 million from all sources for FY 2013, which is \$244,812 less than the enacted budget. This includes \$90,421 less from general revenues, \$1,846 less from restricted receipts, and \$252,545 less from federal sources offset by \$100,000 more than enacted from Rhode Island Capital Plan funds. The Commission requested the authorized number of 16.6 full-time equivalent positions. *The Governor recommended \$2.5 million from all sources, which is \$41,328 more than requested. This includes more from gas tax funds but less from general revenues. He recommended the current authorized level of 16.6 full-time equivalent positions.* **The Assembly included \$75,000 less than recommended from Rhode Island Capital Plan funds.**

**Turnover.** The Commission requested \$65,317 less than enacted from all sources for salaries and benefits. This includes decreases of \$102,031 from general revenues and \$8,869 from restricted receipts offset by \$37,325 more from federal sources. The request reflects employees' current benefits selections, \$18,844 more than enacted of turnover savings consistent with maintaining one full-time equivalent position vacant until November 24, 2012, and an interdepartmental transfer of funds to provide an archaeological expert to the Department of Transportation for half of the fiscal year. It should be noted that the request did not budget the funds from the Department.

*The Governor recommended \$28,011 less than enacted and \$37,306 more than requested. This includes \$5,963 less than requested from general revenues reflective of statewide medical benefit savings and the removal of requested benefits for seasonal employees, and \$2,324 more from federal*

*funds reflective of a larger federal Survey and Planning grant award. It also includes \$41,264 from gas tax funds to show the transfer from the Department of Transportation. **The Assembly concurred.***

**Federal Grant Adjustments.** The Commission requested \$289,870 less than enacted from federal funds for its grant programs. Changes include \$130 more from federal funds to reflect the FY 2013 award received for Survey and Planning grant programs and \$290,000 less than enacted from federal funds for its Preserve America grant program. That grant has expired and is not anticipated to be revived at the federal level, but the FY 2014 operating request included \$10,000 based on the potential for a replacement program. *The Governor recommended \$3,361 more than requested from federal funds, reflective of an increase in the Commission's Survey and Planning grant award. **The Assembly concurred.***

**Eisenhower House Asset Protection.** The Commission requested \$175,000, which is \$100,000 more than enacted from Rhode Island Capital Plan funds for asset protection projects at the Eisenhower House for FY 2013. Under the terms of the federal property transfer agreement, which transferred Fort Adams from the U.S. Navy to the state for use as a park, the state has an affirmative obligation to maintain and preserve the historical building. *The Governor recommended funding as requested. **The Assembly shifted \$75,000 from Rhode Island Capital Plan funds to FY 2015 to reflect updated project schedules.***

**All Other Operations.** The Commission requested \$10,375 more than enacted from all funds for all other state operations. The revised request includes \$11,610 more than enacted from general revenues and \$1,235 less than enacted from restricted receipts, including \$15,200 from general revenues for Eisenhower House heating system maintenance partially offset by savings in other energy costs, office supplies, and travel costs for employees consistent with historical expenditures. *The Governor recommended \$661 more than requested, shifting medical benefit savings from a non-general revenue source to miscellaneous operating expenses. **The Assembly concurred.***

## Rhode Island Public Telecommunications Authority

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,539,480	\$ 1,473,772	\$ 768,286	\$ 771,877
Contracted Services	3,264	11,700	11,700	11,700
<b>Subtotal</b>	<b>\$ 1,542,744</b>	<b>\$ 1,485,472</b>	<b>\$ 779,986</b>	<b>\$ 783,577</b>
Other State Operations	15,087	15,500	15,500	15,500
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,557,831</b>	<b>\$ 1,500,972</b>	<b>\$ 795,486</b>	<b>\$ 799,077</b>
<b>Sources of Funds</b>				
General Revenue	\$ 928,421	\$ 799,077	\$ 795,486	\$ 799,077
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	629,410	701,895	-	-
<b>Total</b>	<b>\$ 1,557,831</b>	<b>\$ 1,500,972</b>	<b>\$ 795,486</b>	<b>\$ 799,077</b>
<b>FTE Authorization</b>	<b>15.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>
<b>FTE Average</b>	<b>14.6</b>			

**FY 2013 Revised Request.** The Public Telecommunications Authority requested \$799,077 from general revenues, consistent with the enacted amount. The Authority requested \$701,895 less than enacted from other funds, eliminating its grant from the Corporation for Public Broadcasting, based on a misunderstanding of current law. The Authority requested 14.0 full-time equivalent positions, consistent with the enacted authorization. *The Governor recommended \$795,486 from general revenues, which is \$3,591 less than enacted from general revenues for statewide medical benefit savings; however, this reduction was an error and he subsequently requested an amendment to restore the savings.* **The Assembly concurred.**

**Corporation for Public Broadcasting Grant.** The Authority requested to remove \$701,895 from other funds, eliminating its entire enacted funding from its Corporation for Public Broadcasting grant. Instead of receiving the grant through state appropriation, the Authority plans for the grant to go instead to the private Rhode Island PBS Foundation, the license holder of WSBE as of October 10, 2012. The Authority plans to fund salaries and benefits through the November 18, 2012 pay period from general revenues after which they will be funded by the Foundation. The Authority estimated that it will realize savings under the compensation plan offered by the Foundation. *The Governor excluded the Corporation for Public Broadcasting grant, consistent with the request.* **The Assembly concurred.**

**Report - Office of Management and Budget.** As required under Article 4, Section 18 of the 2012 Appropriations Act, the Office of Management and Budget submitted to the House and Senate Finance Committees a report on the planned transfer of the Authority from state to private support on November

16, 2012, along with draft legislation. The report's findings include that 2.0 of the 4.0 full-time employees with statutory tenure have not accepted positions offered by the Foundation, and will be offered suitable positions elsewhere in state government by the State Personnel Administrator. In regard to the broadcasting facility, the Department of Administration is obtaining an appraisal of the value of the building as it continues discussions with the Foundation, which has expressed an interest in purchasing it.

In June 2012, the state transferred to the Foundation, at no cost, certain pieces of equipment that it deems to be of little or no value at this point in their working life. In addition, the state plans to transfer ownership of the state's antenna and transmitter to the Foundation and will also cede rental revenue of \$25,000 generated annually from the antenna and tower. Assuming changes to rules set forth by the Public Utilities Commission, all funds generated from public, educational and government access fees will be transferred from the Authority to the Foundation.

*The Governor included Article 18 as part of his FY 2014 recommendation to abolish the Authority as a state entity. In addition, the Article will effectuate the transfer of state-owned equipment and funds generated from public, educational and government access fees to the Foundation. **The Assembly concurred and passed Article 7 of 2013-H 5127 Substitute A, as amended to accomplish this action.***

## Office of the Attorney General

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
Criminal	\$ 15,316,256	\$ 16,095,992	\$ 19,153,655	\$ 18,947,874
Civil	5,355,042	9,683,478	5,693,367	5,626,755
Bureau of Criminal Identification	1,313,779	1,234,405	1,399,691	1,381,572
General	2,612,241	2,996,063	3,224,714	3,195,226
<b>Total</b>	<b>\$ 24,597,318</b>	<b>\$ 30,009,938</b>	<b>\$ 29,471,427</b>	<b>\$ 29,151,427</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 22,184,464	\$ 23,149,826	\$ 22,892,296	\$ 22,821,621
Contracted Services	769,275	456,134	3,435,404	3,435,404
<b>Subtotal</b>	<b>\$ 22,953,739</b>	<b>\$ 23,605,960</b>	<b>\$ 26,327,700</b>	<b>\$ 26,257,025</b>
Other State Operations	1,448,772	5,986,350	1,858,448	1,609,123
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	194,807	417,628	1,285,279	1,285,279
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 24,597,318</b>	<b>\$ 30,009,938</b>	<b>\$ 29,471,427</b>	<b>\$ 29,151,427</b>
<b>Sources of Funds</b>				
General Revenue	\$ 22,161,393	\$ 23,076,324	\$ 22,987,371	\$ 22,637,371
Federal Aid	1,475,840	1,483,604	2,644,447	2,674,447
Restricted Receipts	837,372	5,162,510	3,239,609	3,239,609
Other	122,713	287,500	600,000	600,000
<b>Total</b>	<b>\$ 24,597,318</b>	<b>\$ 30,009,938</b>	<b>\$ 29,471,427</b>	<b>\$ 29,151,427</b>
<b>FTE Authorization</b>	<b>231.1</b>	<b>233.1</b>	<b>233.1</b>	<b>233.1</b>
<b>FTE Average</b>	<b>226.4</b>			

**FY 2013 Revised Request.** The Office of the Attorney General requested \$1.3 million less than enacted from all sources, including \$1.0 million more from general revenues, \$1.2 million more from federal funds, \$3.9 million less from restricted receipts, and \$0.5 million more from other funds. This includes 8.0 full-time equivalent positions above the enacted authorization. It should be noted that the 2012 Assembly approved \$4.0 million from restricted receipts for the Office for expenditures related to foreclosure protection efforts in order to bring stability to the housing market. This request excludes the funds.

*The Governor recommended \$1.3 million less than requested from all sources, including \$1.1 million less from general revenues and 8.0 fewer positions, consistent with the enacted authorization. The Assembly concurred, with the exception of including savings of \$0.4 million from general revenues from personnel and operating expenses and an additional \$30,000 from federal funds to reflect a new grant to provide further assistance for crime victims.*

**Google Settlement.** The Office's FY 2013 revised request does not include any funds expected from the recent national Google settlement on behalf of the state. The state's share of the settlement is \$110.0 million, with \$60.0 million resulting from work done by the Attorney General. The Office is expecting to spend \$2.0 million in the current year for projects approved by the federal Office of Asset Forfeiture and Money Laundering Section of the United States Department of Justice. The Office is still in the process of developing a plan to spend the funds. Rhode Island General Law, Section 42-41-6 requires that all expenditures of federal funds be first appropriated by the Assembly.

The current plan to expend the funds includes either major renovations and expansions to its current facility or construct a new and larger facility with areas for parking, staff training, and file storage. Other noted projects pending federal approval include major technology improvements, constructing a new criminal investigation facility at the Pastore Center in Cranston, and increasing office space at Washington, Newport, and Kent county courthouses. *The Governor's recommendation includes \$2.0 million from restricted receipts for unidentified expenses within the Criminal Division. The Assembly concurred.*

**Tobacco Enforcement Litigation Reappropriation.** The Governor reappropriated \$40,401 from general revenues for delayed expenses associated with tobacco enforcement litigation. The Office indicated it has received a legal invoice in the current fiscal year for services provided in FY 2012. The Office ended FY 2012 with a general revenue surplus of \$91,483; the reappropriation reduced that to \$51,082. *The Governor's recommendation includes this expense. The Assembly concurred.*

**Foreclosure Assistance.** The Office requested \$4.1 million less than enacted from restricted receipts for expenditures related to foreclosure protection efforts aimed at bringing stability to the housing market. This reflects the Office's opinion that the funds should not be reflected within its budget since it is a pass-through agency. The state is expected to receive approximately \$8.5 million from the nationwide mortgage fraud settlement. The Office indicated the funds can be requested only as needed through the use of an escrow account for foreclosure protection assistance. *The Governor's recommendation excludes the funds as requested and assumes the creation of an escrow account, which can be used to deposit and withdraw the funds for foreclosure assistance. The Assembly concurred.*

**Background Check Grant.** The Office requested \$958,751 more than enacted from federal funds to reflect a grant received to perform background checks on health care workers who are tending to the state's children and elderly. The FY 2013 enacted budget includes \$0.2 million in total grant funds to support fingerprint technician services. This request assumes \$1.1 million in total grant funds available for FY 2013, including \$0.2 million as enacted for fingerprint technician expenses. The remaining \$0.9 million is awarded for equipment and other technical support services in order for the Office to carry out this federal mandate. If additional grant awards are not available at the depletion of the current funds, the positions would require general revenue support. *The Governor recommended funding as requested. The Assembly concurred.*

**Community Prosecutor.** The Office's request shifts \$44,517 from general revenues to federal funds to partially support a community prosecutor position, which would have been funded from general revenues because of expired funds. This request correctly reflects a new federal grant awarded for prosecution of juvenile gang activities by working in collaboration with the gang units from the Providence Police Department and the United States Attorney General. This was not included in the enacted budget because the Office did not anticipate receiving this award when it formulated its FY 2013 request. *The Governor recommended funding essentially as requested, but shifted \$240 in medical benefit savings from federal funds to miscellaneous operating expenses. The Assembly concurred.*

**Adult Drug Court Prosecutor.** The Office's request shifts \$29,775 from general revenues to federal funds to partially support an adult drug court prosecutor position, which would have been funded from general revenues because a grant expired. The request reflects a new federal grant awarded for prosecution of adult drug court cases and screening of applicants for the program. It was not included in the enacted budget because the Office did not anticipate receiving this award when it formulated its original FY 2013 request. *The Governor recommended funding essentially as requested, but shifted \$198 in medical benefit savings from federal funds to miscellaneous operating expenses.* **The Assembly concurred.**

**Violence Against Women Grant.** The Office requested \$81,432 less than enacted from federal funds to support the domestic violence and sexual assault unit. This request correctly reflects a federal grant awarded for the development and implementation of effective law enforcement and prosecution strategies to combat violent crimes committed against women and to enhance victim services. The awarded funds are expected to support 1.2 full-time positions for the domestic violence and sexual assault unit. *The Governor recommended funding essentially as requested, but shifted \$658 in medical benefit savings from federal funds to miscellaneous operating expenses.* **The Assembly concurred.**

**New Staff 8.0 Positions.** The Office requested \$0.8 million more than enacted from all funds, including \$0.7 million from general revenues for 8.0 new full-time equivalent positions. The new positions include 4.0 staff attorneys, 2.0 paralegal clerks, 1.0 legal assistant and 1.0 administrative aide. The Office noted additional staff is necessary to maintain the desired level of proficiency when handling all legal matters and caseloads. The request assumes funding for a full year, but no one had been hired when the request was submitted in October. *The Governor's recommendation does not include this request.* **The Assembly concurred.**

**Other Salary and Benefit Adjustments.** The Office requested \$83,869 more than enacted from all sources, including \$86,489 from general revenues for all other salary and benefit adjustments. This includes adjustments for staff changes, step increases, and medical insurance costs based on employee benefit selection. As of the 10th pay period, the Office had 225.1 filled positions, 8.0 positions below its authorization. *The Governor recommended \$257,277 less than requested, mainly from general revenues, to reflect \$246,812 in additional turnover and \$10,465 from statewide medical benefit savings.* **The Assembly included \$70,675 less from general revenues than recommended for salaries and benefits based on actual expenses for the Office through the third quarter.**

**Purchased Technology Services.** The Office requested \$147,188 from general revenues to pay for a contracted case management information system project coordinator. The Office noted that there are outstanding vendor obligations in the implementation of the Criminal Division case management information system. It appears that the Office does not have a technical expert on staff to oversee the project. The project coordinator is expected to work with system vendors to ensure compliance with system requirements and agreements. The Office believes this expense cannot be qualified for Google funds since it was already planned, although not requested, prior to the settlement. This interpretation appears to be a narrow one. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Integrated Information System.** The Office requested \$104,000 from federal funds carried forward from FY 2012 to complete the design and implementation of the integrated case management information system for the Criminal Division. Currently, the Office manages its annual caseloads through a labor-intensive manual state repository for all criminal history information. The new system is expected to eliminate duplicate information and processes and provide reporting without additional licensing fees. This application will have integration with the Rhode Island Court Judicial Information

System for disposition information and with the Rhode Island Criminal History System for arrest and expungement information. This request correctly reflects the federal grant amount awarded to the Office for this project. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Civil Division System Upgrade.** The Office requested \$200,000 from restricted receipts for the design and implementation of the case management information system for the Civil Division. This system upgrade was requested and approved for FY 2011, but the Office delayed its implementation until the integrated case management information system for the Criminal Division was completed. The newer system is expected to improve efficiency by eliminating duplicate information and processes associated with the current manual system and function in collaboration with state law enforcement in the various district courts on all civil matters. The requested funds for this upgrade are recovered by the Civil Division's consumer protection unit from deceptive trade practice cases and deposited into a restricted account for related expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Forfeitures.** The Office requested \$62,992 more than enacted from restricted receipts from federal forfeitures and forfeiture of property. This reflects anticipated federal forfeiture payments of awards for information and assistance leading to a criminal proceeding. The increase is requested to cover additional vehicle purchases and technical services. Other forfeiture expenses include office supplies, computer equipment and training. *The Governor recommended funding essentially as requested, but added \$599 to reflect medical benefit savings shifted to miscellaneous operating expenses.* **The Assembly concurred.**

**National Criminal History Improvement Program.** The Office requested \$25,000 from federal funds for the National Criminal History Improvement Program. This request correctly reflects a new federal grant awarded to the Office for database system enhancement to improve accuracy of information for protective orders including stalking cases. The new grant was not included in the enacted budget because the Office did not anticipate receiving the award when it formulated its original FY 2013 request. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Precious Metals Database.** The Office requested \$39,520 more than enacted from federal funds for the precious metals and pawn dealers unit. This correctly reflects a new federal grant awarded for database entry of sales and pawn transaction descriptions by precious metals dealers and pawn shops. The funds are expected to pay for three temporary clerical workers; the Office does not anticipate funding for FY 2014. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Public Utilities.** The Office requested \$102,519 less than enacted from restricted receipts for expenses associated with public utility representation for ratepayers and citizens of the state, excluding staffing. This reflects a reduction primarily for purchased financial consultant and engineering services that are no longer necessary. The request also reflects a reduction for general office operations, including computer equipment and repairs, travel and training, leased equipment and utilities based on projected need. The restricted receipts are generated from the unit's assessment to the regulated utilities. *The Governor recommended funding essentially as requested, but added \$3,000 to reflect a shift in restricted receipt medical benefit savings to miscellaneous operating expenses.* **The Assembly concurred.**

**Asset Protection.** The Office requested \$512,500 more than enacted from Rhode Island Capital Plan funds, including \$97,287 carried forward from FY 2012 for its asset protection projects. This reflects the Office's need to upgrade its heat, ventilation and air conditioning system in the current year, which is expected to cost \$0.8 million. This system upgrade includes the replacement of six air handler units

and the environmental management system, installation of water converters and asbestos removal. This is \$0.4 million more than the approved capital plan to reflect a wider project scope. *The Governor recommended \$0.2 million less than requested to reflect revised project cost estimates.* **The Assembly concurred.**

**All Other Operations.** The Office requested \$59,850 more than enacted from all sources, including \$107,980 more from general revenues, for all other operations. This includes annual rate increases for software maintenance agreements and internet-based legal research that were not budgeted. The request also includes computer equipment and software expenses shifted from federal funds to general revenues. This is \$326,870 more than FY 2012 reported expenditures, including \$325,929 from general revenues. The most notable discrepancies include \$312,651 for facility maintenance and \$362,428 for other miscellaneous dues and fees and leased expenses and new copiers. FY 2012 expenses were \$77,834 and \$261,748, respectively.

*The Governor recommended \$50,669 less than requested to reflect reductions for dues and fees, office supplies and equipment, building maintenance and repairs, and internet services based on historical spending. He also added \$4,541 from non-general revenues sources to reflect medical benefit savings shifted to miscellaneous operating expenses.*

**The Assembly included \$249,325 less than recommended from all funds, including general revenue savings of \$279,325 for operating expenses based on expenditures through the third quarter. The Assembly also included an additional \$30,000 from federal funds to reflect a new grant to provide further assistance for crime victims.**



## Department of Corrections

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
Central Management	\$ 7,969,018	\$ 9,283,949	\$ 9,240,424	\$ 9,496,503
Parole Board	1,176,478	1,368,319	1,335,621	1,335,621
Custody and Security	165,866,056	115,807,338	118,836,306	119,262,606
Institutional Support	-	27,135,509	25,058,592	24,623,686
Inst. Rehab. & Population Mgmt.	-	9,961,687	9,950,035	10,192,722
Healthcare Services	-	18,476,246	18,190,327	18,190,327
Community Corrections	14,691,600	14,716,814	14,766,944	14,766,944
<b>Total</b>	<b>\$ 189,703,152</b>	<b>\$ 196,749,862</b>	<b>\$ 197,378,249</b>	<b>\$ 197,868,409</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 160,820,759	\$ 157,411,621	\$ 159,878,161	\$ 160,278,161
Contracted Services	10,593,827	10,697,456	10,509,712	10,521,013
<b>Subtotal</b>	<b>\$ 171,414,586</b>	<b>\$ 168,109,077</b>	<b>\$ 170,387,873</b>	<b>\$ 170,799,174</b>
Other State Operations	14,229,876	15,646,974	15,558,073	16,153,459
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,202,442	1,275,401	1,193,908	1,276,287
Capital	2,856,248	11,718,410	10,238,395	9,639,489
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 189,703,152</b>	<b>\$ 196,749,862</b>	<b>\$ 197,378,249</b>	<b>\$ 197,868,409</b>
<b>Sources of Funds</b>				
General Revenue	\$ 184,655,159	\$ 183,293,277	\$ 184,546,757	\$ 185,542,143
Federal Aid	2,388,892	1,995,588	3,034,940	3,128,620
Restricted Receipts	92,770	61,397	73,362	73,362
Other	2,566,331	11,399,600	9,723,190	9,124,284
<b>Total</b>	<b>\$ 189,703,152</b>	<b>\$ 196,749,862</b>	<b>\$ 197,378,249</b>	<b>\$ 197,868,409</b>
<b>FTE Authorization</b>	<b>1,419.0</b>	<b>1,419.0</b>	<b>1,419.0</b>	<b>1,419.0</b>
<b>FTE Average</b>	<b>1,348.8</b>			
<b>Prison Population</b>	<b>3,191</b>	<b>3,194</b>	<b>3,146</b>	<b>3,146</b>

**FY 2013 Revised Request.** The Department requested \$6.3 million or 3.2 percent more than enacted from all sources of funds, including \$5.1 million from general revenues, \$1.0 million from federal funds, and \$0.2 million from Rhode Island Capital Plan funds. Consistent with the enacted authorization, the Department requested 1,419.0 full-time equivalent positions. The Department's revised request is based on a population of 3,146, a decrease of 48 inmates.

*The Governor recommended \$0.6 million more than enacted from all sources, including \$1.3 million more from general revenues. This is \$5.7 million less than requested, including \$3.9 million less from general revenues. His recommendation assumes 1,419.0 full-time equivalent positions, consistent with the authorized level and a population of 3,146, as requested.*

The Assembly included \$0.5 million more than recommended from all funds, including \$1.0 million more from general revenues to reflect added funding for storm costs and retaining several operating costs at the Department that were recommended to be transferred to the Department of Administration's budget. It also included \$0.1 million more from federal funds to reflect the addition of new grants and \$0.6 million less from Rhode Island Capital Plan funds for facility renovations.

**FY 2012 Reappropriation.** The Governor reappropriated \$523,480 from general revenues for several items that were delayed into the current fiscal year. These items include \$313,800 for computer software maintenance and licensing costs, \$110,575 for ammunition, \$75,005 for inmate related costs and supplies, and \$24,100 for nursing staff training. It appears that the Department did not receive these invoices in time to pay them in FY 2012. The Department ended FY 2012 with a general revenue surplus of \$1.3 million; the reappropriation reduced that to \$0.8 million.

*The Governor's recommendation reduces the reappropriated amount by \$200,000 to reflect the transfer of costs associated with computer software and licensing from the Department of Corrections to the Department of Administration. The Assembly retained this expense in the Department of Corrections' budget and concurred with the remainder of the recommendation.*

**Population.** The Department's original request for FY 2013 included a population of 3,231, consistent with the Governor's recommendations. The enacted budget, which was based on more current data, assumes a population of 3,194, which is 37 fewer than the Department's initial population projection and the recommended population.

The Department contracts with a firm to prepare population estimates, which has revised the enacted population downward to 3,146 based on a flat growth pattern assumption. That is the population upon which the revised budget request is based. The Department's current population is tracking below staff estimates for the FY 2013 enacted budget. The House Fiscal Staff uses a simple model using trend data, and population through the second quarter suggests an average population of 3,186, or 40 more inmates than requested.

Population reductions result in the greatest savings when there are enough to allow for the closure of housing modules. The maximum capacity of the prison is governed by the terms of an overcrowding lawsuit. In FY 2008, the Department reached an agreement with the federal courts to increase the allowed capacity at facilities from 4,085 to 4,265. The Donald Price Medium Security facility accounted for 360 bed spaces, but as of November 2011, there were no inmates housed there.

The following table depicts the recent history of budgeted and actual prison population from FY 2003 through the FY 2013 revised budget request. The average population for the first three months of FY 2013 is 3,230. Total cost per inmate including staff, can be expressed by dividing the Institutional Corrections' budget by the number of inmates. This is \$55,975 for the FY 2013 revised budget. The enacted budget includes \$53,657. FY 2012 reported expenditures suggest a cost of \$51,979.

History	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Request	3,297	3,333	3,305	3,299	3,200	2,583	3,803	4,008	3,709	3,416	3,231
Governor	3,393	3,724	3,640	3,244	3,375	3,289	3,848	4,008	3,643	3,416	3,231
Enacted	3,393	3,500	3,575	3,244	3,375	3,289	3,848	3,767	3,450	3,239	3,194
Revised Request	3,658	3,640	3,575	3,375	3,723	4,018	3,869	3,669	3,350	3,264	3,146
Governor Revised	3,658	3,600	3,377	3,375	3,723	3,925	3,869	3,659	3,350	3,265	3,146
Final	3,550	3,600	3,377	3,475	3,755	3,925	3,788	3,551	3,273	3,192	3,146
Actual	3,537	3,554	3,361	3,510	3,771	3,860	3,773	3,502	3,273	3,191	3,160

*The Governor's revised recommendation is based on an average population of 3,146, as requested, which is 48 less inmates than enacted. **The Assembly concurred.***

**Population: Per Diem Expenditures.** The Department requested \$808,384 more than enacted from general revenues for population related expenditures that are calculated on a per diem basis, excluding staffing. This is based on prior year expenditures, which includes additional costs for out-of-state medical treatment and supervision, as well as increased treatment costs of over \$100,000 for several sick inmates. This request assumes \$4,016 per inmate for items such as food, linen, household supplies and medical services; the enacted budget assumes \$3,702. In FY 2012, the Department's actual per inmate cost was \$4,117 or \$101 more than the current request. It should be noted, the Department did not anticipate continued expenditures for out-of-state inmate medical treatment and supervision in the current year, yet the requested funding level is closer to the FY 2012 expenditure experience. It appears this is a conservative request in the event of some recurring health issues within the inmate population.

*The Governor's recommendation assumes \$3,611 per inmate for population related per diem expenditures. He recommended \$464,624 less than enacted or \$1.3 million less than requested to reflect further reductions for food and operating supplies, as well as \$550,000 budgeted for medical expenses that did not occur. **The Assembly concurred.***

**State Criminal Alien Assistance Funds.** The Department requested \$59,062 less than enacted from general revenues to reflect underestimated federal State Criminal Alien Assistance funds. This is a formula grant awarded to the Department for incurring costs of incarcerating undocumented immigrants who are being held as a result of state and/or local charges or convictions. The enacted budget anticipates \$0.6 million, consistent with the grant funds awarded for FY 2012. The federal award for FY 2013 is expected to be \$59,062 more than enacted and the Department's revised request reduces general revenues to show use of these funds instead. *The Governor recommended \$34,156 less than enacted, \$24,906 more than requested to correctly reflect the actual award. **The Assembly concurred.***

**Correctional Industries Work Transfer.** The Department requested \$1.0 million less than enacted from general revenues to reflect a shift of supervision costs for work crews to Correctional Industries' internal service fund. Currently, Correctional Industries receives payments from other state agencies and municipalities on behalf of nine work crews for various work assignments, including painting, furniture placement and removal, and janitorial services. Prior to this request, supervision fees for the work crews were charged to general revenues. *The Governor recommended funding as requested. **The Assembly concurred.***

**Medium Price Unachieved Savings.** The enacted budget includes annualized savings of \$10.5 million from general revenues from consolidating inmates out of the Donald Price Medium Security facility into available bed spaces in the rest of the system. This is lower than the original projection of \$12.0 million. The Department's revised request indicates savings of only \$8.6 million to reflect a further reduction of \$1.9 million due to higher than enacted payroll expenses. The Department maintained that a higher population census has led to the reopening of four housing modules, which were assumed to be closed in the enacted budget.

It should be noted that the Department experienced an increase in the awaiting trial population due to population spikes that typically occur over the summer months. This is the primary reason for additional overtime costs to monitor the reopened modules. This request assumes usage of the reopened modules not just for the summer months, but for the entire year. However, historical population data and the Department's own projection of fewer total inmates do not support this

assumption. *The Governor recommended \$3.6 million more than enacted, \$1.8 million more than requested to reflect additional overtime expenses based on Budget Office estimates.* **The Assembly concurred.**

**Hurricane Sandy.** In October of 2012, Hurricane Sandy made landfall in the state causing damage to infrastructure and properties as a result of flooding and high winds. The Governor declared a state of emergency and ordered operations shut-down for all non-essential government agencies. Certain departments and/or agencies with 24-hour staffing requirements incurred additional salary and benefit costs at an hourly rate of up to two and a half times the normal rate. Because of the timing of the hurricane and budget request submissions, its impact was not included in the Department's revised budget request. *The Governor's recommendation adds \$730,000 from general revenues to reflect additional overtime expenses related to Hurricane Sandy.* **The Assembly concurred.**

**Storm Costs.** In February of 2013, Storm Nemo made landfall in the state causing damage to infrastructure and properties as a result of flooding and high winds. The Governor declared a state of emergency and ordered operations shut-down for all non-essential government agencies. Certain departments and/or agencies with 24-hour staffing requirements incurred additional staffing costs at an hourly rate of up to two and a half times the regular rate. Because of the timing of the storm, its impact was reflected in neither the Department's revised budget request nor the Governor's revised recommendation. *Subsequently, the Governor requested a budget amendment to add \$0.5 million from general revenues to support additional overtime expenses related to Storm Nemo.* **The Assembly concurred, with the exception of reducing the recommended general revenues by \$0.1 million to reflect updated expenditures.**

**Unachieved Turnover Savings.** The enacted budget includes turnover savings of \$6.4 million from general revenues. This suggests that 1,361.2 of the 1,419.0 authorized positions are funded. The Department's revised budget restores \$2.7 million of the savings to reflect filling additional positions. Based on the Governor's recommendation made in January 2012 and adopted by the Assembly in June, the Department's request to fill non-post positions was not funded. It appears that many of the positions were filled prior to the enactment of the FY 2013 budget. As of the 11th pay period, the Department had 1,347.0 filled positions or 72.0 fewer than the authorized level. *The Governor's recommendation restores \$0.3 million of the enacted turnover savings, \$2.4 million less than requested to reflect additional vacancies and further delays in filling current vacant positions, but at the discretion of the Department.* **The Assembly concurred.**

**All Other Salary and Benefit Adjustments.** The Department requested \$126,856 more than enacted from all funds, including \$165,238 from general revenues for all other salary and benefit adjustments. This reflects step increases and adjustments for medical benefits based on employee selection. Also, the request includes an increase for stipend payments based on FY 2012 expenses. The stipend increase primarily reflects workforce reclassification given the closure of the Donald Price Medium Security facility. It should be noted, the Department is not anticipating a workforce reclassification for FY 2013.

*The Governor recommended \$1.2 million less than enacted, \$1.4 million less than requested, to reflect reductions of \$648,311 from statewide benefit savings and \$570,967 from recalculation of stipend payments to correctional officers. This expense was overstated in the Department's revised request due to a miscalculation of FY 2012 actual expenditures.* **The Assembly concurred.**

**New Officer Class Expenses.** The Department requested \$55,303 less than enacted from general revenues for the recruitment and training for a new class of correctional officers. This reflects fewer

recruits and lower training related expenses than assumed in the enacted budget. This request assumes available recruits from the prior class and lower medical costs for laboratory and psychological testing. The Department anticipated 40 graduates towards the end of FY 2013. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Time Tracking System Implementation.** The Department requested the enacted amount of \$350,000 from general revenues to upgrade the time and attendance tracking system. This system was created several years ago by an outside consultant to produce roll calls for the facilities for three shifts and to monitor vacation and sick time and non-pay days. A system malfunction can result in less or more pay for staff or prolong the payroll entry process. The Department maintained that an upgrade would prevent crashes that can destroy the system.

In FY 2012, the Department revised its estimate for this system upgrade from \$209,000 to \$700,000, which was requested over two fiscal years, FY 2012 and FY 2013. This request includes \$350,000 for each FY 2013 and FY 2014, but it appears that the Department would need the full \$700,000 for FY 2014. *The Governor's recommendation does not include funding for this expense in the current year.* **The Assembly concurred.**

**Home Confinement Monitoring Equipment Expenses.** The Department requested \$50,000 more than enacted from general revenues to pay for additional rental expenses for electronic monitoring equipment. The Department indicated this request is based on needs in accordance with current expenditure projections, and not FY 2012 experience. The Department noted as of June 2012, the average caseload for the electronic monitoring parole officers had increased by 11.0 percent compared to June 2011. Since FY 2008, the number of offenders under electronic monitoring parole supervision has been declining from a high of 94 offenders to 58 offenders for FY 2012. It appears that the Department's request assumes use of funds appropriated in the enacted budget for court overhead charges for office space and utilities to purchase additional electronic monitoring equipment. *The Governor's recommendation does not include funding this expense.* **The Assembly concurred.**

**Technical Experts.** The Department requested \$157,786 from general revenues to pay for contracted services not included in the enacted budget. This includes \$95,161 to support a technology consultant to implement enhancements to the Department's inmate tracking system and rewrite the probation and parole system. The request also includes \$62,625 for an expert witness on suicide prevention to assist the Department in legal matters. The Department indicated this expert witness is necessary due to a pending lawsuit for a suicide that occurred at the Pastore Campus two years ago. *The Governor recommended \$95,161 less than requested to reflect funding only the expert witness.* **The Assembly concurred.**

**Inmate Services.** The Department requested \$145,958 more than enacted from general revenues for contracts for education and other services provided to inmates. This includes \$50,000 for additional education services and \$95,958 for increases in other inmate services designed to help offenders establish and maintain a self-sustaining and law-abiding life. The Department maintained that it plans on outsourcing and expanding education contracts while keeping a school social worker position vacant. This position was previously funded from federal sources. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Recidivism Reduction Grant.** The Department requested \$726,009 from federal funds to reflect a new federal grant awarded to develop and implement comprehensive strategies that address the challenges of offender reentry and recidivism reduction. This is a project grant established under the federal Second Chance Act, to help ensure a safe and successful transition from prison or jail to the

community. Funding is provided to enhance the Department's transitional services in order to provide released offenders essential treatment services to maintain a self-sustaining and law-abiding life. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Staff Development Grants.** The Department requested \$179,326 more than enacted from federal funds to reflect new and increased federal grants that support existing staff development programs for the current fiscal year. The new federal grant is awarded to support a technology system upgrade for the probation and parole unit; while the increased grant funds are provided to enhance numerous staff activities aimed at crime control and prevention and overall improvement of the criminal justice system. These activities include information sharing, research and evaluation of existing programs, database system improvement and professional development training. *The Governor recommended funding as requested.* **The Assembly included \$39,300 more than recommended to reflect the addition of two new federal grants for staff training and data-sharing initiatives.**

**Community Corrections Grants.** The Department requested \$113,161 more than enacted from federal funds to support existing community corrections programs for the current fiscal year. This reflects federal grant increases awarded for several programs and initiatives for offenders returning to their communities and/or reuniting with their families. These programs include domestic violence and crime prevention, education and drug treatment services, and justice information sharing initiatives. Grant funds can also be used to provide housing, job training, and other assessment and discharge services to improve the effectiveness and efficiency of criminal justice systems, processes, and procedures. *The Governor recommended funding as requested.* **The Assembly included \$54,380 more than recommended to reflect the addition of two new federal grants for probation and parole database upgrade and offender rehabilitation services.**

**National Criminal History Improvement Project.** The Department requested a carry forward balance of \$16,695 from federal funds from FY 2012 to the current fiscal year to reflect a federal grant awarded last year for improvement of computerized criminal history record systems. This includes software testing to ensure product and/or service quality. This system transmits data to national systems for the immediate identification of individuals prohibited from purchasing firearms, and/or ineligible to hold positions of responsibility involving children, the elderly, or the disabled. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital Projects.** The Department requested \$0.2 million more than enacted from Rhode Island Capital Plan funds, including \$2.1 million carried forward from FY 2012 for its capital projects for FY 2013. This reflects delays to several renovation projects, particularly Minimum Security kitchen expansion, due to the pending demolition of Building D by the Department of Administration. *The Governor recommended \$1.8 million less than requested for FY 2013 to reflect revisions to several projects as described in the Capital Budget Section of this analysis.* **The Assembly reduced the total recommended funding by \$0.5 million based on an updated project scope. This includes reductions of \$0.6 million for FY 2013 and \$0.4 million for FY 2016, partially offset by increases of \$0.3 million for FY 2014 and \$0.2 million for FY 2015.**

**All Other Operations.** The Department requested \$0.2 million less than enacted, nearly all from general revenues for all other operations for the current fiscal year. This includes savings of \$149,817 from custodial services and supplies and \$100,000 from snow plowing expenses based on prior year experience. The request also includes offsetting increases of \$20,500 for postage for the Tax Offset program and \$107,000 for court overhead charges for office space and utilities. It should be noted, the FY 2013 enacted budget includes \$96,074 from general revenues for court overhead charges for office space and utilities. The total operating request is \$28.0 million, including \$24.3 million from

Institutional Corrections to make this expense more consistent with historical spending. FY 2012 expenses were \$23.6 million or \$0.7 million less than the current request.

*The Governor recommended \$0.9 million less than enacted, \$0.7 million less than requested primarily to reflect the transfer of \$0.4 million of operating expenses to the Department of Administration's budget. Transferred expenses include \$231,386 for lawn maintenance services provided at the Waterplace Park and State House lawn and \$164,000 for sewer charges. Other reductions include nurse training, Parole Board clerical services and delayed purchase of bullet proof vests to address the Department's projected current year deficit. **The Assembly retained these operating expenses in the Department of Corrections' budget and concurred with the remainder of the recommendation.***



## Judicial Department

	FY 2012	FY 2013	FY 2013	FY 2013
	Reported	Enacted	Revised	Final
<b>Expenditures by Program</b>				
Supreme Court	\$ 28,630,707	\$ 29,281,614	\$ 33,042,275	\$ 33,047,275
Defense of Indigent Persons	3,248,180	3,562,240	3,562,240	3,562,240
Commission on Judicial Tenure & Discipline	105,450	113,609	113,327	113,327
Superior Court	21,855,277	22,615,527	21,937,305	21,937,305
Family Court	20,027,371	20,906,417	20,321,283	20,321,283
District Court	11,643,985	11,851,922	11,643,091	11,643,091
Traffic Tribunal	8,192,012	8,191,888	7,933,583	7,933,583
Workers' Compensation Court	7,204,814	7,725,081	7,693,329	7,693,329
<b>Total</b>	<b>\$ 100,907,796</b>	<b>\$ 104,248,298</b>	<b>\$ 106,246,433</b>	<b>\$ 106,251,433</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 75,812,018	\$ 78,670,200	\$ 76,799,976	\$ 76,799,976
Contracted Services	2,474,124	2,555,875	2,426,885	2,426,885
<b>Subtotal</b>	<b>\$ 78,286,142</b>	<b>\$ 81,226,075</b>	<b>\$ 79,226,861</b>	<b>\$ 79,226,861</b>
Other State Operations	10,618,217	9,839,752	9,988,589	9,993,589
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	10,198,781	10,707,234	10,864,190	10,864,190
Capital	1,804,656	2,475,237	6,166,793	6,166,793
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 100,907,796</b>	<b>\$ 104,248,298</b>	<b>\$ 106,246,433</b>	<b>\$ 106,251,433</b>
<b>Sources of Funds</b>				
General Revenue	\$ 87,723,958	\$ 89,249,996	\$ 87,871,436	\$ 87,871,436
Federal Aid	2,377,916	2,682,107	2,760,203	2,760,203
Restricted Receipts	9,731,044	10,641,195	11,240,237	11,245,237
Other	1,074,878	1,675,000	4,374,557	4,374,557
<b>Total</b>	<b>\$ 100,907,796</b>	<b>\$ 104,248,298</b>	<b>\$ 106,246,433</b>	<b>\$ 106,251,433</b>
<b>FTE Authorization</b>	<b>723.3</b>	<b>723.3</b>	<b>723.3</b>	<b>723.3</b>
<b>FTE Average</b>	<b>669.5</b>			

**FY 2013 Revised Request.** The Judiciary requested an additional \$0.9 million of spending for FY 2013 including \$0.1 million more each from general revenues and federal funds, as well as \$0.6 million more from restricted receipts. Consistent with the enacted authorization, the Department requested 723.3 full-time equivalent positions.

The request includes a reappropriation of \$132,685 in accordance with current law requirements, which represents unexpended or unencumbered appropriations from FY 2012. *The Governor recommended \$1.1 million more than requested, including \$1.5 million less from general revenues offset by \$2.7 million more from Rhode Island Capital Plan funds, which primarily reflects the advancement of funds*

to reflect the Governor's proposal to accelerate projects considered "shovel ready". He included the enacted and requested authorization for 723.3 full-time equivalent positions. **The Assembly concurred, but also provided \$5,000 more from restricted receipts to reflect a new grant.**

**Pay-Go Judges Pensions.** The revised request includes an additional \$0.1 million, including \$33,798 more from general revenues and \$64,658 more from restricted receipts for retirement costs for judges and magistrates who are not part of the state employee retirement system. This revision reflects actual costs for current retirees. Currently, there are eight judges not in the system, and they all meet the eligibility threshold to retire at reduced benefits of 75.0 percent. *The Governor recommended funding as requested.* **The Assembly concurred.**

**New Case Management System.** The Judiciary requested \$1.3 million from restricted receipts to purchase computers, servers and software for a new case management system. The new system will enable electronic filing for all courts through the Internet, and will replace the current system which relies on duplicative data input and paper files. The restricted receipts are derived from the Department's indirect cost recoveries on federal grants, which were excluded from the enacted budget due to the timing of the purchase. *The Governor recommended \$0.3 million less than requested to reflect a revised software purchase schedule for the new system.* **The Assembly concurred.**

**All Other Salaries and Benefits.** The Judiciary requested \$1.3 million less than enacted from all sources for total funding of \$77.3 million for salaries and benefits for 723.3 positions. The request includes reductions of \$0.5 million from general revenues and \$0.9 million from restricted receipts. The request reflects actual filled positions and projected hiring throughout the remainder of the year. As of the first pay period in December, the Judiciary had 55.1 vacant positions.

*The Governor recommended \$0.5 million less than requested, including \$0.8 million less from general revenues offset by \$0.3 million more from restricted receipts available from the delayed software purchase mentioned above. Of the total reduction, \$0.3 million reflects a correction to a benefit calculation error in the request and \$0.2 million reflects statewide medical benefit savings.* **The Assembly concurred.**

**Juvenile Justice Grant.** The request reflects an additional \$0.2 million in federal juvenile justice grant awards for FY 2013. The Juvenile Justice Program funds general activities in the Family Court, as well as data collection and data analysis. The request reflects funds carried forward from FY 2012 and revised expenditures for the current year. *The Governor shifted \$217 in medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Capital Projects.** The Department requested \$46,205 more than enacted from Rhode Island Capital Plan funds for its capital projects for FY 2013. This includes an additional \$3,959 for the HVAC project and \$42,246 for asset protection projects. *The Governor recommended \$2.7 million more than requested to reflect revisions, which are discussed in the Capital Budget Section of this analysis.* **The Assembly concurred.**

**American Bar Association Grant.** The Department's request did not include any additional grant funding from private or non-profit sources. *The Governor subsequently requested an amendment to reflect a one-time grant of \$18,000 from the American Bar Association to be used for activities supporting the expansion of access to civil justice. The Governor programmed \$5,000 for FY 2013 and the remaining \$13,000 for FY 2014.* **The Assembly concurred.**

**All Other Operations.** The Department requested \$0.6 million more than enacted for all other operations. This includes \$0.6 million more from general revenues and \$0.2 million more from restricted receipts offset by \$0.1 million less from federal funds. Of the increase, \$0.5 million is being requested for multiple building repair projects throughout the court system. It is unclear why the projects were not included in the Department's request for capital projects funded from Rhode Island Capital Plan funds.

*The Governor recommended \$0.7 million less than requested, primarily from general revenues to reflect revised expenditures in all of the courts. Reductions include \$0.1 million each for property insurance savings and security services, as well as \$0.5 million less for building repair and maintenance costs which are shifted to Rhode Island Capital Plan funds, consistent with the capital budget recommendations. **The Assembly concurred.***



## Military Staff

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
National Guard	\$ 13,303,593	\$ 18,502,143	\$ 23,779,038	\$ 22,409,761
Emergency Management	22,743,137	23,947,984	35,723,700	43,602,881
<b>Total</b>	<b>\$ 36,046,730</b>	<b>\$ 42,450,127</b>	<b>\$ 59,502,738</b>	<b>\$ 66,012,642</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 9,338,908	\$ 9,694,891	\$ 9,591,342	\$ 9,811,342
Contracted Services	1,765,254	1,734,692	2,041,264	2,041,264
<b>Subtotal</b>	<b>\$ 11,104,162</b>	<b>\$ 11,429,583</b>	<b>\$ 11,632,606</b>	<b>\$ 11,852,606</b>
Other State Operations	7,190,912	5,615,715	7,156,084	7,303,709
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	15,358,876	19,744,929	21,961,153	29,775,334
Capital	2,392,780	5,659,900	18,752,895	17,080,993
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 36,046,730</b>	<b>\$ 42,450,127</b>	<b>\$ 59,502,738</b>	<b>\$ 66,012,642</b>
<b>Sources of Funds</b>				
General Revenue	\$ 3,491,202	\$ 3,548,775	\$ 3,541,075	\$ 3,648,700
Federal Aid	31,350,783	33,842,074	48,024,778	55,878,959
Restricted Receipts	205,899	481,278	516,890	736,890
Other	998,846	4,578,000	7,419,995	5,748,093
<b>Total</b>	<b>\$ 36,046,730</b>	<b>\$ 42,450,127</b>	<b>\$ 59,502,738</b>	<b>\$ 66,012,642</b>
<b>FTE Authorization</b>	<b>109.0</b>	<b>112.0</b>	<b>112.0</b>	<b>112.0</b>
<b>FTE Average</b>	<b>105.5</b>			

**FY 2013 Revised Request.** The Military Staff's request includes \$46.1 million from all sources, including \$4.0 million from general revenues, \$37.0 million from federal funds, \$0.5 million from restricted receipts, \$4.6 million from Rhode Island Capital Plan funds and 117.0 full-time equivalent positions. This is \$3.6 million more than enacted and 5.0 positions above the authorized level.

*The Governor recommended \$59.5 million from all funds, which is \$17.1 million more than enacted, primarily due to the inclusion of \$12.0 million of additional funding for repairs to damage caused by Hurricane Sandy. The recommendation also includes the authorized level of 112.0 full-time equivalent positions, 5.0 less than requested. The Governor subsequently requested an amendment to add federal funds and reduce Rhode Island Capital Plan funds primarily to reflect changes for capital projects as well as adjustments to projected federal awards and expenditures. **The Assembly provided \$66.0 million, \$6.5 million more than recommended, primarily reflecting updated capital expenditure plans and revisions to federal grant awards.***

**Staffing.** The Military Staff's request includes 117.0 positions, 5.0 more than enacted for the Emergency Management Agency. New positions include statewide interoperability coordinator,

national incident management systems officer, critical infrastructure coordinator, domestic preparedness coordinator and an all hazards planning coordinator. The Military Staff noted that federal programs have been reduced, and these positions are being included to fulfill functions formerly completed by federal entities, administer statewide emergency communications and to ensure the safety of critical infrastructure throughout the state. *The Governor did not recommend the additional positions.* **The Assembly concurred.**

### **National Guard**

**Salaries and Benefits.** The Military Staff requested \$7.1 million for salaries and benefits for the Rhode Island National Guard. The request includes \$0.6 million from general revenues, with the remainder from federal funds for 85.0 full-time equivalent positions in the Guard. The request is \$0.1 million less than enacted to reflect revisions to benefit expenditures, consistent with current staffing. *The Governor's recommendation is \$0.1 million less than requested including \$35,000 from additional turnover savings and \$111,808 from statewide medical benefit savings. The Governor subsequently requested an amendment to add \$0.2 million of restricted receipts, available from the Google Inc. settlement funds, to support the salaries and benefits of seven Guard members who worked on the state's counterdrug program.* **The Assembly concurred.**

**Army National Guard Operations.** The Military Staff requested \$0.5 million more than enacted, including \$0.1 million more from general revenues and \$0.3 million from federal funds for operating expenses for the Army National Guard. The Military Staff uses general revenues to match federal funds for expenses for the Army National Guard, including electricity, office equipment and building maintenance. The additional funding reflects an increase in available grant funding from the Military Staff's federal sponsor, the National Guard Bureau. The majority of the increase is programmed for building maintenance and repair projects that do not qualify as capital projects.

*The Governor recommended \$0.1 million less than requested, primarily from general revenues. He recommended the addition of \$0.2 million from Rhode Island Capital Plan funds for the Asset Protection project to accommodate the building repairs, consistent with similar instructions from the 2011 and 2012 Assemblies.* **The Assembly concurred.**

**Air National Guard Operations.** The Military Staff requested \$0.3 million more than enacted, including \$0.1 million more each from general revenues and federal funds for operating expenses for the Air National Guard. The Military Staff uses general revenues to match federal funds for expenses for the state's Air National Guard, including electricity, office equipment and building maintenance. The additional funding reflects an increase in available grant funding from the Military Staff's federal sponsor, the National Guard Bureau. The majority of the increase is programmed for building maintenance and repair projects.

*The Governor recommended \$0.1 million less than requested, primarily from general revenues. He recommended the addition of \$0.2 million from Rhode Island Capital Plan funds for the Asset Protection project to accommodate the building repairs, consistent with similar instructions from the 2011 and 2012 Assemblies.* **The Assembly concurred.**

**Federally Funded Maintenance Increase.** The Military Staff requested \$1.2 million more from federal sources to reflect additional funding from the National Guard Bureau for various maintenance projects throughout the Agency. The Military Staff noted that these funds were not previously available and were excluded from the enacted budget, and the current request programs funds for many smaller scale projects that do not qualify as capital projects. This includes painting, roof and window repair

and other maintenance projects throughout the Military Staff buildings. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Security Services.** The Military Staff requested \$0.2 million more than enacted from federal funds to purchase contracted security services for its facilities. The Department utilizes contract staff for three security programs: the Anti-Terrorism Program, Physical Security, and Electronic Security Program. The increase is being requested to fund additional details at the Command Readiness Center in Cranston and Camp Fogarty in East Greenwich. The additional details became necessary with increased requirements by the Military Staff's federal sponsor, the National Guard Bureau. *The Governor recommended \$219 more than requested to reflect shifting medical benefit savings from non-general revenue sources to miscellaneous operating expenses.* **The Assembly concurred.**

**Rhode Island Capital Plan Fund Projects.** The National Guard requested the enacted level of \$4.6 million from Rhode Island Capital Plan funds for capital projects, consistent with the Military Staff's capital budget request. *The Governor recommended \$0.2 million less than enacted to reflect revised project schedules and needs as described in the Capital Budget Section of this analysis. The Governor subsequently requested an amendment to remove \$0.2 million of Rhode Island Capital Plan funds to reflect adjustments to several projects.* **The Assembly concurred.**

**Military Funeral Honors.** The National Guard requested \$52,410 more than enacted from general revenues to reflect the elimination of stipend payments provided by the federal government for military funerals. Retired military members are paid a \$50 stipend to perform military honors at the funerals, including a firing party as well as a bugler playing "Taps". Prior to a recent memorandum from the National Guard Bureau, the federal government paid the stipends for two personnel for all branches of service. The new memorandum provides that the federal funds will no longer be provided for any branches of service besides the Army, for which the National Guard Bureau will still pay stipends for two individuals. The request reflects the additional funding the Military Staff anticipates it will require to pay for the additional stipends during FY 2013. *The Governor recommended \$18,400 more than enacted, which is \$34,010 less than requested to reflect the Budget Office's estimate of stipend payments required during FY 2013.* **The Assembly concurred.**

**Field Training Site.** The Department requested \$0.6 million more than enacted from federal funds for improvements to Army National Guard Training sites. Additional funding will be used for repairs and upgrades to field maintenance shops, combined support maintenance shops, firing ranges and other facilities used by the Guard for training throughout the state. The increase above the enacted level reflects additional funding for training facilities available from the National Guard Bureau, and does not require state funding for a match. *The Governor recommended \$850 less than requested to reflect a savings for property insurance.* **The Assembly concurred.**

**All Other Operations.** The National Guard requested \$44,269 more for all other expenses at the Guard. This includes \$752 more from general revenues and \$43,517 more from federal funds. The increase primarily reflects electricity expenses, which are eligible to be charged to federal accounts. *The Governor recommended \$21,492 more than requested, including \$6,710 less from general revenues to reflect a reduction to administrative personnel travel expenses offset by the addition of federal funds for firefighting operations. The Governor subsequently requested an amendment to add \$0.1 million from general revenues to match federal funds available to reimburse the National Guard for activation expenses incurred during Hurricane Sandy and winter storm Nemo.* **The Assembly concurred.**

## Emergency Management Agency

**New Positions.** The Military Staff requested \$0.2 million, including \$0.1 million from general revenues for 4.0 new positions in the Emergency Management Agency. The new positions and funding are being requested primarily to offset a reduction in federal funding for Urban Area Security Initiatives, which had been available to purchase services related to coordination and response for disasters on the local, state and national levels. Positions include a national incident manager, all hazards planner and coordinators for domestic preparedness and critical infrastructure. The Department noted the funding for the positions is 50 percent state funds and 50 percent federal funds. The request assumes the positions will be filled halfway through the year. *The Governor did not recommend the additional funding or positions.* **The Assembly concurred.**

**Statewide Communications Network.** The Agency requested \$0.5 million more from federal funds and \$0.1 million more from general revenues for the Rhode Island Statewide Communications Network. Funds are used to support a portion of 6.0 positions, including five positions that are currently filled and one new position included in the request, statewide interoperability coordinator, which would manage and coordinate all aspects of the network. Funding is also used to maintain and expand the radio system that is used to expedite emergency phone calls, maintain communication with all political subdivisions in the state and the emergency radio communication system that allows all hospitals, the Department of Health, and Emergency Management to be on a private radio system in order to effectively respond to all types of disasters. The increase reflects planned expenditures for maintenance and repairs to the system's infrastructure throughout the state. *The Governor recommended federal funds as requested, but did not include the new position or the general revenues requested for it. The Governor subsequently requested an amendment to add \$18,000 of carry forward federal funds to reflect the actual award for the network.* **The Assembly did not include the additional positions or funding, but did concur with the amendment.**

**All Other Salaries and Benefits.** The Military Staff requested \$66,422 less than enacted from all funds for salaries and benefits in the Emergency Management Agency for 27.0 full-time equivalent positions. The enacted budget includes turnover savings equivalent to 3.0 positions, and the revised request reflects turnover savings for 1.0 additional position. As of the final pay period in November, the Emergency Management Agency had 3.0 vacant positions.

*The Governor recommended \$0.1 million more than enacted and requested from all sources, including \$9,661 less from general revenues. The increases in federal and restricted resources reflect a revised payroll projection that correctly accounts for salaries that were inadvertently requested at a lower than actual rate and identified as turnover.* **The Assembly concurred.**

**Urban Areas Security Initiatives.** The Military Staff requested \$0.4 million less than enacted from federal funds for Urban Areas Security Initiative grant funding. The program is intended to assist participating jurisdictions in developing integrated regional systems for crime prevention, citizen protection, incident response and post-incident recovery. The decrease in the request reflects the discontinuation of grant funding for this program from the Department of Homeland Security. *The Governor recommended \$457 more than requested to reflect shifting medical benefit savings from non-general revenue sources to miscellaneous operating expenses. The Governor subsequently requested an amendment to add \$1.6 million of carry forward federal funding that was excluded from the original request.* **The Assembly concurred.**

**Emergency Operations Center Grant.** The Military Staff requested \$0.4 million more than enacted from federal funds to reflect revised awards and expenditures for emergency operations. This program

provides funding for construction or renovation of a state or local government's principal emergency management operations center. *The Governor recommended funding as requested. The Governor subsequently requested an amendment to add \$0.4 million of carry forward federal funding that was excluded from the original request. The Assembly concurred.*

**Hurricane Sandy.** In October of 2012, Hurricane Sandy made landfall in the state causing damage to infrastructure and properties as a result of flooding and high winds. A major disaster was declared in the following month, which began the state's process of applying for federal funding to reimburse entities completing the necessary repairs. The Emergency Management Agency within the Military Staff is the lead state agency for federal coordination and eventual reimbursement of funding. Due to the timing of the hurricane and budget request submission, the request did not include funding for these purposes.

*The Governor recommended \$12.0 million, including \$3.0 million from Rhode Island Capital Plan funds to match \$9.0 million of federal funds for reimbursements to state agencies, as well as other entities such as quasi-state agencies and municipalities. It should be noted that Rhode Island Capital Plan funds are appropriated in the National Guard's portion of the Military Staff's budget, which shows an additional \$3.0 million of funding to reflect the state's match. The additional \$9.0 million from federal funds is shown in the Emergency Management Agency's portion of the Military Staff's budget.*

*It also should be noted that the \$12.0 million of funding is an estimate. It is unclear which projects will be completed, as there is currently no definitive project list available. Due to that uncertainty, it is also unclear whether the use of Rhode Island Capital Plan funds is appropriate, as the state has used general revenues for the state match portion for previous disasters. The projections are also based on a 25 percent state match, which has not been finalized. Certain recent disaster reimbursements have required a state match of only 10 percent. The Governor subsequently requested an amendment to shift \$1.5 million of Rhode Island Capital Plan funds to FY 2014 to reflect actual reimbursement expenditures. The Assembly concurred.*

**Homeland Security Grant Program.** The Military Staff requested \$0.4 million less than enacted from federal funds to reflect actual awards and expenditures from homeland security grants in FY 2013. The funds are intended to enhance the capacity of emergency responders when faced with incidents of terrorism involving weapons of mass destruction. *The Governor recommended \$0.5 million more than enacted, which is \$0.9 million more than requested to reflect the inadvertent exclusion of \$0.9 million from the FY 2013 homeland security grant. The Assembly concurred.*

**Transit Security Grant Program.** The request includes \$0.2 million more than enacted from federal funds for the transit security grant program. The program supports all capabilities in the prevention, protection, mitigation, response and recovery mission areas for transit assets. The increase in the request reflects revised awards and expenditures for transit security funds in FY 2013. *The Governor recommended funding as requested. The Assembly concurred.*

**2007 Rain Storm.** The Military's request includes \$0.2 million more from federal funds for the City of Newport to make repairs to the Easton Pond Dam, which was damaged during a rain storm in the spring of 2007. The City applied for these funds through the Emergency Management Agency, which received the funding in order to transfer it to the City. Due to numerous construction delays on the City's behalf, the funding is being requested in the current year to reflect the revised project status. *The Governor recommended funding as requested. The Assembly concurred.*

**Emergency Management Program.** The Military Staff requested the enacted amount from emergency management program funds. Funding is used to provide resources to assist state, local, tribal and territorial governments in preparing for all hazards, with the intention to provide funding for state emergency management agencies in obtaining the resources required to support national preparedness goals.

*The Governor recommended \$1.1 million more than enacted and requested to reflect the inadvertent exclusion of FY 2013 emergency management grant funding. The Governor subsequently requested an amendment to add \$2.2 million of carry forward federal funding that was excluded from the original request. **The Assembly concurred.***

**All Other Operations.** The Military Staff requested \$0.4 million more than enacted from all funds for all other operations in the Emergency Management Agency. This includes an increase of \$16,986 from general revenues and \$0.3 million more from federal funds. The change in federal funds primarily reflects increases in awards for emergency management and hazardous materials response.

*The Governor recommended \$0.1 million less than enacted, including \$298 more from general revenues to reflect a minor adjustment to emergency management operating expenses offset by numerous reductions to federal grants not previously mentioned. Reductions were made to reflect updated receipts and expenditures for those grants. The Governor subsequently requested an amendment to add \$3.7 million of federal funding that was excluded from the original request. This includes \$3.0 million more from Federal Emergency Management Agency funds that have finally been made available to agencies and municipalities for the reimbursement of expenditures for damages caused by the March 2010 flood. **The Assembly concurred.***

## Department of Public Safety

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Program</b>				
Central Management	\$ 5,333,430	\$ 5,497,140	\$ 5,969,725	\$ 6,024,569
E-911	4,916,586	5,262,243	5,212,358	5,212,358
Fire Marshal	3,495,633	4,626,892	4,523,599	3,896,570
Capitol Police	3,460,867	3,809,111	3,791,578	3,791,578
Sheriffs	16,575,715	17,676,662	17,426,339	17,426,339
Municipal Police Training Academy	631,798	570,978	577,603	615,603
State Police	68,561,616	85,057,042	85,615,415	83,175,868
<b>Total</b>	<b>\$ 102,975,645</b>	<b>\$ 122,500,068</b>	<b>\$ 123,116,617</b>	<b>\$ 120,142,885</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 70,732,011	\$ 74,943,629	\$ 71,343,933	\$ 71,129,186
Contracted Services	986,725	1,044,617	1,033,852	1,076,823
<b>Subtotal</b>	<b>\$ 71,718,736</b>	<b>\$ 75,988,246</b>	<b>\$ 72,377,785</b>	<b>\$ 72,206,009</b>
Other State Operations	8,287,798	9,966,270	13,150,529	13,168,373
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	21,156,500	27,071,552	27,457,808	27,730,008
Capital	1,812,611	9,474,000	10,130,495	7,038,495
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 102,975,645</b>	<b>\$ 122,500,068</b>	<b>\$ 123,116,617</b>	<b>\$ 120,142,885</b>
<b>Sources of Funds</b>				
General Revenue	\$ 90,786,762	\$ 94,790,039	\$ 91,455,541	\$ 91,240,794
Federal Aid	7,573,445	6,940,151	10,359,782	10,741,797
Restricted Receipts	416,630	12,687,548	12,674,856	12,752,856
Other	4,198,808	8,082,330	8,626,438	5,407,438
<b>Total</b>	<b>\$ 102,975,645</b>	<b>\$ 122,500,068</b>	<b>\$ 123,116,617</b>	<b>\$ 120,142,885</b>
<b>FTE Authorization</b>	<b>606.2</b>	<b>609.2</b>	<b>609.2</b>	<b>609.2</b>
<b>FTE Average</b>	<b>495.8</b>			

**FY 2013 Revised Request.** The Department of Public Safety requested expenditures of \$2.9 million more than enacted from all sources, including \$1,490 less from general revenues, \$2.7 million more from federal sources, \$12,692 less from restricted receipts, and \$0.2 million more from Rhode Island Capital Plan funds.

*The Governor recommended \$123.1 million from all sources, which is \$0.6 million more than enacted and \$2.3 million less than requested. This includes \$3.3 million less than requested from general revenues, \$0.7 million more from federal funds, and \$0.3 million more from other sources. The Assembly included \$3.0 million less than recommended, including \$0.2 million less from general revenues, \$0.4 million more from federal funds, \$78,000 more from restricted receipts, and \$3.2 million less from Rhode Island Capital Plan funds to reflect projected spending.*

**Staffing Authorization.** The Department requested the authorized amount of 609.2 full-time equivalent positions. The request includes 2.0 additional civilian positions in the Division of State Police and 1.0 additional position in Central Management offset by retirements in the Division of the State Police. The new positions do not increase the Department's full-time equivalent position request. *The Governor recommended staffing as requested.* **The Assembly concurred with the recommended staffing total, but did not include funding for the new positions.**

### **E-911 Telephone System**

**Salaries and Benefits.** The Department requested \$4.2 million from general revenues for salaries and benefits, which is \$100,312 less than enacted. The request reflects funding for the authorized amount of 50.6 full-time equivalent positions, but includes turnover savings consistent with maintaining 3.0 authorized telecommunicator positions vacant until January 1, 2013. The enacted budget did not include turnover savings for this program. *The Governor recommended \$0.1 million less than requested, including \$0.1 million of turnover savings from maintaining the 3.0 positions vacant for the full fiscal year, and \$21,637 less from statewide medical benefit savings.* **The Assembly concurred.**

**Geographic Information System Annual Contract.** The Department requested \$240,000 more from general revenues for an annual contract to maintain its Geographic Information System, the geographic data management system utilized by the E-911 program to locate emergency callers to precise latitudinal and longitudinal coordinates. This annual cost was previously funded by a federal grant, which the Department reports is no longer available. It therefore requested the entire cost be funded from general revenues for FY 2013. It should be noted that this contract was included in the FY 2013 operating request; the Governor recommended funding as requested, but the Assembly did not concur. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Telephone Charges.** The Department requested \$10,393 less than enacted from general revenues for telephone access and service expenditures related to providing E-911 access. The average cost per month for the last five calendar years is \$21,894. As of December 5, 2012, the Department had spent \$49,490 for FY 2013, approximately \$16,497 per month. The revised FY 2013 request appears to be a correction, in line with historical spending for this item. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Operations.** The Department requested \$56,588 less than enacted from general revenues for all other E-911 operations. The request includes \$10,266 less for information technology and services, including the renewal of existing information technology contracts required to maintain the operations of the E-911 primary Public Safety Answering Point, \$8,800 more for the continued operation of the former Public Safety Answering Point on Smith Street in Providence, \$9,262 less for physical maintenance, and \$45,635 less for weather-dependent fuel and utilities for the primary E-911 call center. *The Governor recommended funding as requested.* **The Assembly concurred.**

### **Fire Marshal**

**Salaries and Benefits.** The Department requested \$2.7 million or \$0.1 million more than enacted from all sources for salaries and benefits for the authorized amount of 36.0 full-time equivalent positions. The request includes a year's funding for 29.0 full-time equivalent positions and 7.0 full-time equivalent positions to be filled on January 1, 2013, and \$44,000 more than enacted for overtime in response to an increased workload. *The Governor recommended \$121,305 less than requested, reflective of maintaining 3.0 positions vacant for the full fiscal year, including 1.0 assistant explosive and flammable liquids technician and 2.0 fire investigator positions.* **The Assembly concurred.**

**Bomb Disposal Unit Federal Grant Adjustments.** Excluding salaries and benefits, the Department requested \$0.7 million more than enacted from federal funds for the purchase of equipment and fire safety supplies in support of the Fire Marshal's Bomb Disposal unit. *The Governor recommended \$35,000 more than requested, reflective of a grant awarded following the Department's submission of its revised request.* **The Assembly concurred.**

**Vehicle Maintenance.** The Department requested \$95,122 more than enacted for maintenance of the Fire Marshal's fleet of vehicles, as the age of this fleet and increased use have resulted in an increase in maintenance and repair costs. The request is reflective of prior year expenditures for maintenance costs. *The Governor recommended \$66,358 less than requested to reflect FY 2012 expenditures.* **The Assembly concurred.**

**Supply and Equipment Purchases.** The Department requested \$82,755 more than enacted from general revenues for supplies and equipment for the Fire Marshal. This includes \$26,000 for 2012 Fire Code books for its staff. The Department additionally requested \$56,755 from general revenues for the purchase of information technology and computer equipment for inspectors. *The Governor excluded the requested funding.* **The Assembly concurred.**

**Other Operations.** The Department requested \$12,192 more than enacted from general revenues for all other Fire Marshal operations. The revised request includes \$800 less than enacted for contracted services for the Fire Marshal K9 unit, \$9,500 more for training programs related to the adoption of the 2012 fire code, and \$14,041 more for computer supplies and equipment to support the Fire Marshal's plan review and investigation staffs based on an increased workload.

*The Governor recommended \$702 more than requested from all sources, including \$664 more from general revenues for state fleet costs, and \$38 in medical benefit savings shifted from non-general revenue sources to miscellaneous operating expenses. He subsequently requested an amendment for an additional \$72,971 from federal funds to reflect grants made available following his budget submission.* **The Assembly concurred.**

### **Capitol Police**

**Salaries and Benefits.** The Department requested \$54,675 more than enacted for Capitol Police salaries and benefits. This includes \$180,000 more from general revenues for overtime costs related to staff vacancies and extended leaves of absence, consistent with historical expenditures for this item. The request also includes \$125,325 less than enacted from general revenues for all other salaries and benefits, primarily turnover savings from maintaining 2.0 full-time equivalent positions vacant until January 1, 2013, and from filling 4.0 full-time equivalent positions in the first quarter of FY 2013.

*The Governor recommended \$0.1 million less than requested, including maintaining the requested 2.0 positions vacant for the full fiscal year and \$30,000 less for overtime expenses, reflective of the recent hiring of officers for the Division.* **The Assembly concurred.**

**Supply and Equipment Purchases.** The Department requested \$29,400 more than enacted from general revenues for the purchase of ballistic vests for the Capitol Police. As a means of ensuring the safety of its personnel, the Department has changed its equipment policy to include the wearing of body armor. It appears that Google forfeiture funds may be able to be used for this purchase, rather than general revenues. *The Governor recommended \$25,000 less than requested to reflect historical expenditures.* **The Assembly concurred.**

**Other Operations.** The Department requested \$32,843 more than enacted from general revenues for all other operations, including \$26,515 more for new computers and printers to assist in information sharing and communication within the Division. The revised request also includes \$20,500 for maintenance of the fleet of vehicles, which was mistakenly not requested for FY 2013; therefore, not included in the enacted budget.

*The Governor recommended \$5,997 more than requested, including \$31,497 for Judiciary occupancy costs included in the enacted budget but inadvertently omitted from the revised request and \$25,500 less for software and computer equipment based on historical expenditures. The Assembly concurred.*

### **Sheriffs**

**Salaries and Benefits.** The Department requested \$49,530 less than enacted from general revenues for salary and benefit expenses for the Sheriffs program and its authorized 180.0 full-time equivalent positions. The request assumes a full year of funding for 169.0 positions and a half-year of funding for 11.0 positions.

*The Governor recommended \$0.3 million less than requested, including an additional \$0.2 million in turnover savings from maintaining 2.0 of the requested positions vacant for the full fiscal year. He included \$150,000 less for overtime expenses to reflect the staffing efforts of newly filled positions within the Division. The Assembly concurred.*

**Supply and Equipment Purchases.** The Department requested \$580,852 more than enacted from general revenues for basic supplies and equipment for the Sheriffs. The Department believes that the Sheriffs are not properly equipped to perform the Division's statutory obligations. The revised request includes \$33,000 for collapsible batons, \$42,000 for computers and printers, \$8,500 for identification badge holders, \$24,000 for riot gear, and \$136,000 for the purchase of firearms to provide basic equipment and for communication tools to the Division. It appears that Google forfeiture funds may be able to be used for this purchase, rather than general revenues. *The Governor recommended \$0.5 million less than requested to reflect historical expenditures. The Assembly concurred.*

**Other Operations.** The Department requested \$78,198 more from general revenues for all other operations for the Sheriffs. This includes \$40,000 for uniforms, \$60,000 for staff training, and \$11,550 for telephone and communication equipment charges offset by \$5,690 less for out-of-state travel costs and \$25,000 less for meal allowances associated with extradition assignments. The revised request is consistent with spending for these items for FY 2012.

*The Governor recommended \$50,200 less than requested, reflective of historical expenditures and a reduction in payments to the Judiciary for occupancy costs, which were overstated in the Department's revised request. The Assembly concurred.*

### **Municipal Police Training Academy**

**Salaries and Benefits.** The Department requested \$70,435 less than enacted from general revenues for Municipal Police Training Academy salaries and benefits. The revised request reflects \$63,541 of turnover savings from maintaining the Director position vacant for approximately 11 pay periods. *The Governor recommended \$24,052 less than requested to reflect savings from the Director vacancy through the end of the fiscal year. The Assembly concurred.*

**Operations.** The Department requested \$100,637 more than enacted from all funds for Municipal Police Training Academy operations, lecturers and training equipment. This includes \$637 more from general revenues and \$100,000 more from federal funds. The Academy reviewed and revised its curriculum in FY 2012. The revised and expanded curriculum includes additional course offerings, offered more frequently throughout the year. The new curriculum requires additional instructors and course materials. It appears that the revised request underfunds the lease agreement for space at the Lincoln Campus of the Community College of Rhode Island by \$475.

*The Governor recommended \$475 more than requested from general revenues to fully fund the Academy's lease agreement. He subsequently requested an amendment to include \$38,000 from restricted receipts for additional in-service training and continuing education class costs. The Assembly concurred.*

### State Police

**New Positions.** The Department requested \$214,747 from general revenues for 2.0 new full-time equivalent civilian positions within the State Police, 1.0 new full-time Data Processing Systems Manager and 1.0 new full-time Computer Programmer. These positions were previously contract positions funded by the Internet Crimes Against Children grant under the American Recovery and Reinvestment Act which expired on September 30, 2012. The revised request does not include a reduction in federal funds for this grant's expiration. The Department anticipated filling the positions with the previous contract employees. The Department did not request an increase in its full-time equivalent authorization as it currently has numerous vacancies. *The Governor recommended \$0.1 million less than requested to reflect the positions' anticipated hire date of January 1, 2013. The Assembly did not concur and adjusted funding accordingly.*

**All Other Salaries and Benefits.** The Department requested \$2.4 million less than enacted from all sources for all other salaries and benefits, including \$2.5 million less from general revenues. The request is reflective of savings from retirements of sworn members of the Division in the second half of FY 2012 and in the first quarter of FY 2013. The enacted budget includes \$260,199 of turnover savings.

*The Governor recommended \$0.7 million less than requested from all sources, including \$1.1 million less from general revenues. He included a shift of \$0.4 million from general revenues to Lottery sources to reflect a transfer from the Department of Revenue to fund the creation of a Gaming Unit with 8.0 Detective Trooper positions in February 2013. His recommendation includes the promotion of 8.0 regular Troopers to Detective Troopers to replace those moved to the Gaming Unit and \$0.6 million of turnover savings. The Assembly concurred.*

**Pay-Go Pensions.** The Department requested \$148,557 less than enacted from general revenues for State Police pensions that are paid on a pay-as-you-go basis. The request includes 201 regular pensions, 39 widows' pensions, and 19 disability pensions, and reflects a more updated estimate. *The Governor recommended funding as requested. The Assembly concurred.*

**55<sup>th</sup> State Police Training Academy.** The Department requested \$130,414 from general revenues for recruitment, screening, and testing of the 55<sup>th</sup> State Police Training Academy class. The Department began recruitment early in the fall 2012 and offered the written entrance examination in November 2012. Candidate review and physical and psychological testing commenced in January 2013. The Academy is scheduled to begin on July 14, 2013. Salaries and benefits for the 55<sup>th</sup> Academy class are included in the FY 2014 operating request. It should be noted that funding for this was requested by

the Department for FY 2013, but the Governor did not recommend the funding and the 2012 General Assembly concurred with the Governor. *The Governor recommended funding as requested.* **The Assembly concurred.**

**State Fleet.** The Department requested \$2.3 million which is \$253,805 more than enacted from all funds for costs associated with the Division's fleet of vehicles. This includes \$6,801 less for vehicle purchases and \$260,606 more for maintenance costs consistent with FY 2012 expenditures. The Department reported that vehicle maintenance costs have increased in proportion to the age and mileage of the State Police fleet but consistently miscalculates its request for vehicle maintenance costs. The Division has purchased new vehicles in each fiscal year. This includes 79 in the current year, 20 of which have been received and 59 of which are anticipated in the fourth quarter of FY 2013. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Modernization.** The Department requested the enacted amount of \$7.4 million from restricted receipts for Division modernization programs including state fleet purchases and staff training. In FY 2012, the Department of Public Safety was named as one of the five state agency recipients of funds forfeited by Google, Inc. due to the corporation's violation of the Federal Food, Drug and Cosmetic and Controlled Substances Acts. Part VIII, Section A(1)d of the Federal Guide to Equitable Sharing for State and Local Law Enforcement Agencies establishes permissible uses of forfeiture funds, including "law enforcement equipment." Per Rhode Island General Law, Section 42-41-6, all expenditures of federal funds must be first appropriated or reappropriated by the Assembly and the Governor. *The Governor recommended \$0.2 million less than requested to reflect availability of other federal forfeiture resources.* **The Assembly concurred.**

**Headquarter Operating Expenses.** The Department requested \$0.5 million which is \$122,856 less than enacted from general revenues for operating supplies and expenses for the new State Police headquarters building. The Department's request is consistent with the previous year expenditures for these items. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Information Technology and Communications Systems.** The Department requested \$810,204 which is \$494,404 more than enacted from all funds for communication systems and information technology purchases for the State Police. This includes increases of \$318,508 from general revenues and \$175,896 from federal funds. The request includes the establishment of new maintenance and remediation contracts for information technology equipment and services used by the Division in the new headquarters building. The initial contracts have expired; their renewal was mistakenly excluded from the FY 2013 operating request. *The Governor recommended \$45,208 less than requested from general revenues to reflect historical expenditures.* **The Assembly concurred.**

**Supply and Equipment Purchases.** The Department requested \$1.4 million more than enacted, including \$704,400 from general revenues, for supplies and equipment for its State Police program. This includes an unidentified sum for uniforms and gear for the 55<sup>th</sup> State Police Training Academy class, tactical equipment, communications equipment, and firearms. It appears that Google forfeiture funds may be able to be used for this purchase, rather than general revenues.

*The Governor recommended \$9,914 more than requested from all funds, including \$0.7 million less from general revenues, reflective of historical expenditures and two new federal grants awarded following the Department's submission of its revised request. He subsequently requested an amendment to provide an additional \$40,000 from restricted receipts reflective of funds forfeited to the Division as a result of closed cases.* **The Assembly concurred.**

**Capital.** The Department requested \$205,462 more than enacted from Rhode Island Capital Plan funds for capital improvements to the State Police Barracks, installation of a new key system in the headquarters building, and the expansion and renovation of ancillary buildings at the Department's headquarters facility in North Scituate.

*The Governor recommended \$0.1 million more than enacted, which is \$0.1 million less than requested to reflect modifications to projects as described in the Capital Budget Section of this analysis. **The Assembly included \$0.5 million less than recommended to reflect updated project schedules.***

**Federal Forfeitures.** The Department did not request funds from restricted receipts for the purchase of State Police supplies and equipment. The enacted budget has historically included funds from restricted receipts and federal sources from the forfeiture of seized money to purchase new equipment, per Department of Justice guidelines. These purchases were not included in the Department's operating request and were therefore excluded from the enacted budget.

*The Governor recommended use of \$0.2 million from other federal forfeiture funds for State Police supply purchases. **The Assembly concurred.***

**Other Operations.** The Department requested \$16.4 million which is \$629,292 more than enacted from all funds for all other State Police operations. This includes \$60,825 more from general revenues for miscellaneous office supplies and expenses and \$568,467 more from federal grant funds, of which \$0.3 million has been carried over from FY 2012. These grants are anticipated to expire in FY 2013.

*The Governor recommended \$32,221 less than requested, including \$38,869 less from general revenues, reflective of historical expenditures for these items. He subsequently requested amendments to provide an additional \$254,000 from federal funds to reflect grant funding made available following his budget submission. **The Assembly concurred.***

### Central Management

**General Counsel Position.** The Department requested \$71,702 from general revenues for a new full-time equivalent general counsel position to alleviate the increased burden placed on the current legal staff, following the transfer of the Division of Sheriffs from the Department of Administration. The transfer has resulted in multiple labor negotiations and disputes, regarding individual officers and the Sheriffs as a division. To date, the Division has not had legal support staff dedicated to its labor issues. This added position is offset by the elimination of a vacancy in the State Police.

*The Governor included authorization for the position, but recommended no funding, and assumed the position is vacant for the full fiscal year. It is unclear why the Governor recommended the position but did not include funding. **The Assembly concurred.***

**Other Salaries and Benefits.** The Department requested \$32,736 more than enacted from all sources for salaries and benefits for the remaining authorized 15.6 full-time positions in its Central Management division. This includes \$18,720 less from general revenues offset by \$51,456 more from federal funds available from a prior year as carry forward funds. The request is consistent with current planning values and employee benefits selections. *The Governor recommended \$16,232 more than requested from all sources, including \$19,074 more from general revenues, reflective of an updated estimate of current costs, including the impact of statewide medical benefit savings. **The Assembly concurred.***

**Grant Adjustments.** The Department requested \$419,775 more than enacted from federal sources for its grant programs. The request includes \$16,795 for Grant Administration Office supplies, \$1,170 for audit fees, and \$401,810 for federal Department of Justice grant programs administered by the Public Safety Grant Administration Office.

*The Governor recommended \$2,842 more than requested, shifting statewide medical benefit savings from a non-general revenue source to miscellaneous operating expenses. He subsequently requested amendments providing an additional \$54,844 from federal funds to reflect additional grant funds available from the Edward Byrne Memorial Justice Grant and Narcotics Control Assistance Program Grant. The Assembly concurred.*

**Other Operations.** The Department requested \$1,000 more than enacted from general revenues for all other Central Management operations. This includes \$500 more for records storage and \$500 more for office supplies. The addition of the Division of Sheriffs has increased the size and scope of Central Management's administrative obligations. *The Governor recommended funding as requested. The Assembly concurred.*

## Office of the Public Defender

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 9,334,066	\$ 9,872,920	\$ 9,665,418	\$ 9,365,418
Contracted Services	233,487	236,852	292,264	292,264
<b>Subtotal</b>	<b>\$ 9,567,553</b>	<b>\$ 10,109,772</b>	<b>\$ 9,957,682</b>	<b>\$ 9,657,682</b>
Other State Operations	832,970	952,589	962,236	962,236
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	115,535	101,596	75,000	75,000
Capital	44,802	49,167	54,492	54,492
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 10,560,860</b>	<b>\$ 11,213,124</b>	<b>\$ 11,049,410</b>	<b>\$ 10,749,410</b>
<b>Sources of Funds</b>				
General Revenue	\$ 10,166,398	\$ 10,791,226	\$ 10,757,414	\$ 10,457,414
Federal Aid	394,462	421,898	291,996	291,996
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 10,560,860</b>	<b>\$ 11,213,124</b>	<b>\$ 11,049,410</b>	<b>\$ 10,749,410</b>
<b>FTE Authorization</b>	<b>92.0</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>
<b>FTE Average</b>	<b>90.0</b>			

**FY 2013 Revised Request.** The Office of the Public Defender requested \$129,901 less than enacted from federal funds and the authorized level of full-time equivalent positions. The Office noted that funding from federal sources is lower than assumed for FY 2013 and FY 2014 and funds for future years are no longer presumed. *The Governor recommended \$163,714 less than enacted from all sources, including \$33,812 from general revenues and \$129,902 from federal funds. This is \$33,813 less than requested to reflect statewide benefit savings.* **The Assembly concurred, with the exception of reducing general revenues by \$0.3 million to reflect additional turnover savings.**

**Reappropriation.** The Governor reappropriated \$5,326 to purchase a computer network server for the Office that was delayed into the current fiscal year. The Office ordered the server in FY 2012, but did not receive it until July 2012. The Office ended FY 2012 with a general revenue surplus of \$121,816; the reappropriation reduced that to \$116,490. This expense is not reflected in the Office's revised budget. *The Governor's recommendation includes this expense.* **The Assembly concurred.**

**Salary and Benefit Adjustments.** The Office requested \$172,922 less than enacted from all sources, including \$28,689 less from general revenues and \$144,232 less from federal funds for all salary and benefit adjustments. This reflects reduced payroll expenses based on the awards received for several federally funded programs. The request includes reduced medical premium costs based on actual employee selection, partially offset by an additional \$12,051 from general revenues for step increases based on current staffing. As of the eighth pay period, the Office is averaging 90.3 filled positions or

2.7 positions below the authorized level. *The Governor recommended \$207,502 less than enacted, which is \$34,580 less than requested to reflect statewide medical benefit savings.* **The Assembly reduced general revenues by \$0.3 million to reflect additional turnover savings based on updated expenditures.**

**Intake Interviewers and Case Management.** The Office requested \$57,838 more than enacted from all sources, including \$22,838 from general revenues and \$35,000 from federal funds for intake and case management expenses. This includes the procurement of three seasonal part-time intake interviewers and additional client case management services. The interviewers are expected to assist in data entry functions and conduct interviews to help determine individuals who are financially eligible for public representation.

Case management services are funded from federal sources and include the utilization of community resources to assist adult offenders with substance abuse and mental health issues. For FY 2012, the Office spent \$46,553 for case management services or \$38,447 less than the \$85,000 requested for FY 2013. *The Governor recommended \$55,412 more than enacted, which is \$2,426 less than requested to reflect a general revenue reduction based on prior year expenditure experience.* **The Assembly concurred.**

**All Other Operations.** The Office requested \$14,817 less than enacted from all sources, including \$5,852 more from general revenues and \$20,669 less from federal funds for all other operations. The general revenue request reflects a projected increase for storage based on past experience. In FY 2012, the Office spent \$22,203 or \$2,845 above FY 2011 expenses. This request for \$24,603 represents an increase of \$2,400 above FY 2012 expenses. The Office maintains this is necessary to comply with its records storage retention policies. *The Governor recommended \$2,133 less than requested, including \$2,901 less from general revenues to reflect a reduction based on statewide insurance savings and shifted medical benefit savings totaling \$767 from federal fund sources to miscellaneous operating expenses.* **The Assembly concurred.**

## Department of Environmental Management

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditure by Program</b>				
Office of the Director	\$ 8,768,953	\$ 8,202,332	\$ 8,755,384	\$ 8,758,117
Bureau of Natural Resources	35,741,806	56,545,344	54,857,945	52,867,566
Bureau of Environmental Protection	29,499,411	34,089,835	35,921,266	35,971,266
<b>Subtotal</b>	<b>\$ 74,010,170</b>	<b>\$ 98,837,511</b>	<b>\$ 99,534,595</b>	<b>\$ 97,596,949</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 45,060,027	\$ 44,757,167	\$ 45,271,070	\$ 45,292,196
Contracted Services	4,232,798	13,145,677	14,206,896	14,336,896
<b>Subtotal</b>	<b>\$ 49,292,825</b>	<b>\$ 57,902,844</b>	<b>\$ 59,477,966</b>	<b>\$ 59,629,092</b>
Other State Operations	9,427,636	10,832,117	11,955,546	11,957,546
Aid to Local Units of Government	100	-	-	-
Assistance, Grants, and Benefits	6,041,760	7,486,055	7,297,705	7,335,438
Capital	9,231,966	22,566,495	20,753,378	18,624,873
Capital Debt Service	-	-	-	-
Operating Transfers	15,883	50,000	50,000	50,000
<b>Total</b>	<b>\$ 74,010,170</b>	<b>\$ 98,837,511</b>	<b>\$ 99,534,595</b>	<b>\$ 97,596,949</b>
<b>Sources of Funds</b>				
General Revenue	\$ 35,707,703	\$ 34,546,300	\$ 34,263,624	\$ 34,261,357
Federal Aid	22,171,087	34,997,551	36,678,628	36,876,754
Restricted Receipts	11,406,708	14,309,942	15,360,459	15,360,459
Other	4,724,672	14,983,718	13,231,884	11,098,379
<b>Total</b>	<b>\$ 74,010,170</b>	<b>\$ 98,837,511</b>	<b>\$ 99,534,595</b>	<b>\$ 97,596,949</b>
<b>FTE Authorization</b>	<b>410.0</b>	<b>407.0</b>	<b>399.0</b>	<b>399.0</b>
<b>FTE Average</b>	<b>383.2</b>			

**FY 2013 Revised Request.** The Department requested \$4.1 million more than enacted, including \$0.3 million more from general revenues, \$0.4 million more from federal funds, \$1.1 million more from restricted receipts, and \$2.2 million more from other funds. The Department requested 399.0 full-time equivalent positions, which is 8.0 less than the enacted authorization.

*The Governor recommended \$99.5 million, \$0.7 million more than enacted, including \$0.3 million less from general revenues, \$1.7 million more from federal funds, \$1.1 million more from restricted receipts and \$1.8 million less from other funds. The recommendation includes the requested reduction of 8.0 positions. The Assembly provided \$97.6 million, \$1.9 million less than recommended, which primarily reflects availability of additional federal funds and adjustments to capital projects.*

### Office of the Director

**Salaries and Benefits.** The Department requested \$150,752 less for salaries and benefits in the Office of the Director. This includes eliminating 3.0 vacant positions for an estimated savings of \$0.4 million.

The positions include a senior word processing typist, a hearing officer and a deputy chief of legal services. This is offset by \$0.3 million more than enacted to reflect transferring an implementation aide to the Bureau of Natural Resources fully funding staffing costs for the remaining 34.0 full-time equivalent positions in the bureau.

A large portion of the restricted receipt funding reflects the Department's ability to offset higher salary and benefit amounts to indirect cost recoveries from federal grants throughout the Department. The Department noted that while it is not eligible to utilize federal funds for salaries and benefits for certain employees throughout the agency, it is able to utilize indirect cost recoveries on federal funds for its administrative division.

*The Governor's recommendation is \$17,344 less than requested, including \$11,471 less from general revenues to reflect statewide medical benefit savings. **The Assembly concurred.***

**Foundry Lease Payment.** The Department requested \$23,456 less from all funds, including \$29,666 less for property taxes and \$6,210 more for utilities at its headquarters facility, located at the Foundry building in Providence. The Department's ten-year lease is in effect through July 7, 2016. While the enacted budget includes restricted receipts for the actual rent and property tax payments, the Department is requesting to instead pay these expenditures from general revenues to reflect its usual practice. It uses the restricted receipts elsewhere in the budget. *The Governor recommended funding as requested. **The Assembly concurred.***

**Community Service Grants.** The Department requested the enacted amount of \$236,671 for the ten community service grants it administers. It appears the request should have included an additional \$12,024 for a grant to Eastern Rhode Island Conservation District. This grant was inadvertently excluded from the enacted budget. *The Governor recommended an additional \$12,024 to fund the Eastern Rhode Island Conservation District grant. **The Assembly reduced general revenues by \$2,267 in order to eliminate funding to the Eastern Rhode Island Cooperative Extension, which the Department indicated has not responded to its requests for required information.***

**Bays, Rivers and Watersheds.** The Department requested \$338,000 more from the Bays, Rivers and Watersheds restricted receipt account. The funding is derived from a \$1 per hundred gallons charge on septage disposal in the state, and is used to fund the Bays, Rivers and Watersheds Coordination Team, which is responsible for the coordination of the environmental agencies in the state to restore and develop both freshwater and marine waters and watersheds. The request is increased to more accurately reflect available funding and actual work for the remainder of the year. *The Governor recommended funding essentially as requested, but shifted \$1,200 in medical benefit savings to miscellaneous operating expenses. **The Assembly concurred.***

**Blackstone Valley Watershed Project.** The Department requested \$422,000, which is \$62,000 more than enacted from federal funds for the Town of Glocester to design and build wastewater and stormwater treatment systems for the Village of Chepachet. The Department indicated that the main goal of this project is to effectively treat the stormwater in the Village of Chepachet to help alleviate the flooding and high ground water issues that contribute to the existing wastewater problems in the Tanyard Lane and Oil Mill Road area. The request more accurately reflects the anticipated FY 2013 award and expenditures. *The Governor recommended funding as requested. **The Assembly concurred.***

**Stimulus – DEM Renewable Energy Projects.** The enacted budget and the Department's request include no funding for renewable energy projects. Federal funds were used in FY 2012 to install solar

panels at nine department facilities; the work is funded from a transfer of American Recovery and Reinvestment Act funds from the Department of Administration's Office of Energy Resources. The solar panels are designed to turn the energy from the sun into electricity that will be used to offset the energy needs at these state facilities. *The Governor recommended \$305,000 for these projects to reflect additional funds awarded after the Department submitted its request. He subsequently requested an amendment to increase funding by \$5,000 to reflect additional federal funds available for these projects.* **The Assembly concurred.**

**Office of the Director - All Other.** The Department requested \$76,707 more than enacted from restricted receipts for all other expenditures in the Office of the Director. This includes \$0.1 million more from the Abandoned Vessel Removal Account, which was created by Chapter 389 of the Public Laws of 2012. Collections from the new registration fee created by this law and proceeds from sales of abandoned or derelict vessels will be deposited into a derelict vessel removal account and used to reimburse public entities for their costs related to removal or disposal of an abandoned or derelict vessel.

*The Governor recommended \$50,327 less than requested primarily to reflect a general revenue reduction of \$55,000 in permit streamlining, based on historical spending for information technology support services.* **The Assembly concurred.**

### **Bureau of Environmental Protection**

**Salaries and Benefits.** The Department requested \$0.4 million more for salaries and benefits in the Bureau of Environmental Protection. The request is for 181.0 full-time equivalent positions, one less than enacted, which reflects the elimination of one vacant senior environmental position in the division of water resources at estimated savings of \$0.1 million. The request also includes \$0.5 million more to fully fund anticipated staffing costs for the remaining positions in the bureau.

*The Governor's recommendation is \$124,024 less than requested, including \$92,509 less from general revenues. This reflects \$40,958 in additional turnover savings and \$83,066 from statewide medical benefit savings.* **The Assembly concurred.**

**Federal Grants.** The Department requested \$810,256 more than enacted from federal funds to more accurately reflect the Department's anticipated award for seven grants in the Bureau of Environmental Protection. Changes include \$0.1 million more for water pollution control, \$0.2 million more for underground storage tank compliance activities, and \$0.3 million more for leaking underground storage tank programs which reflects that there are additional Environmental Protection Agency funds available for site clean-ups.

*The Governor recommended \$0.5 million more than requested primarily to reflect a \$448,333 Superfund National Priorities List grant from the Environmental Protection Agency, which became available after the Department submitted its request. The Department will use the funding to remediate hazardous material releases at Superfund National Priorities List sites, which are the sites posing the greatest threats to human health and the environment as ranked through a national process.* **The Assembly concurred.**

**Brownfields.** The Department requested \$50,000 more from federal funds for brownfields rehabilitation projects throughout the state. Properties classified as brownfields include any property that cannot be developed, expanded or reused due to the presence of an environmental hazard. The Department requested the additional funds to more accurately reflect its FY 2013 award. *The Governor*

*recommended funding essentially as requested, but shifted \$981 in medical benefit savings to miscellaneous operating expenses. He subsequently requested an amendment to add \$0.1 million to reflect the availability of additional funds for Brownfields assessment. **The Assembly concurred.***

**Oil Spill Prevention, Administration and Response Fund.** The Department requested \$1.3 million or \$135,000 more than enacted from the Oil Spill Prevention, Administration, and Response fund, which is derived from a \$0.05 per barrel fee on petroleum products received at marine terminals in Rhode Island. The funding is used to promptly respond to, contain and remediate oil spills; maintain a state of emergency response readiness through responder training and equipment acquisition; and pay emergency loans to workers affected by a spill as well as damage compensation for legitimate claims that cannot otherwise be compensated by responsible parties or the federal government. The Department indicated that the requested increase is for vehicle expenses to better reflect the actual expenditures from the last two fiscal years. *The Governor recommended funding essentially as requested, but shifted \$3,460 in medical benefit savings to miscellaneous operating expenses. **The Assembly concurred.***

**Environmental Protection - All Other.** The Department requested \$0.1 million more than enacted for all other operating expenditures in the Bureau of Environmental Protection. This includes \$15,360 more from general revenues, \$136,000 more from restricted receipts and \$14,940 less from other funds. The restricted receipts amount includes \$65,000 more for the Environmental Response Fund II to reflect anticipated revenues derived from fines which are levied against entities found in violation of the state's environmental regulations and uses for expenses related to environmental emergency response and preparedness. The request also includes funding for anticipated repairs to the monitoring equipment for the fixed buoy monitoring system in Narragansett Bay.

*The Governor recommended \$57,149 less than requested primarily to better reflect historical spending in the Office of Water Resources. **The Assembly concurred.***

### **Bureau of Natural Resources**

**Salaries and Benefits.** The Department requested \$0.8 million more for salaries and benefits in the Bureau of Natural Resources. This includes eliminating 4.0 vacant positions for estimated savings of \$0.4 million. The positions include a semi-skilled laborer, a heavy motor equipment operator, a supervising pre-audit clerk and a programming services officer. The request also includes \$1.1 million more than enacted for other salaries and benefits in the bureau to fully fund anticipated staffing costs for the remaining 184.0 full-time equivalent positions, including an implementation aide that would be transferred from the office of the director. The Department is also requesting \$0.1 million more for holiday pay for seasonal workers in the Division of Parks and Recreation, which closely mirrors the actual spent amounts in FY 2011 and FY 2012.

*The Governor's recommendation is \$424,047 less than requested, including \$397,048 less from general revenues. This reflects \$0.3 million in additional turnover savings and \$0.1 million from statewide medical benefit savings. **The Assembly concurred.***

**Parks and Recreation.** The Department requested \$0.1 million less from general revenues for its Division of Parks and Recreation, excluding salaries and benefits. The Department indicated that the proposed reduction in funding will more accurately reflect the Division's anticipated expenditure levels with savings primarily for expenses from groundskeeping services. The Department identified this as an area where it is attempting to reduce expenditures. *The Governor recommended \$6,345 less than*

requested from general revenues to reflect minor adjustments based on actual expenditures from recent fiscal years. **The Assembly concurred.**

**Capital Projects.** The Department requested funding as enacted from Rhode Island Capital Plan funds for eight capital projects. This includes funding for construction of the Blackstone Valley Bike Path, repairs to state-owned dams, improvements to Fort Adams State Park, repairs and improvements to the state-owned piers in Galilee and Newport, improvements to the state's recreational facilities and revitalization of the currently closed World War II State Park in Woonsocket. *The Governor recommended \$7.0 million for eight capital projects, which is \$3.9 million less than enacted. He subsequently requested an amendment to make adjustments to certain project schedules and reduce funding for the Natural Resources Offices/Visitor's Center project by \$0.1 million. Detailed project descriptions are in the Capital Budget Section of this analysis.* **The Assembly added \$0.1 million for improvements at Brenton Point State Park.**

**Blackstone Valley Bikepath Design.** The Department requested \$2.2 million for architectural and engineering work on the Blackstone Valley Bikepath, which is \$1.2 million more than enacted. The work is being funded from a transfer of federal funds from the Department of Transportation. The Department indicated that the requested increase reflects existing purchase orders and anticipated future work to be performed by the consultant working on the design of the bikepath. *The Governor recommended funding essentially as requested, but shifted \$154 in medical benefit savings to miscellaneous operating expenses.* **The Assembly concurred.**

**Boating Infrastructure Grant.** The enacted budget includes \$1.1 million from federal funds for the Boating Infrastructure Grant. The Department's revised budget request inadvertently excluded funding for this grant, but the Department indicated that this was an oversight and it would need \$500,000 for this program in FY 2013. *The Governor recommended \$500,000 for this grant. He subsequently requested an amendment to add \$40,000 relating to remaining payments for the City of Newport Visitor Center.* **The Assembly concurred.**

**Federal Grants.** The Department requested \$0.6 million more than enacted from all other federal funds to reflect changes to 19 separate federal grants throughout the Bureau of Natural Resources. Major changes include \$0.9 million more for the comprehensive wildlife management plan to reflect available funding from a new four-year grant from the United States Fish and Wildlife Service and a decrease in the forest legacy administration grant, which the Department indicated is no longer used for land acquisition projects.

*The Governor recommended \$21,786 more than requested to better reflect the anticipated awards and expenditures. He subsequently requested amendments to increase funding by \$0.1 million to reflect the availability of additional federal funds. This includes \$53,126 for artificial reef research and \$50,000 for a planning challenge grant relating to village development and growth.* **The Assembly concurred.**

**Saltwater Fishing License Program.** The Department requested \$55,000 more than enacted from restricted receipts for capital costs related to operations of the state's saltwater fishing license program. The enacted budget includes \$175,915, and the increase is based on projected available receipts. The Department, which requested a similar increase for FY 2014, indicated that it assumes a continuation of the projects it has developed for funding, including recreational catch data collection and boating access site maintenance. All of the projects were reviewed and approved by the Rhode Island recreational fishing community and included in the Department's 2012 annual report on the program.

*The Governor recommended funding essentially as requested, but shifted \$590 in medical benefit savings to miscellaneous operating expenses. **The Assembly concurred.***

**Payments to Host Beach Communities.** The Department requested \$37,365 more than enacted from general revenues for payments to host beach communities. The request reflects actual payments owed to host beach communities which totals \$437,365. The Department collects fees for daily and seasonal parking at seven facilities across the state and reimburses the four host communities of Charlestown, Westerly, Narragansett and South Kingstown 16.0 percent of all daily parking fees collected from Memorial Day to Labor Day. *The Governor recommended funding as requested. **The Assembly concurred.***

**Department of Transportation Recreational Projects.** The Department requested \$0.9 million more than enacted from other funds to reflect an increase in Department of Transportation Recreational Projects, which include maintenance of state trails, purchases of equipment and materials, and funding for materials for local communities to maintain state trails. These projects are funded by a transfer of federal funds from the Department of Transportation. The enacted budget did not include funding for these recreational projects, which the Department indicated was an oversight and it further noted that the revised request reflects the correct estimated expenditures.

*The Governor recommended funding essentially as requested, but shifted \$154 in medical benefit savings to miscellaneous operating expenses. He subsequently requested an amendment to add \$0.3 million to reflect an agreement between the Department of Environmental Management and the Department of Transportation for additional work on the recreational trails. **The Assembly concurred.***

**Natural Resources - All Other.** The Department requested \$0.1 million less than enacted for all other expenditures in the Bureau of Natural Resources. This includes \$0.3 million less to reflect projected available shellfish and marine license receipts. The requested changes also include \$50,000 more for the Local Agriculture and Seafood Fund, which was created by Chapter 37 of the Public Laws of 2012. Funds in this restricted receipt account will be used to administer a new program to promote the marketing of Rhode Island seafood and farm products. *The Governor recommended \$52,166 less than requested primarily to reflect that he delayed funding the Local Agriculture and Seafood program until FY 2014. **The Assembly concurred.***

## Coastal Resources Management Council

	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 3,383,207	\$ 3,348,459	\$ 3,389,411	\$ 3,334,411
Contracted Services	1,173,031	492,704	689,637	689,637
<b>Subtotal</b>	<b>\$ 4,556,238</b>	<b>\$ 3,841,163</b>	<b>\$ 4,079,048</b>	<b>\$ 4,024,048</b>
Other State Operations	106,565	99,455	402,182	402,182
Assistance, Grants, and Benefits	1,412,892	200	149,375	501,615
Capital	25,080	1,152,000	767,100	767,100
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 6,100,775</b>	<b>\$ 5,092,818</b>	<b>\$ 5,397,705</b>	<b>\$ 5,694,945</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,234,732	\$ 2,264,841	\$ 2,240,261	\$ 2,185,261
Federal Aid	3,054,725	1,677,977	2,185,163	2,537,403
Restricted Receipts	145,000	250,000	250,000	250,000
Other	666,318	900,000	722,281	722,281
<b>Total</b>	<b>\$ 6,100,775</b>	<b>\$ 5,092,818</b>	<b>\$ 5,397,705</b>	<b>\$ 5,694,945</b>
<b>FTE Authorization</b>	<b>30.0</b>	<b>29.0</b>	<b>29.0</b>	<b>29.0</b>
<b>FTE Average</b>	<b>29.3</b>			

**FY 2013 Revised Request.** The Coastal Resources Management Council requested \$0.4 million more than enacted from all sources, including \$23,978 less from general revenues, \$0.5 million more from federal funds and \$0.1 million less from other funds. Most of the federal funds requested would be used for ecosystem restoration projects throughout the state. The Council requested the enacted level of 29.0 full-time equivalent positions. *The Governor recommended \$0.3 million more than enacted and \$0.1 million less than requested. He included 29.0 positions, consistent with the request.* **The Assembly included \$55,000 in additional general revenue turnover savings based on updated spending projections and shifted \$0.4 million in federal funds from FY 2014 to FY 2013 to reflect a revised schedule for the River Ecosystem Restoration project.**

**Salaries and Benefits.** The Council requested \$55,819 more for salaries and benefits, including \$25,588 less from general revenues and \$81,407 more from federal funds. The FY 2013 enacted budget includes \$35,312 in turnover; however, in its revised request the Council assumes full funding for the 29.0 authorized positions. The Council's request to shift a portion of the general revenue funded salaries and benefits to federal sources reflects a newly available federal grant called Northeast Regional Ocean Council Support Project, funding from which can be used toward salaries and benefits. *The Governor's recommendation is \$14,867 less than requested, including \$9,000 from general revenues, to reflect statewide medical benefit savings.* **The Assembly reduced general revenues by \$55,000 to reflect additional turnover savings based on updated spending projections.**

**Legal Services.** The Council requested \$156,000 for outside legal services, including the enacted level of \$126,000 from general revenues and \$30,000 from federal funds not included in the enacted budget. The Council noted that the additional legal work requested could have the effect of avoiding or reducing any financial sanctions from the National Oceanic and Atmospheric Administration, which indicated in its most recent triennial review of the Council's programs that there is a potential conflict of interest from the legal counsel also serving as the hearing officer, lack of a staff attorney has led to underrepresentation of staff's recommendations during public hearings, and the services of an attorney must be available to the Council's staff on a daily basis. *The Governor recommended funding as requested.* **The Assembly concurred.**

**New Federal Grants.** The Council requested \$0.1 million more from three new federal grants awarded by the National Oceanic and Atmospheric Administration. This includes \$65,992 for Coastal Ecosystems Adaptation to Sea Level Rise, \$25,610 for Marine Habitat Characterization in the Northeast and \$18,125 for the Northeast Regional Ocean Council Support Project. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Aquaculture Research.** The Council requested \$0.1 million from federal funds for aquaculture research projects throughout the state not included in the enacted budget. The Council has indicated that while the National Oceanic and Atmospheric Administration Marine Aquaculture Program grant was completed on August 31, 2011, there was a delay with the United States Department of Agriculture aquaculture project, for which the funds are available until August 31, 2012. The funds requested reflect the revised project schedule. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Narragansett Bay Restoration.** The Council requested \$45,271 less than enacted from federal funds for restoration projects in Narragansett Bay. The restoration is completed by using living and organic materials to restore the habitat along areas of the coast that have been hardened with bulkheads and seawalls. The Council indicated the Narragansett Bay Habitat Restoration project has been extended until August 31, 2014, to reflect that the project is expected to take longer than originally anticipated. The Council's request of \$250,000 reflects its anticipated FY 2013 award. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Aquatic Invasive Species.** The agency requested \$54,523, or \$20,930 more than enacted from federal funds, to reflect the Council's anticipated award for the aquatic invasive species management program. Funding is used to coordinate and communicate early detection and rapid response strategies to prevent the spread of aquatic invasive species. The Council noted that the funds for the Aquatic Invasive Species Management Plan are available over a five-year period ending September 30, 2013. *The Governor recommended funding as requested.* **The Assembly concurred.**

**River Ecosystem Restoration.** The Council requested \$150,000 from federal funds not included in the enacted budget to reflect a grant from the National Oceanic and Atmospheric Administration. Funding will be used for six individual projects in the Ten Mile and Pawcatuck River watersheds that will restore access to the rivers for migratory fish as well as restoring the surrounding habitat. The request reflects the revised project schedule and the Council's anticipated FY 2013 award. The Council indicated the River Ecosystem Restoration project has been extended until December 31, 2013, to reflect that there have been some delays with the project due to the scope of the work. *The Governor recommended funding as requested.* **The Assembly shifted \$0.4 million from FY 2014 to FY 2013 to reflect further revisions to the project schedule.**

**Capital Projects.** The Council requested \$1.0 million, or \$0.2 million less than enacted for four capital projects, including \$0.5 million more from restricted receipts to complete habitat restorations along the southern coast of Rhode Island. The operating request is not consistent with the Council's approved FY 2013 through FY 2017 capital plan, as the request includes a Providence River Dredging Project that was not included in the capital plan and the operating request includes less funding for the South Coast Restoration Project. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Operations.** The Council requested \$0.1 million more than enacted, including \$1,610 more from general revenues, \$22,432 more from federal funds and \$70,000 more from other funds for all other expenditures not previously mentioned. The federal expenditures include \$5,000 less than enacted for contracts with the University of Rhode Island and Roger Williams University to develop management plans for coastal waters throughout the state. Historically, the Council requests funding for this program in its revised request to more accurately reflect the anticipated federal award. Additionally, the \$70,000 from other funds would be used toward purchases and maintenance for the Council's dredge boat.

*The Governor recommended \$55,735 less than requested. He did not recommend funding for the dredge boat; however, included \$10,000 to purchase an all-terrain vehicle that will allow the Council to access beaches to make damage assessments from Hurricane Sandy. The damage has made some beaches inaccessible for the Council's current vehicles.* **The Assembly concurred.**



## Department of Transportation

	FY 2012	FY 2013	FY 2013	FY 2013
	Reported	Enacted	Revised	Final
<b>Expenditures by Program</b>				
Central Management	\$ 7,783,440	\$ 11,868,811	\$ 13,509,247	\$ 13,509,247
Management and Budget	851,519	1,937,648	1,439,069	1,439,069
Infrastructure Program	378,740,301	497,814,642	452,390,473	450,897,412
<b>Total</b>	<b>\$ 387,375,260</b>	<b>\$ 511,621,101</b>	<b>\$ 467,338,789</b>	<b>\$ 465,845,728</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 60,865,840	\$ 74,459,754	\$ 66,774,152	\$ 66,774,152
Contracted Services	43,247,401	37,166,460	37,021,600	37,074,865
<b>Subtotal</b>	<b>\$ 104,113,241</b>	<b>\$ 111,626,214</b>	<b>\$ 103,795,752</b>	<b>\$ 103,849,017</b>
Other State Operations	22,830,131	41,637,689	38,980,947	38,925,943
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	25,426,724	32,281,511	41,393,620	41,849,022
Capital	132,257,186	224,382,444	182,163,543	180,249,543
Operating Transfers	102,747,978	101,693,243	101,004,927	100,972,203
<b>Total</b>	<b>\$ 387,375,260</b>	<b>\$ 511,621,101</b>	<b>\$ 467,338,789</b>	<b>\$ 465,845,728</b>
<b>Sources of Funds</b>				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	291,517,766	362,340,586	316,461,117	316,969,784
Restricted Receipts	2,518,104	998,758	1,010,255	1,010,255
Other	93,339,390	148,281,757	149,867,417	147,865,689
<b>Total</b>	<b>\$ 387,375,260</b>	<b>\$ 511,621,101</b>	<b>\$ 467,338,789</b>	<b>\$ 465,845,728</b>
<b>FTE Authorization</b>	<b>772.6</b>	<b>772.6</b>	<b>772.6</b>	<b>772.6</b>
<b>FTE Average</b>	<b>713.2</b>			

**FY 2013 Revised Request.** The Department of Transportation requested \$460.6 million from all sources, including \$310.6 million from federal funds, \$149.0 million from other funds and \$1.0 million from restricted receipts. The request is \$51.1 million less than enacted, primarily from federal funds, which reflects a revision to the Department's projected expenditures from Federal Highway Administration funds for various construction projects throughout the state. The enacted budget was based on a now outdated estimate for receipts and expenditures from this source.

*The Governor recommended \$467.3 million, \$44.3 million less than enacted primarily to reflect a reduction from federal highway funds due to an updated construction schedule and revised estimates for receipts and expenditures from this source. The recommendation includes the enacted and requested level of 772.6 full-time equivalent positions. The Assembly essentially concurred with the recommendation, but provided \$1.5 million less than recommended primarily to reflect current year expenditure adjustments for three ongoing Rhode Island Capital Plan funded projects.*

**Staffing.** The Department's request includes 772.6 positions, which is the enacted level. As of the last pay period in October, the Department had 701.6 filled positions or 71.0 less than enacted. Based on the Department's average cost per position of \$72,238, this equates to \$5.1 million of turnover for FY 2013. *The recommendation includes the enacted and requested level of 772.6 full-time equivalent positions. As of the first pay period of 2013, the Department had 696.6 filled positions.* **The Assembly concurred with the staffing recommendation.**

### Fund Sources

The Department of Transportation receives funding through five major sources: federal funds, general obligation bond proceeds, gasoline tax proceeds, restricted receipts and Rhode Island Capital Plan funds. The Department also receives some funding from other departmental revenue, such as funding derived from the sale of Department owned land. This analysis will explain the individual fund sources as well as expenditures from these sources. The following table illustrates the final appropriation by fund source provided by the Assembly for FY 2013.

Source	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
Federal Highway Admin. Funds	\$ 201,499,771	\$ 271,684,624	\$ 217,941,190	\$ 217,941,190
Federal Stimulus Funds	11,158,048	1,706,070	1,743,973	2,252,640
Other Federal Funds	76,763,248	88,949,892	102,510,736	102,510,736
Gasoline Tax*	91,479,608	97,059,205	90,371,794	90,284,066
General Obligation Bonds**	[40,679,712]	[23,575,633]	[23,575,633]	[23,575,633]
Motor Fuel Tax Revenue Bond Earnings	-	4,076,029	2,658,643	2,658,643
Land Sale Revenue	1,014,725	1,903,635	4,278,635	4,278,635
Interstate 195 Land Sales	227,176	20,450,838	19,945,052	19,945,052
Rhode Island Capital Plan Funds	1,875,344	24,682,050	26,703,511	24,789,511
Restricted Receipts	2,518,105	998,758	1,010,255	1,010,255
Other Funds	-	110,000	175,000	175,000
<b>Total</b>	<b>\$ 386,536,025</b>	<b>\$ 511,621,101</b>	<b>\$ 467,338,789</b>	<b>\$ 465,845,728</b>

\*Excludes gasoline tax debt service for the Department and the Rhode Island Public Transit Authority.

\*\*Bond proceeds are not reflected as a fund source in the Department's budget, but are included for illustrative purposes only.

It should be noted that the Federal Highway Administration source includes the full appropriation that is used for projects as well as the annual debt service for GARVEE bonds. Approximately \$48 million of the total appropriation is annually used as debt service for GARVEE bond funded projects. The above table reflects the amount of funding transferred from the Federal Highway Administration to the Department, net of the debt service. This funding is also included in the Department's capital budget under the Highway Improvement Program, under the fund source FHWA funds.

The Department's fund sources are described in greater detail below.

**Federal Funds - Highway Administration.** The Department receives an average of \$200.0 million annually from the Federal Highway Administration. The Department's annual allotment of funds is based on existing and prior year contracts for projects, anticipated new construction, design and engineering costs, and other planning activities such as traffic studies.

These funds appear in both the Department's capital budget and operating request. In the Department's capital plan, funds appear in the project labeled Highway Improvement Program. This program is prepared seven to nine months in advance of actual receipt of federal funds, which the Department notes can lead to increases or decreases in funding during the state fiscal year. The Transportation Improvement Program for the 2013 through 2016 period has been approved by the State Planning

Council. The following table illustrates the proportion of funding allotted to each program area in the FY 2013 budget.

Program Area	FY 2013 Final	Share of Total
Administrative Program	\$ 9,500,753	4%
Enhancements	17,989,429	8%
Bridge Program	64,283,349	29%
Highway Program	14,068,944	6%
Interstate Program	15,680,043	7%
GARVEE Projects	17,202,424	8%
Pavement Management Program	41,266,015	19%
Traffic Safety Program	19,158,662	9%
Federal Highway Earmark Projects	12,253,337	6%
Other Programs	6,538,236	3%
<b>Total</b>	<b>\$ 217,941,190</b>	<b>100%</b>

The Department requested \$212.6 million from these sources for FY 2013. *The Governor recommended \$217.9 million to reflect a change in projected expenditures.* **The Assembly concurred.**

**Federal Stimulus Funds.** The Department's revised request includes \$1.6 million from federal funds for projects funded by the American Recovery and Reinvestment Act of 2009. The Department identified 55 separate projects for construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways, interstates and bridges. The Department was originally allocated \$139.1 million from stimulus funds, and the current request reflects the final stages of funding and construction created through the Stimulus Act. *The Governor recommended funding as requested. The Governor subsequently requested an amendment to add \$0.5 million in FY 2013 to reflect funds carried forward from FY 2012 primarily for commuter rail projects.* **The Assembly concurred.**

**Other Federal Funds.** This source is comprised of the federal funds the Department receives that are not for capital improvement projects. A majority of this funding comes from the National Highway Transportation Safety Administration, and is used to fund safety activities such as enforcement, traffic studies, signage and research. Other federal funding comes from the Federal Transit Authority, which is being used for the development of commuter rail in the southern part of the state. This source has increased recently due to more available funds from the National Highway Transportation Safety Administration for grants to states, as well as the increase from Federal Transit Authority funds to reflect the Commuter Rail Project. The Department's revised request includes \$106.5 million from this source in FY 2013. *The Governor recommended \$102.5 million from this source for FY 2013.* **The Assembly concurred.**

**Gasoline Tax Proceeds.** The distribution of proceeds derived from the gasoline tax has remained the same since 2009. Neither the Governor nor the Assembly changed the disposition of funding, which is illustrated in the table below.

Entity	FY 2012 Actual	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
Department of Transportation	21.75	21.75	21.75	21.75
Rhode Island Public Transit Authority	9.75	9.75	9.75	9.75
Elderly Transportation	1.0	1.0	1.0	1.0
Underground Storage Tank Fund	0.5	0.5	0.5	0.5
<b>Total (in cents)</b>	<b>33.0</b>	<b>33.0</b>	<b>33.0</b>	<b>33.0</b>

**General Obligation Bond Proceeds.** The state has utilized general obligation bonds to provide a match totaling \$40 million for federal funds in addition to the match used for GARVEE projects, which is provided by the Motor Fuel Tax Revenue bonds. General obligation bond debt service is paid with gasoline tax revenue and the Motor Fuel Tax Revenue Bonds' debt service is paid by \$0.02 cents of the gasoline tax. Gasoline tax proceeds are used by the Department for operations; however, the amount of funding is not sufficient as a state match for capital expenditures, as it continues to be absorbed for increasing costs related to operations and debt service. The voters approved \$80.0 million in each November 2006, 2008 and 2010, with funding programmed through FY 2014.

For the first time in several years the current capital request excludes any new bonding authority for state matching funds. This reflects an initiative by the 2011 Assembly to replace borrowing with pay-go sources, which would be accomplished by eliminating new general obligation bonds for the state match, and replacing them with transportation related fees. *The Governor did not recommend any new general obligation bonds for the Department.* **The Assembly concurred.**

**Motor Fuel Tax Revenue Bond Earnings.** To respond to the need to accelerate transportation project implementation, the Rhode Island General Assembly enacted legislation on July 15, 2003, which authorizes the state to advance certain projects with GARVEE bonds (Grant Anticipation Revenue Vehicles). GARVEE represents a program approved by Congress that allows states to borrow funds, which are then backed and repaid by the annual allocation of Federal Highway Administration construction funds. In 2003, 2006 and 2009, the state completed phases of the three-part bond transaction that will provide \$660.5 million in construction funds for five major infrastructure projects financed by two methods.

The remaining costs will be provided through Motor Vehicle Tax Revenue bonds. This funding is financed through a two-cent dedication of the Department's gasoline tax allocation. Since these bonds were issued in 2003, the value of two cents of the gasoline tax is used for the annual debt service prescribed for in the bond indenture. On numerous occasions, the value of the two cents has been higher than the necessary debt service payment, and the remaining amount is deposited into a residual account. These sources account for \$2.7 million in FY 2013, and the Department has programmed these funds into its capital program to make final payments for the GARVEE funded projects. *The Governor recommended the \$2.7 million included in the revised request.* **The Assembly concurred.**

**Land Sale Revenue.** This fund source is comprised of land sales from Department owned land. These proceeds can be used by the Department to purchase land and equipment, or to offset operating costs throughout the Department, including personnel expenses. The Department requested \$2.4 million from this source in FY 2013, which is based on projected land sales and anticipated purchases. *The Governor recommended \$4.3 million to reflect revised land sale projections in FY 2013.* **The Assembly concurred.**

**Interstate 195 Land Sales.** These funds are derived from the sale of land made available through the relocation of Interstate 195. Funding is deposited into a restricted receipt account and may only be used to fund other portions of the project, including personnel expenses, but cannot be used at the Department's complete discretion. The Department originally requested \$20.5 million from this source for FY 2013. The intention of the Department was to sell the parcels of land made available through the relocation to finance approximately \$40.0 million of project expenses. The 2011 Assembly enacted 2011-H 5994 Substitute A, as amended, which provided that an appraisal of the parcels would be completed. Upon this, the Economic Development Corporation would issue enough bonds to cover the payment to the Department for the land.

The amount was estimated to be \$40.0 million, and the above referenced bill enabled the Corporation to issue up to \$42.0 million of bonds, including \$2.0 million for issuance costs. The payment of these proceeds to the Department would allow it to complete the project, while the Corporation would be eligible to sell the parcels for the highest potential sales price for the most viable economic development of the area. The Department anticipated lower land sale proceeds in FY 2013, and included \$18.7 million in its revised request. It should be noted that the Department programs these funds as they are being expended for project costs, not as they are received, which is primarily due to federal guidelines. Although the bonds will be sold by the end of FY 2013, project payments will continue through FY 2016, consistent with the Department's request for these funds. *The Governor recommended \$19.9 million to reflect revised land sale projections in FY 2013.* **The Assembly concurred.**

**Rhode Island Capital Plan Funds.** These funds are appropriated according to the Department's capital budget request, and appear as other funds in the Department's operating budget. Funds are used for projects such as the building of storage and maintenance facilities, as well as upgrades to Department owned property such as roof repairs or fire alarm installation. Beginning in FY 2013, \$20.0 million from this source was included to be used as a portion of the state match for federal highway funds. The Department requested \$23.2 million from this source in its FY 2013 revised request. *The Governor recommended \$26.7 million to reflect revised project schedules.* **The Assembly provided \$1.5 million less than recommended to reflect current year expenditure adjustments for three ongoing projects.**

**Restricted Receipts.** This source is comprised of funds the Department receives when it performs work for municipalities. This source is used to fund personnel costs for employees who perform work on the projects. Based on projected municipal work, the Department requested \$1.0 million from this source in its FY 2013 revised request. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Funds.** These funds are derived from the sale of department owned surplus property and equipment, proceeds from the state infrastructure bank and proceeds derived from the sale of outdoor advertising at the Department's maintenance facilities. The Department's FY 2013 revised request includes \$0.2 million from this source. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Department of Transportation Gasoline Tax.** Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 33 cents per gallon. The disposition of proceeds is outlined in Section 31-36-20 of the General Laws. Upon receipt, all gasoline proceeds are deposited into the Intermodal Surface Transportation Fund from which statutory transfers are made to the Department of Transportation, the Rhode Island Public Transit Authority (RIPTA) and the elderly/disabled transportation program.

The FY 2013 enacted budget was based on a per penny yield of \$4.2 million and the Department utilized this estimate in its revised request, as well as a total receipt of 21.75 cents from gasoline tax proceeds.

The national average for gasoline tax is 30.9 cents. Rhode Island has the second highest gasoline tax in New England, behind Connecticut's 45.0 cents. Rhode Island is also higher than the Northeast and New England averages. The following table summarizes the state gas taxes for New England, as well as the regional and national averages.

State	Gas Tax (in cents)
New Hampshire	19.6
Massachusetts	23.5
Vermont	26.5
Northeast Average	29.7
New England Average	29.9
U.S. Average	30.9
Maine	31.5
<i>Rhode Island</i>	<i>33.0</i>
Connecticut	45.0

The FY 2013 enacted budget for the Department includes a \$1.3 million deficit, which was caused by declining gasoline tax revenues and increasing costs. This deficit was eliminated in the revised request due to a surplus of gasoline tax funds from FY 2012. Based on Department projections, the revised request includes a year-end deficit of \$0.1 million.

*The Governor's recommendation was based on a downward revision to the per penny gasoline tax yield of \$58,295. This equates to a \$1.3 million reduction from gasoline tax revenues. Based on revised gasoline tax expenditures, the Governor's budget projects a year end deficit of \$12,795.*

**The Assembly utilized an updated per penny yield estimate that further revised the gasoline tax yield downward, resulting in \$60,574 less for the Department. Reductions totaling the same amount were made to gasoline tax funded expenditures which result in the same projected deficit included in the Governor's recommendation.**

Other Funds	FY 2012 Reported	FY 2013 Enacted	FY 2013 Revised	FY 2013 Final
<i>Gas Tax Yield per Cent</i>	4.206	4.213	4.155	4.152
<i>RIDOT Cents</i>	21.75	21.75	21.75	21.75
<i>RIPTA Cents*</i>	9.75	9.75	9.75	9.75
<b>DOT Budget (RIDOT and RIPTA)</b>				
Balance Forward	\$ 1,448,255	\$ (505,497)	\$ 1,742,455	\$ 1,742,455
Gas Tax	132,487,709	132,719,580	130,883,288	130,795,560
Debt Service Transfer**	(40,950,629)	(35,867,545)	(34,423,389)	(34,423,389)
Internal Services Funds Transparency	(2,076,510)	(2,208,990)	(2,108,753)	(2,108,753)
Nonland Surplus Property	-	10,000	50,000	50,000
Interstate 195 Land Sales	-	20,450,838	19,945,052	19,945,052
Land Sales	1,014,725	1,903,635	2,397,677	2,397,677
Other (SIB, RICAP, Outdoor Adv)	1,875,344	24,782,050	25,381,553	24,914,511
Available	\$ 93,798,894	\$ 141,284,071	\$143,867,883	\$143,313,113
Expenditures	92,146,379	142,548,264	143,880,858	143,326,088
Surplus/Deficit	\$ 1,652,514	\$ (1,264,193)	\$ (12,975)	\$ (12,975)
<b>RIDOT</b>				
Balance Forward	\$ 1,448,255	\$ (505,497)	\$ 1,742,455	\$ 1,742,455
Gas Tax	91,479,608	91,639,710	90,371,794	90,311,220
Debt Service Transfer**	(39,846,737)	(34,317,954)	(34,423,389)	(34,423,389)
Internal Services Funds Transparency	(2,076,510)	(2,208,990)	(2,108,753)	(2,108,753)
Nonland Surplus Property	-	10,000	50,000	50,000
Interstate 195 Land Sales	-	20,450,838	19,945,052	19,945,052
Land Sales	1,014,725	1,903,635	2,397,677	2,397,677
Other (SIB, RICAP, Outdoor Adv)	1,875,344	24,782,050	25,381,553	24,914,511
Available	\$ 53,894,685	\$ 101,753,792	\$103,356,389	\$102,828,773
Gas Tax	49,352,102	55,871,462	55,595,082	55,534,508
Interstate 195 Land Sales	-	20,450,838	19,945,052	19,945,052
Land Sales	1,014,725	1,903,635	2,397,677	2,397,677
Nonland Surplus Property	-	10,000	50,000	50,000
Other (SIB, RICAP, Outdoor Adv)	1,875,344	24,782,050	25,381,553	24,914,511
Other Expenditures	52,242,171	103,017,985	103,369,364	102,841,748
Surplus/Deficit	\$ 1,652,514	\$ (1,264,193)	\$ (12,975)	\$ (12,975)
<b>RIPTA</b>				
Gas Tax	\$ 41,008,100	\$ 41,079,870	\$ 40,511,494	\$ 40,484,340
Debt Service Transfer**	(1,103,892)	(1,549,591)	[1,620,472]	[1,620,472]
Available	39,904,208	39,530,279	40,511,494	40,484,340
Expenditures	\$ 39,904,208	\$ 39,530,279	\$ 40,511,494	\$ 40,484,340

\*Total includes one-half cent transferred from the UST Fund and two additional cents included by the 2009 Assembly.

\*\*Debt Service reduced by \$6.0 million in FY 2012 due to the availability of \$2.0 million from Build America Bond proceeds and \$4.0 million from general revenues. Debt Service reduced in FY 2013 due to the inclusion of \$8.0 million from general revenues. Reflects the temporary shift of RIPTA debt service to general revenues in FY 2013 and FY 2014.

**Rhode Island Public Transit Authority Gasoline Tax.** Under existing statute, the Rhode Island Public Transit Authority receives 9.75 cents of the 33.0 cent gasoline tax. The funds are transferred to the Authority but reflected in the Department of Transportation budget as a grant to the Authority in order to account for the gas tax in the state's accounting structure, since the Authority is a quasi-public corporation.

The FY 2013 enacted budget was based on a per penny yield of \$4.2 million, and the Department utilized that same estimate for its transfer to the Authority in its revised request. Net of debt service for its share of general obligation bond proceeds, the Authority is estimated to receive \$41.1 million in FY

2013. *The Governor's recommendation was based on a downward revision to the per penny gasoline tax yield of \$58,295, which equates to \$0.6 million less for the Authority. This is offset by his recommendation to shift the Authority's debt service to general revenues in FY 2013 and FY 2014. His overall recommendation for the Authority shows an FY 2013 deficit of \$25,855. The Assembly utilized an updated per penny yield estimate that further revised the gasoline tax yield downward, resulting in \$27,154 less for the Authority. The most recent projections included by the Authority show a year end deficit of approximately \$2.5 million.*

### Expenditures

**Federal Highway Administration Projects.** The Department's revised request includes \$212.6 million from federal funds for highway projects in FY 2013. This is \$47.9 million less than enacted to reflect planned receipts and a revised construction schedule. The Department notes it must submit its projected federal fund expenditures before the end of the federal fiscal year, and budgets the projected expenditures in anticipation of the actual federal award. The Department notes that this practice can lead to adjustments both during and prior to the state's fiscal year.

For FY 2013, revised expenditures include \$16.8 million for the five GARVEE funded projects, \$49.0 million for repairs and maintenance on bridges, \$17.5 million for congestion mitigation and road enhancements, \$20.2 million for highways, \$22.6 million for interstate projects, \$40.2 million for pavement and resurfacing and \$18.7 million for traffic safety improvement projects. The following table shows program expenditures and their proportionate share of total Federal Highway Administration fund expenditures in the Governor's recommended budget. *The Governor recommended \$217.9 million, \$5.4 million more than requested to reflect updated receipts and expenditures from Federal Highway Administration funds. The Assembly concurred.*

Program Area	FY 2013 Final	Share of Total
Administrative Program	\$ 9,500,753	4%
Enhancements	17,989,429	8%
Bridge Program	64,283,349	29%
Highway Program	14,068,944	6%
Interstate Program	15,680,043	7%
GARVEE Projects	17,202,424	8%
Pavement Management Program	41,266,015	19%
Traffic Safety Program	19,158,662	9%
Federal Highway Earmark Projects	12,253,337	6%
Other Programs	6,538,236	3%
<b>Total</b>	<b>\$ 217,941,190</b>	<b>100%</b>

**Salaries and Benefits.** The Department requested \$67.2 million, \$7.3 million less from all funds for salaries and benefits. This includes \$9.0 million less from federal funds and \$0.2 million less from gasoline tax revenues offset by an increase of \$1.9 million from Rhode Island Capital Plan funds. The Department's request includes 772.6 positions, which is the enacted level. As of the last pay period in October, the Department had 701.6 filled positions or 71.0 less than enacted. Based on the Department's average cost per position of \$72,238, this equates to \$5.1 million of turnover for FY 2013, \$2.6 million more than included in the enacted budget. *The Governor recommended \$0.4 million less than requested to reflect statewide medical benefit savings. The Assembly concurred.*

**National Highway Transportation Safety Administration Grants.** The Department's revised request includes \$10.6 million, \$0.6 million more than enacted from the National Highway Transportation Safety Administration for FY 2013. The request is being revised to reflect the actual federal award. Major changes include decreases of \$0.4 million for impaired driving prevention programs and \$0.3 million for racial profiling education programs, offset by an increase of \$1.0 million for state and municipal highway safety initiatives. *The Governor recommended \$0.5 million more than requested to reflect the inadvertent exclusion of a grant for statewide traffic safety information systems.* **The Assembly concurred.**

**GARVEE Bond Projects.** The Department requested \$2.7 million, \$1.4 million less than enacted from other funds for three large scale capital projects. The 2003 Assembly authorized the state to advance certain projects with GARVEE bonds (Grant Anticipation Revenue Vehicles). GARVEE represents a program approved by Congress that allows states to borrow funds, which are then backed and repaid by the annual allocation of Federal Highway Administration construction funds. These funds were combined with proceeds from the Motor Vehicle Tax Revenue bonds, which are financed through a two-cent dedication of the Department's gasoline tax allocation.

On certain occasions, the value of the two cents has been higher than the necessary debt service payment, and the remaining amount is deposited into a residual account. These sources account for \$2.7 million in FY 2013, and the Department has programmed these funds into its capital program to make final payments for the GARVEE funded projects, including the freight rail improvement plan, the construction of the Route 403 interchange and the Sakonnet River Bridge. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Commuter Rail.** The Department requested \$18.8 million or \$5.8 million more than enacted from federal transit funds for the Commuter Rail project, which will extend commuter rail service along Amtrak's northeast corridor south of Providence. Service operates between Providence and North Kingstown, with stops at T.F. Green Airport and the Wickford Junction. The Department notes the request also reflects new projects at Kingston and Providence, as well as plans for future stops at Cranston and East Greenwich. The revised request for the Commuter Rail project is consistent with the Department's requested capital plan. This project is explained in greater detail in the *Capital Budget Section* of this analysis. *The Governor recommended \$1,011 more than requested to reflect a shift of medical benefit savings to miscellaneous operating expenses.* **The Assembly concurred.**

**Equipment Purchases.** The Department requested \$2.4 million from land sale revenue for equipment purchases in the Infrastructure Engineering Division. The request is \$1.6 million more than enacted due to higher than anticipated land sale revenue, and the Department has increased its request to reflect this change. Funding would be used to purchase catch basin cleaners, mini-excavators, road surfacing equipment and miscellaneous roadside maintenance equipment such as weed trimmers. The Department noted that it is determining whether or not these funds can be used to purchase a parcel of land adjacent to its maintenance headquarters in Warwick in order to relocate its materials testing facility. It should also be noted that these land sale revenues are separate and distinct from land sales associated with the relocation of Interstate 195. *The Governor recommended \$1.0 million more than requested to reflect additional funds available for equipment purchases based on a projected increase in land sale revenue.* **The Assembly concurred.**

**Interstate 195 Relocation.** The Department requested \$18.7 million from other funds in its revised request to reflect an updated timeline for the sale of land parcels made available from the relocation of Interstate 195. Funding will be used to make final payments for the project. The intention of the Department was to sell the parcels of land to finance approximately \$40.0 million of project expenses.

The 2011 Assembly enacted 2011-H 5994 Substitute A, as amended, which provides that an appraisal of the parcels would be completed, followed by the purchase of the parcels by the Economic Development Corporation through the issuance of bonds. The payment of the bond proceeds to the Department would allow it to complete the project, while the Corporation would be eligible to sell the parcels at its own pace. The request is \$1.7 million less than enacted to reflect anticipated sales during FY 2013. *The Governor recommended \$5,723 more than requested to reflect a shift of medical benefit savings to miscellaneous operating expenses.* **The Assembly concurred.**

**Rhode Island Capital Plan Fund Projects.** The Department requested \$23.2 million, \$1.4 million less than enacted from Rhode Island Capital Plan funds for five projects at the Department. The majority of funding, \$20.0 million, was included in the enacted budget for a portion of the state match for federal highway funding. The Department's request programs \$1.9 million of these funds for personnel expenses, which reduces the amount of available Rhode Island Capital Plan funds compared to the enacted budget. Excluding this change, the request includes an additional \$0.4 million for maintenance facility improvements and \$0.1 million more for salt storage facilities. These increases reflect a revised construction schedule for the maintenance facilities, consistent with the Department's capital budget request. *The Governor recommended \$3.5 million more than requested, primarily to reflect the addition of several projects for the Rhode Island Public Transit Authority, as well as \$1.0 million more for capital equipment purchases. These projects are discussed further in the Capital Budget Section of this analysis.* **The Assembly provided \$1.5 million less than recommended to reflect current year expenditure adjustments for three ongoing projects.**

**Maintenance Operations.** The Department requested \$6.3 million from gasoline tax proceeds for maintenance operations, excluding activities associated with winter maintenance. These include activities such as trash and debris removal, landscaping, sand removal, graffiti removal and catch basin cleaning. The request is \$0.8 million more than enacted to reflect increases for highway lighting costs and replacement of damaged highway lighting fixtures, as well as the purchase of maintenance equipment to be used for grass cutting, masonry repairs and paving work. *The Governor recommended \$0.1 million less than requested to reflect a reduction in office equipment purchases in the Division of Maintenance.* **The Assembly concurred.**

**Vehicle Maintenance.** The Department requested \$4.7 million, \$0.3 million more than enacted from gasoline tax proceeds for vehicle maintenance throughout the Department. The Department notes that vehicle maintenance costs have increased in recent years due to the lack of new vehicle purchases, which has affected all divisions, and includes vehicles such as dump trucks, pavers, tractors, grading equipment, backhoes and street sweepers. Although the Department indicated these costs will decrease with new purchases, it appears that costs are holding steady. In FY 2010, the Department spent \$5.2 million, \$4.8 million in FY 2011 and \$4.9 million in FY 2012. *The Governor recommended \$0.2 million less to reflect lower projected maintenance costs due to the availability of funds to purchase new and or replacement vehicles.* **The Assembly concurred.**

**Winter Maintenance Operations.** The Department requested \$11.6 million, \$0.6 million more than enacted for operating expenses related to the winter maintenance program for FY 2013. Funding is used to pay for vendor contracts, as well as to purchase salt, sand and liquid de-icers. The average annual cost for winter maintenance operations from FY 2008 through FY 2012 is \$10.7 million, and the current request is \$0.9 million above that. It should be noted that the Department spent a historically high amount of \$17.9 million in FY 2011 due to a severe winter, and a historically low amount of \$7.5 million in FY 2012 due to a light winter. Excluding those amounts, the average is closer to \$9 million. It should also be noted that winter maintenance is exclusively funded with gasoline tax proceeds, and any funding surplus or deficit for these operations will directly impact the Department's projected

gasoline tax shortfall. *The Governor recommended \$0.3 million less to reflect a reduction for contracted plowing costs based on year-to-date winter maintenance expenditures.* **The Assembly concurred.**

**All Other Operations.** The Department requested \$1.0 million less than enacted from all sources for all other operations. This includes \$1.3 million less from federal funds, offset by increases of \$0.3 million from gasoline tax funds and \$21,663 from restricted receipts. The requested changes reflect small adjustments to operating expenditures, as well as changes from federal grants and disbursements of pass-through gasoline tax funding to the Rhode Island Public Transit Authority. *The Governor recommended \$2.5 million less than requested, primarily from federal funds, to reflect a technical correction to a federal highway clearing account which was inadvertently overfunded in the request by \$2.5 million.* **The Assembly concurred.**

