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# **Section V**

**FY 2014  
Revised Budget**

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## FY 2014 Revised Budget

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Function*</b>				
General Government	\$ 1,496.4	\$ 1,487.5	\$ 1,535.4	\$ 1,603.3
Human Services	3,047.5	3,305.8	3,360.1	3,323.2
Education	2,211.4	2,317.9	2,340.7	2,323.7
Public Safety	473.8	520.7	562.7	538.8
Natural Resources	72.2	120.9	120.4	112.3
Transportation	408.0	460.2	535.8	478.2
<b>Total</b>	<b>\$ 7,709.3</b>	<b>\$ 8,213.1</b>	<b>\$ 8,455.0</b>	<b>\$ 8,379.4</b>
<b>Expenditures by Category*</b>				
Salaries and Benefits	\$ 1,477.2	\$ 1,548.3	\$ 1,578.2	\$ 1,551.2
Contracted Services	257.7	277.0	363.4	338.1
<b>Subtotal</b>	<b>\$ 1,734.9</b>	<b>\$ 1,825.3</b>	<b>\$ 1,941.6</b>	<b>\$ 1,889.3</b>
Other State Operations	676.9	711.1	743.9	812.2
Aid to Local Units of Government	1,118.4	1,169.8	1,167.7	1,165.6
Assistance, Grants, and Benefits	3,514.8	3,710.0	3,712.9	3,705.6
Capital	227.4	382.1	474.3	400.5
Capital Debt Service	224.2	268.1	249.4	248.1
Operating Transfers	212.7	146.8	165.1	158.1
<b>Total</b>	<b>\$ 7,709.3</b>	<b>\$ 8,213.1</b>	<b>\$ 8,455.0</b>	<b>\$ 8,379.4</b>
<b>Sources of Funds*</b>				
General Revenue	\$ 3,216.0	\$ 3,359.8	\$ 3,383.1	\$ 3,351.7
Federal Aid	2,519.8	2,717.7	2,879.6	2,822.8
Restricted Receipts	198.4	255.0	279.0	279.4
Other	1,775.0	1,880.6	1,913.3	1,925.5
<b>Total</b>	<b>\$ 7,709.3</b>	<b>\$ 8,213.1</b>	<b>\$ 8,455.0</b>	<b>\$ 8,379.4</b>
<b>FTE Authorization</b>	<b>15,076.4</b>	<b>15,118.3</b>	<b>15,163.7</b>	<b>15,100.3</b>
<b>FTE Average</b>	<b>13,664.6</b>			

*\*Data in millions*

### Summary

The Governor's revised budget recommendations for FY 2014, along with his recommendations for FY 2015, are contained in 2014-H 7133, introduced on January 26, 2014.

The Governor recommends total revised expenditures for FY 2014 of \$8,379.4 million, which is \$166.4 million or 2.0 percent less than enacted by the 2013 Assembly. Total expenditures would increase \$670.2 million or 8.7 percent over reported FY 2013 expenditures. General revenue expenditures are \$8.0 million or 0.2 percent less than included in the FY 2014 budget adopted by the 2013 Assembly and \$135.7 million or 4.2 percent more than actual FY 2013 expenditures.

FY 2014 Revised	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2013 Final	\$ 3,233.8	\$ 2,723.2	\$ 269.3	\$ 1,875.3	\$ 8,101.6
FY 2013 Actual	3,216.0	2,519.8	198.4	1,775.0	7,709.3
Difference	\$ (17.8)	\$ (203.4)	\$ (70.9)	\$ (100.2)	\$ (392.3)
FY 2014 Enacted	\$ 3,359.8	\$ 2,717.7	\$ 255.0	\$ 1,880.6	\$ 8,213.1
Governor's FY 2014 Revised	3,351.7	2,822.8	279.4	1,925.5	8,379.4
Governor's Change to Enacted	\$ (8.0)	\$ 105.1	\$ 24.4	\$ 44.9	\$ 166.4
Percent Change	-0.2%	3.9%	9.6%	2.4%	2.0%

Expenditures from federal funds are \$105.1 million more than enacted and \$303.0 million more than FY 2013. Expenditures from restricted receipts are \$24.4 million or 9.6 percent more than enacted and \$81.0 million more than FY 2013. Those from other funds, including the gas tax, Rhode Island Capital Plan funds and unemployment trust funds, are \$44.9 million or 2.4 percent more than enacted and \$150.5 million more than FY 2013.

The Assembly did not face a significant current year deficit while it deliberated the FY 2014 budget. In fact, more favorable revenues combined with lower than expected expenditures to allow for a significant surplus to be carried into FY 2014 to assist with that budget.

The FY 2013 budget ended with an even larger surplus than projected. The FY 2013 final budget projected a general revenue free surplus of \$93.4 million available for FY 2014 and used to fund that budget. However, the closing statements the State Controller finalized on January 6, 2014 showed a closing surplus of \$104.1 million, or \$10.7 million more.

FY 2013 Closing		Enacted	Actual	Variance
<b>Open:</b>	Free Surplus	115,187,511	\$ 115,187,511	\$ -
<b>Plus:</b>	Reappropriated Surplus	7,726,521	7,726,521	-
<b>Equals:</b>	Total Surplus	122,914,032	122,914,032	-
<b>Plus:</b>	Revenues	3,323,825,000	3,323,998,820	173,820
<b>Minus:</b>	Transfer to Budget Stabilization Fund	(103,170,375)	(103,175,590)	(5,215)
<b>Equals:</b>	Total Available	3,343,568,657	3,343,737,262	168,605
<b>Minus:</b>	Expenditures	(3,233,811,258)	(3,216,046,418)	17,764,840
<b>Minus:</b>	Transfers to Fleet/IT	(16,350,000)	(16,350,000)	-
<b>Equals:</b>	<b>Closing Surplus</b>	\$ 93,407,399	\$ 111,340,844	\$ 17,933,445
<b>Minus:</b>	Reappropriations	-	(7,052,524)	(7,052,524)
<b>Minus:</b>	Excess Revenues to Retirement Fund	-	(168,605)	(168,605)
<b>Equals:</b>	<b>Free Surplus</b>	\$ 93,407,399	\$ 104,119,715	\$ 10,712,316

Revenues were \$0.2 million more than estimated. The increased revenues cause transfers to the Budget Reserve and Cash Stabilization, or "Rainy Day," Fund, to be \$5,215 more. Current law requires final revenues above estimates be transferred to the Employees' Retirement System to pay down unfunded liability. That amounts to \$168,605 after accounting for the rainy day transfer. Expenditures were \$17.8 million less than enacted; \$7.1 million must be reappropriated into FY 2014. The total free surplus is \$10.7 million more than the \$93.4 million anticipated in June 2013.

Closing expenses were lower than enacted primarily from Medicaid caseload savings and lower than expected personnel and utilities expenses. There were areas of overspending reducing the impact of the savings. Some agencies projected overspending in their first quarter reports and Staff projections, but much of that is not reflected in the Governor's revised budget. Instead, he assumes agencies will

largely resolve their overspending and some will see even further reductions. The Governor also takes additional savings of \$3.3 million from an adjustment to medical benefit costs statewide. The impact of improved revenue estimates updated at the November Revenue Conference, final audit adjustments and a proposal to scoop \$4.2 million in one-time revenues combine with the expenditure savings noted above to explain the \$68.4 million in increased resources projected to be available at the end of FY 2014. The Governor uses those resources to help address the estimated gap between available resources and projected expenses in FY 2015.

The pages that follow include full analyses of the expenditure changes in the departments and agencies.

The revised budget as presented would leave a \$68.9 million surplus for FY 2015. The general revenue surplus statement for FY 2015 shows an ending surplus of \$0.4 million and is presented as part of the overview of his FY 2015 budget recommendations in that section of this analysis.

	<b>Enacted</b>	<b>Revised</b>	<b>Difference</b>
<b>Opening Surplus</b>			
Free Surplus	\$ 93,407,399	\$ 104,119,715	\$ 10,712,316
Reappropriated Surplus	-	7,052,524	7,052,524
<b>Subtotal</b>	<b>\$ 93,407,399</b>	<b>\$ 111,172,239</b>	<b>\$ 17,764,840</b>
<b>Revenues</b>			
	3,381,008,418	3,381,008,418	-
November Revenue Conference	-	45,646,582	45,646,582
Governor Changes	-	(1,338,626)	(1,338,626)
Total Revenues	3,381,008,418	3,425,316,374	44,307,956
Budget Reserve Fund	<b>(104,232,474)</b>	<b>(105,883,083)</b>	<b>(1,650,609)</b>
<b>Total Available Resources</b>	<b>\$ 3,370,183,343</b>	<b>\$ 3,430,605,530</b>	<b>\$ 60,422,187</b>
<b>Expenditures</b>			
	3,359,755,123	3,359,755,123	-
Reappropriation	-	7,052,524	7,052,524
November Caseload Conference	-	121,197	121,197
Governor Changes	-	(15,186,035)	(15,186,035)
Total Expenditures	\$ 3,359,755,123	\$ 3,351,742,809	\$ (8,012,314)
<b>Total Surplus</b>	<b>\$ 10,428,220</b>	<b>\$ 78,862,721</b>	<b>\$ 68,434,501</b>
Transfer to Depreciation fund	(10,000,000)	(10,000,000)	-
<b>Free Surplus</b>	<b>428,220</b>	<b>68,862,721</b>	<b>68,434,501</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>\$ (103,804,254)</i>	<i>\$ (37,020,362)</i>	<i>\$ 66,783,892</i>



## Department of Administration

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 2,262,503	\$ 3,116,629	\$ 3,486,257	\$ 3,267,015
Accounts & Control	3,653,684	3,966,422	3,922,150	3,872,539
Budgeting/Office of Mgt. & Budget	3,068,932	4,531,191	4,364,764	4,206,839
Purchasing	2,804,754	3,244,066	3,243,225	3,226,919
Auditing	1,117,015	1,344,585	1,392,975	1,386,254
Human Resources	10,630,230	11,187,394	10,997,757	10,952,876
Personnel Appeal Board	69,722	75,036	75,036	75,036
General	42,815,420	70,922,718	66,268,144	66,145,906
Debt Service	195,042,441	193,027,072	193,027,072	189,810,382
Legal Services	2,028,387	1,948,683	2,323,363	2,312,716
Facilities Management	33,671,104	37,437,101	36,068,436	35,263,605
Capital Projects and Prop. Mgt.	1,213,517	1,240,545	1,271,598	1,264,433
Information Technology	31,113,520	33,981,318	33,634,717	33,529,800
Library Programs	1,989,098	2,192,285	2,377,275	2,373,215
Planning	16,462,018	20,675,504	23,472,940	23,463,923
Supplemental Retirement Payment	-	-	-	-
Energy Resources	3,971,692	11,199,557	11,922,939	11,923,939
Construction Permitting, Approvals & Licensing	2,521,818	2,829,509	2,916,543	2,887,562
Personnel Savings	635,708	(2,567,204)	(2,567,204)	(367,539)
Rhode Island Health Benefits Exchange	21,811,292	28,348,926	53,000,101	52,428,676
<b>Total</b>	<b>\$ 376,882,855</b>	<b>\$ 428,701,337</b>	<b>\$ 451,198,088</b>	<b>\$ 448,024,096</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 67,003,925	\$ 71,739,872	\$ 70,574,469	\$ 71,443,140
Contracted Services	25,437,648	31,808,041	58,221,472	58,046,472
<b>Subtotal</b>	<b>\$ 92,441,573</b>	<b>\$ 103,547,913</b>	<b>\$ 128,795,941</b>	<b>\$ 129,489,612</b>
Other State Operations	33,821,968	33,705,966	33,507,060	32,798,651
Aid to Local Units of Government	10,538,868	11,274,064	11,274,064	11,274,064
Assistance, Grants, and Benefits	19,936,659	34,348,474	34,077,226	34,077,226
Capital	16,523,206	47,928,334	42,321,532	42,378,968
Capital Debt Service	166,445,036	192,927,072	192,927,072	189,710,382
Operating Transfers	37,175,545	4,969,514	8,295,193	8,295,193
<b>Total</b>	<b>\$ 376,882,855</b>	<b>\$ 428,701,337</b>	<b>\$ 451,198,088</b>	<b>\$ 448,024,096</b>
<b>Sources of Funds</b>				
General Revenue	\$ 260,904,556	\$ 264,801,211	\$ 265,698,813	\$ 262,101,671
Federal Aid	48,041,755	62,189,669	90,834,607	90,518,624
Restricted Receipts	7,165,104	15,912,808	15,289,296	15,803,850
Other	60,771,440	85,797,649	79,375,372	79,599,951
<b>Total</b>	<b>\$ 376,882,855</b>	<b>\$ 428,701,337</b>	<b>\$ 451,198,088</b>	<b>\$ 448,024,096</b>
<b>FTE Authorization</b>	<b>712.1</b>	<b>720.7</b>	<b>735.7</b>	<b>720.7</b>
<b>FTE Average</b>	<b>632.2</b>			

**FY 2014 Revised Request.** The Department of Administration requests FY 2014 revised expenditures totaling \$451.2 million from all funds, \$22.5 million more than enacted. This includes the discretionary reappropriation of \$0.9 million from general revenues, \$0.7 million of which is for the I-195 Commission. It includes \$28.6 million more from federal funds, of which \$23.8 million is for the Health Benefits Exchange and decreases of \$0.6 million from restricted receipts and \$6.4 million from other funds primarily Rhode Island Capital Plan funds.

The Department requests revised staffing of 735.7 full-time positions, 15.0 more than the authorized level including 12.0 positions for the Health Benefits Exchange and 3.0 positions for the mailroom. This is reflective of Deloitte's recommendation based on a potential increase in mailroom services relating to the Unified Health Infrastructure Project. As of the pay period ending November 29, the Department had 60.5 full-time equivalent positions vacant.

*The Governor recommends expenditures totaling \$448.0 million, including \$262.1 million from general revenues. This is \$19.3 million more than enacted or \$3.2 million less than requested, to primarily reflect savings from debt service. He recommends the authorized level of positions; however, includes 10.0 new positions for HealthSource RI and the 3.0 positions for the mailroom, which are offset from current vacancies and the transfer of 6.0 positions for HealthSource RI to the Governor's Office.*

### Statewide

**FICA Alternative Plan.** The Department's request includes the undistributed statewide savings of \$0.4 million, including \$0.3 million from general revenues for the establishment of an alternative retirement plan for seasonal and part-time employees that are not members of the state's retirement system. An implementation date of September 1, 2013 was assumed. The Department now assumes an implementation date in January 2014, to correspond with a new tax year. The delay reduces the budgeted general revenue savings by \$0.1 million. *The revised recommendation does not distribute the savings among other agencies. There has been a delay in implementing and therefore the distribution of the savings is delayed.*

**Medicare Exchange and OPEB Rate Correction.** The request includes the undistributed statewide savings of \$3.6 million from all funds including \$2.7 million to reflect a correction to the rate used for retiree health benefits based on the June 30, 2011 valuation. The recommended budget had assumed a rate of 7.8 percent but a credit to the fund brought the rate to 7.38 percent. It includes savings of \$0.9 million for the establishment of a Medicare Exchange for Post-65 retirees, which would offer a wider array of benefit choices. The Department indicates that Gabriel, Roedor, Smith and Company is in the process of developing the bid specifications. The savings are shown in agency budgets. *The Governor's budget reflects the distribution of the savings.*

**Medical Coverage - Divorced Spouses.** As part of his FY 2014 recommended budget, the Governor included legislation to terminate state sponsored health insurance provided to divorced spouses of state employees. He assumed savings of \$1.4 million from all funds, including \$0.9 million from general revenues. The Assembly adopted legislation to make this applicable prospectively; effective for judgments entered into as of January 1, 2014, and restored the budgeted savings. The funds were included in the Department of Administration for later distribution. *The Governor's budget reflects the distribution of the savings.*

## Reappropriation

**I-195 Redevelopment District Commission.** The Governor reappropriated \$0.7 million of the \$0.9 million included in the FY 2013 budget to support the I-195 District Redevelopment Commission's operations. The FY 2013 budget includes a total of \$3.9 million in expenditures, of which \$3.0 million is for a one-time expense for the completion of land sales. The FY 2014 enacted budget includes \$0.5 million for the Commission's operating costs. *The Governor includes the reappropriation.*

**Medical and Pharmacy Claim Audits.** The Governor reappropriated \$130,431 of the \$200,000 provided in FY 2013 for contractual services with Hewitt Associates to audit medical and pharmacy claims and to develop a Request for Proposals for vision services. The FY 2014 enacted budget included \$130,000 from general revenues for Hewitt to audit claims and to perform a healthcare and pharmacy study. *The Governor includes the reappropriation.*

**Reappropriation - Housing Shelter Grants.** The Governor reappropriated a total of \$92,492 to FY 2014 due to delays in reimbursing four community agencies for housing and shelter related services provided in FY 2013. This includes \$67,647 for Riverwood, \$404 for Family Resources, \$15,801 for Lucy's Hearth and \$8,640 for the Welcome House. *The Governor includes the reappropriation.*

## HealthSource RI (Exchange)

**Information Technology Services.** The Department requests revised expenditures of \$19.2 million, \$6.1 million more than enacted, including \$6.0 million from federal funds and \$0.1 million from general revenues for information technology related services to be provided by Deloitte, CSG Consultants Inc. and the CGI Group due to a delay in start date for several projects. The request includes \$17.1 million for contractual services for the establishment of the Unified Health Infrastructure Project, a web-based system to be used by the general public to apply for state programs on-line and to buy health insurance. Deloitte Consulting is developing a premium billing module to facilitate the invoicing, collections, and customer service needs related to monthly premium payments and disbursement of payments to participating insurance carriers. The request also includes \$0.9 million for the all payer claims database and \$1.0 million for the independent verification and validation services.

It should also be noted that the Executive Order establishing the Rhode Island Health Benefits Exchange prohibits the use of general revenues for the purpose of the Exchange. It further states that "no liability incurred by the RIHBE or any of its employees may be satisfied using state general revenues." Subsequently, the Department indicated that the requested \$0.1 million from general revenues for unallowable federal fund expenditures is not needed. *The Governor includes funding as requested, with the exception of the \$0.1 million from general revenues.*

**Contact Center.** The Department's revised budget includes \$6.7 million in federal fund expenditures for the contact center, \$5.6 million more than enacted, to primarily reflect initial startup costs. The FY 2015 budget includes \$2.4 million, which represents the ongoing operational components of the contract. The total contract cost is \$24.0 million and is effective through December 31, 2015, with two one-year option periods. As of June 14, 2014, the state will have the option to convert a portion of the fees to a cost-per contact. If it wishes to do so, it must notify the contractor of its intention prior to May 1, 2014. *The Governor recommends funding as requested.*

**Communication and Media Services.** The revised request includes \$7.2 million from federal funds for communications and media, outreach, as well as training services for HealthSource RI, \$5.0 million

more than enacted. In July 2013, the Exchange launched the 39-in-3 campaign, whereby its officials visited all 39 cities and towns in three months to provide resources to small employers, community organizations, and individuals about the health coverage options. It also contracted with the Rhode Island Health Center Association to provide one-on-one, face-to-face application and enrollment assistance to Rhode Islanders. Information obtained from the state's accounting system shows a payment of \$0.8 million to RDW Group for television, radio and printing services. *The Governor recommends funding as requested.*

**Data, Analytics and Other Services.** The revised request includes \$16.3 million from federal funds, \$7.1 million more than enacted for all other contractual services, including data and analytical, legal services, actuaries and auditing. This includes \$6.3 million for services provided by the Wakely Consulting Group for the development of the Exchange's business process, developing a financial sustainability model and assisting HealthSource staff with health plan certification and qualification. It includes \$2.7 million for data and analytical services, for which HealthSource RI will hire a contractor to help design and implement a data analysis system that will fully facilitate federal and state reporting. The request also includes funding for Faulkner Consultant Group to provide technology support, financial analysis, technical writing and other services. *The Governor recommends funding as requested.*

**12.0 New Positions.** The Department requests \$0.7 million from federal funds to support 12.0 new full-time equivalent positions for HealthSource RI, including an insurance rate analyst, a senior legal counsel, a chief data operations officer, a fiscal management officer and others. The filling of the positions would be staggered and turnover savings of six months is assumed in the FY 2014 revised budget. The FY 2015 budget includes \$1.3 million for the annualized cost. The Department indicates that funding for this was not part of the enacted budget because the Exchange was in the process of assessing its staffing need. *The Governor recommends 10.0 new positions, 2.0 fewer than requested and includes \$0.4 million from federal funds. This is \$0.2 million less than requested to also reflect turnover savings.*

**Other Salary and Benefit Adjustments.** The Department includes revised expenditures of \$1.9 million from federal funds to support HealthSource RI's staffing of 15.0 full-time positions. The request is \$0.4 million less than enacted to reflect increased turnover savings; the enacted budget did not assume any savings. As of the pay period ending November 29, HealthSource RI had five positions vacant. The enacted budget reflects the transfer of the Health Benefits Exchange from the Office of the Governor to the Department of Administration. The Office staff roster appears to have six of the Exchange's filled positions shown in the Office of the Governor instead of the Department of Administration.

[Staff Note: The Department has failed to provide an organizational chart upon several requests; however, the request appears to assume a structure that includes five offices or divisions: office of the director, information technology, financial, legal and community outreach.]

*The Governor recommends \$0.1 million less than requested to reflect turnover savings. The recommendation assumes 6.0 positions for the Exchange are in the Office of the Governor, while the costs are allocated to the Department of Administration.*

**Lease Space and Other Operations.** The revised request includes \$1.1 million from federal funds, \$0.5 million more than enacted for operating costs for HealthSource RI. The increase includes \$0.3 million for six months for a new office space; \$659,200 is included in the FY 2015 request for the annualized cost. The Exchange had hoped to be located in the contact center; however, it indicates

that the facility that was acquired did not have sufficient room to house its operations as well. It is looking for a 15,000 square foot facility for its staff as well as enough room to house contractors. Current law requires departments to obtain legislative approval before entering into a long-term lease agreement, five years or more or in excess of \$500,000 in value. The request also includes funding for office furniture and computers for new employees.

*The Governor concurs, with the exception of providing \$0.1 million less to reflect a delay in obtaining the new lease. The Administration indicates that the request for proposals has not been issued.*

### **Office of Energy Resources**

**Stimulus - State Energy Plan.** The Department's request includes \$5.2 million or \$0.1 million more than enacted in federal stimulus funds for the state energy plan. The grant expired on September 30, 2013, and the Office of Energy Resources obtained approval from the U.S. Department of Energy to use the remaining funds for several initiatives. This includes the use of \$1.5 million for the Residential Property Assessed Clean Energy Program and \$3.0 million for the Energy Revolving Loan Fund Program, which will provide zero or low interest loans for energy related projects. This program will be administered by the Economic Development Corporation, which is in the process of finalizing the guidelines for the program. The memorandum of understanding between the Corporation and the Office requires that all guidelines, operating procedures and compensation for the Corporation be made on or before November 30. *The Governor recommends funding as requested.*

**Stimulus - Weatherization Assistance.** The revised request reflects the carry forward of \$0.3 million from \$5.0 million from federal stimulus funds for the Weatherization Assistance Program. The state received a total of \$20.1 million as part of the American Recovery and Reinvestment Act of 2009. All of the funds must have been spent by March 31, 2012; however, the Department obtained approval from the U.S. Department of Energy to use the funds by September 13, 2013. Information obtained from the state's accounting system indicates that expenditures as of November 19, 2013, totaled \$0.2 million, resulting in a balance of \$0.1 million; the Department is in the process of performing a close-out of the grant award. This program provided cost effective, energy efficient weatherization improvements. It also provided low-income individuals, particularly elderly, persons with disabilities, and families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. *The Governor recommends funding as requested.*

**Stimulus - All Other Projects.** The Department requests \$0.2 million in carry forward funds from federal stimulus, including \$0.2 million for projects that reduce energy use and fossil fuel emissions and \$15,365 to improve energy emergency preparedness plans and to ensure grid resiliency on a statewide and regional basis. The Department received a total of \$9.9 million for these two projects through the American Recovery and Reinvestment Act. The Department obtained an extension to use the funds through September 30, 2013. Information obtained from the state's accounting system on November 19 showed all but \$18,843 was spent. The Department is in the process of performing a close-out of the grant award. *The Governor recommends funding as requested.*

**All Other Energy.** The request includes total expenditures of \$6.2 million, \$0.2 million more than enacted from federal and restricted sources for the Office of Energy Resources. This includes \$0.6 million or \$0.2 million less than enacted to reflect anticipated receipts 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, \$0.3

million less from the Regional Greenhouse Gas Initiative to reflect anticipated receipts from the sale of emission allowances.

Included in the request is \$1.0 million from federal and restricted sources for salary and benefit costs of 10.0 full-time positions. As of the pay period ending November 29, the Office had 2.0 positions vacant. *The Governor concurs and provides an additional \$1,000 in available demand-side management gas and electric funds.*

### **Facilities Management**

**Utility Savings.** The Department projects utility costs of \$18.2 million from all funds for FY 2014, including \$15.5 million from general revenues at state buildings under its jurisdiction, including the Pastore Campus. The projection is 7.1 percent or \$1.2 million more than FY 2013 reported expenditures of \$17.0 million and is \$1.1 million less than the enacted budget. This reflects savings of \$0.4 million from natural gas and \$0.3 million each from electricity, oil and water. It includes new expenditures of \$229,000 from all funds to purchase woodchips for the Zambarano boiler.

The revised budget includes a total of \$1.3 million in expenditures for water. In FY 2013, the Department became aware of a faulty meter that may have caused an over billing. It paid the entire amount it was billed in FY 2013, while trying to reach a resolution with the Providence Water Supply Board. Staff estimates that the request could be as much as \$1.1 million from all funds including \$0.9 million from general revenues more than necessary if the dispute is resolved in the state's favor.

Subsequently, the Department indicates that the Providence Water Supply Board has rejected its claim. It is currently in the process of an appeal.

*The Governor concurs and includes an additional \$0.6 million in savings from natural gas.*

**Facilities & Capital Projects Student Internship Program.** The revised budget includes general revenue expenditures of \$50,758 for salaries and benefits to support an internship program. The Department indicates that the intent of the program is to attract students in the fields of architecture, construction management and facilities management from universities and colleges in Rhode Island and neighboring states. The number of students selected during the year will be equivalent to 1.0 full-time employee.

The Department indicates that it used some of its operating surplus in FY 2013 to pay a total of five interns, which came from the following institutions: New England Institute of Technology, University of Rhode Island and Wentworth Institute of Technology. Funding is also included in the Department's FY 2015 budget request. *The Governor recommends funding as requested.*

**Other Facilities Operations.** The Department requests \$7.7 million from all funds including \$6.7 million from general revenues for all other expenditures for the Division to support building operations, maintenance and repairs for 365 state properties, including the Pastore and Zambarano Campuses. Expenditures for the operations of the Central Power Plant and building maintenance account for more than 53.0 percent of the revised request.

The request is \$0.3 million or 3.2 percent less than enacted and is \$0.4 million more than FY 2013 reported expenses. It includes \$0.1 million to purchase new furniture and equipment for the administration building, which the Department indicates is more than 20 years old. It includes savings of \$0.2 million from building maintenance and \$0.3 million in contractual costs for the operation of the

Central Power Plant, which the Department rebid in FY 2013. The request assumes that the contract would be effective on November 1, 2013, for three years with options to extend. Subsequently, the Department indicates there were some issues the Division of Legal Services had to resolve and as of December 9, the contract still has not been signed. Therefore, the entire budgeted savings may not be achievable. The contract assumes two components: the direct labor paid, which is a fixed amount and consumables, which depends on repair costs. The request also includes expenditures for alarm services, snow plowing, waste disposal and landscaping supplies. *The Governor recommends funding as requested.*

### **Information Technology**

**Code for America.** The Department requests new general revenue expenditures of \$180,000 to match private funds for the Office of Digital Excellence to create a knowledge portal for the K-12 education space, which will connect students, educators and parents to educational experts in both the public and private sectors. It will also serve as a platform to circulate lessons and other educational materials. The plan is to use the Warwick and West Warwick School Departments as pilots for a statewide rollout of a technology platform. The Department could use resources from the Technology Investment Fund for this initiative. *The Governor recommends funding as requested.*

**RI Financial Accounting Network System Operations.** The Department requests expenditures of \$1.6 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 \$62,160 more than enacted, based on FY 2013 reported expenditures.

Subsequent to the enactment of the budget, one of the positions supporting the system became vacant. The request assumes using \$0.1 million in turnover savings to contract an e-business data manager. The Department indicates that it attempted to fill this position; however, it was not successful. It will continue to search for a full-time employee to provide the services and upon filling the position, it will terminate the contractor. *The Governor concurs, with the exception of removing \$2,726 to account for the statewide medical benefit savings.*

**Other Salary and Benefit Adjustments.** The Department requests \$22.6 million from all funds, including \$14.4 million from general revenues for all other salary and benefit expenses to support 190.5 full-time positions for the Division of Information Technology. This is \$0.1 million less than enacted including \$0.2 million less from general revenues to reflect additional turnover savings and revised allocation percentages based on FY 2013 reported usage. Consistent with the enacted budget, the revised budget includes \$0.4 million for overtime, which is \$11,358 or 3.2 percent more than FY 2013 reported expenditures. As of the pay period ending November 29, the Division had 14.5 full-time positions. *The Governor recommends \$0.3 million less from all funds, including \$0.2 million from general revenues to reflect savings from turnover and medical benefits .*

**Other Information Technology Operations.** The Department requests FY 2014 revised expenditures of \$9.3 million from all funds for the Division of Information Technology. This is \$0.3 million less than enacted including an increase of \$129,879 from general revenues of which \$75,000 is for internet fees and \$35,928 is for leased printers for the mailroom operations. The Department indicates that equipment costs totaling \$1.8 million were purchased for the Division of Information Technology's mailroom based on Deloitte's recommendation for increased utilization relating to the Unified Health Infrastructure Project. This includes a barcode sorter and two automated mail inserters. The equipment was purchased with federal funds by the Office of Health and Human Services.

The request includes \$4.0 million, \$0.6 million less than enacted from the Technology Investment Fund, based on anticipated expenditures. *The Governor recommends funding as requested and includes an additional \$0.2 million from the Technology Investment Fund to reflect anticipated expenditures.*

### **Statewide Planning**

**Rental Housing Subsidy.** The request includes the enacted amount of \$750,000 from general revenues to provide rental housing subsidies for eligible homeless individuals and families. The Housing Resources Commission issued a competitive Request for Proposals under the existing Consolidated Homeless Fund program. The Commission received eight applications and five were selected. Based on the distribution plan, Crossroads received \$325,000 to service individuals and families; however, its focus will be assisting families. House of Hope received \$200,000 to address long-term homeless individuals, particularly those using the state's shelter facilities; \$175,000 to The Providence Center/Riverwood Mental Health Services to assist chronically homeless individuals; and \$38,475 for the Amos House for individuals participating in its sober program. The program guidelines require that no more than 3.0 percent of the funds can be used for administrative costs. *The Governor concurs.*

**Disaster Recovery Grant.** The request includes federal fund expenditures of \$3.1 million, \$2.7 million more than enacted to reflect anticipated expenditures for the Disaster Recovery Assistance program. In September 2010, the U.S. Department of Housing and Urban Development awarded the state with a \$13.0 million grant for disaster recovery, of which \$4.1 million was awarded directly to the Cities of Cranston and Warwick. *The Office of Housing and Community Development administers the program and indicates that of the \$9.0 million that went directly to the state, \$1.8 million has been spent through FY 2013, and the Department programs \$3.1 million in FY 2014 and \$2.5 million in FY 2015. A great percentage of the funds will be used to support infrastructure that was impacted by the 2010 flood and will involve flood remediation. The Governor recommends funding as requested.*

**Sustainable Communities Grant.** The Department requests revised expenditures of \$1.3 million, \$0.4 million more than enacted from federal funds from the Department of Housing and Urban Development funds 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. In FY 2013, Fourth Economy completed the economic data analysis, which focused in the areas of state's business climate and the regulatory environment. Of the \$1.3 million requested, \$0.2 million is for salaries and benefits to support the program. *The Governor recommends funding as requested.*

**Other Planning Operations.** The Department requests \$16.2 million from all funds, \$0.4 million less than enacted for staffing and operation costs for Statewide Planning. This includes \$0.6 million more for various community development block grants. Annually, the grant award is received from the federal government and prior years' remaining funds are carried forward for expenditures; the grants are also adjusted based on available balances of the block grant awards unspent by the Department. Due to the timing of payments, grant funds often overlap fiscal years. Federal fund expenditures also include \$0.3 million for Hurricane Sandy for various community projects. Projected expenditures from other funds reflect a reduction of \$1.3 million from the enacted amount of \$5.0 million, which are reimbursed by the Federal Highway Administration through the Department of Transportation for planning related projects.

The request includes \$0.1 million less from general revenues primarily from turnover savings. As of the pay period ending November 29, the Division had 1.0 of its authorized 38.0 positions vacant. *The*

*Governor concurs, with the exception of removing \$9,017 from general revenues to reflect the statewide medical benefit savings.*

## **Debt Service**

**Convention Center Authority.** The request includes the enacted amount of \$23.1 million from general revenues for debt service for the Convention Center Authority. Under the terms of the lease agreement between the state and the Convention Center Authority, the minimum rentals payable by the state in any fiscal year are equal to the gross debt service costs in that year. In the event that the Authority is running an operating deficit, the state would be responsible for covering this shortfall. In the event that the Authority has an operating profit, this is paid back to the State of Rhode Island. *The Governor includes savings of \$0.1 million to reflect a refunding of outstanding debt.*

**Fidelity Job Rent Credits.** The request includes the enacted amount of \$3.4 million from general revenues 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. Debt service is paid twice per year and the credit is \$1,000 per employee each payment or \$2,000 annually over the base amount for the prior six-month job credit period and is used to pay the debt costs of the Fidelity building. *The Governor includes \$120,000 less than enacted based on more updated data.*

**Historic Tax Credit.** The request includes the enacted amount of \$23.3 million from general revenues to fund debt service costs for historic tax credits. This assumes issuance of \$75.0 million in new bonds in FY 2014 to cover expected credits. The 2008 Assembly adopted legislation to significantly modify the program. It required upfront processing fees, placed a moratorium on new projects, reduced the overall effective credit from 27.75 percent to 22.0 percent, and authorized borrowing sufficient funds to cash out all credits. The 2013 Assembly adopted legislation to allow new projects to replace those projects that are not progressing and developed new requirements and standards. In August 2013, the Division of Taxation conditionally approved projects totaling \$34.5 million. The Historical Preservation and Heritage Commission is in the process of reviewing the projects. *The Governor includes savings of \$2.0 million to reflect a delay in issuance.*

**I-195 Land Acquisition.** The Department requests the enacted amount of \$1.2 million from general revenues for debt service costs of the I-195 land acquisition project. 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 Governor includes \$0.5 million, \$0.7 million less than enacted to reflect the actual payment, which is interest only.*

**All Other Debt.** The Department includes the enacted amount of \$141.9 million from all funds, including \$106.3 million from general revenues for all other debt service payments. Consistent with the enacted budget, the request does not include funding for short-term borrowing. *The Governor includes \$0.3 million less than enacted, primarily from general revenues.*

## **Overhead Functions**

**38 Studios Market Analysis.** The request includes the enacted amount of \$50,000 to perform a market analysis to further explore the implications of the state not repaying the authorized debt. A Request for Proposals was issued in October; however, the Department indicates that no bids were received. The

Administration is currently in the process of exploring other options. *The Governor recommends funding consistent with the enacted budget.*

**Personnel Classification Study.** The Department requests a total of \$1.0 million, \$0.5 million in each FY 2014 and FY 2015 to obtain outside services to review the state's personnel classification system. The system currently has over 1,000 position classifications. The Department of Administration issued a Request for Proposals on December 5, 2013, for the classification and compensation system redesign. The 2013 Assembly did not concur with the Governor's proposal to fund this study. The Assembly did provide \$0.2 million to perform a personnel study, which recommended that the Human Resources Division be headed by a chief of human resources, which will be dedicated to establishing strategic direction, and developing policies. The Department indicates that the new chief of human resources is expected to start by January 2014. *The Governor recommends \$0.5 million in FY 2014.*

**Labor Contract Negotiations.** The Department requests \$0.3 million from general revenues for state employees and the State Police labor contract negotiations in FY 2014 for which the enacted budget included no funding. Most labor contracts expired on June 30, 2013. Based on reported FY 2013 expenditures, it appears that the Department spent \$133,682 for contract negotiations. This included \$97,018 paid to Adler, Pollock and Sheehan for negotiations relating to the State Police and \$36,664 paid to Whelan, Kinder and Siket for state employees' contract negotiations. It appears that \$87,539 has been spent as of November 19, 2013. *The Governor recommends funding as requested.*

**Purchasing - Website Expansion.** The Department requests a total of \$105,000 from general revenues, including \$75,000 in FY 2014 and \$30,000 in FY 2015 to purchase storage and to enhance the website for the Division of Purchasing to allow that all public works bid result projects be posted on the Purchasing website, effective January 1, 2014, pursuant to Rhode Island General Law Section 37-2-18. The 2010 Assembly adopted legislation requiring that all public works bid documents be made available for inspection by the public, effective January 1, 2014. Prior to that, the threshold was for projects above \$0.5 million. The 2011 Assembly provided \$80,000 to enhance the Division's website.

The Department indicates that the request does not include hardware costs and that the estimate is subject to change once staff from the Division of Information Technology has taken a deeper look at the project. *The Governor recommends funding as requested.*

**Purchasing - Procedure Examination.** The Department requests a total of \$120,000 from general revenues, including \$85,000 in FY 2014, of which \$60,000 is for legal services to examine the Division of Purchasing's procedures and regulations. The Department indicates that the examination is needed in order to reduce the number of protests, reissuing procurements, cancellations and change orders. The remaining \$25,000 will be used to conduct a Lean Process Improvement program, which will examine practices to accommodate a constrained staffing level and to improve the Division's ability to move capital projects. *The Governor recommends funding as requested.*

**Rhode Island Ready Project.** The request includes the enacted amount of \$75,000 for the Rhode Island Ready Project, an initiative developed by the administration 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. This was intended to be one-time funding. The Budget Office subsequently indicated that the

funding in FY 2014 will not likely be used, since the Administration has not found an entity to manage the project. *The Governor delays this project to FY 2015 and adjusts funding accordingly.*

**Other Salaries and Benefits.** Excluding the items previously mentioned, the Department requests revised salary and benefit expenditures of \$42.2 million from all funds to support 470.2 full-time positions for the following programs: Central Management, Accounts and Control, Office of Management and Budget, Auditing, Facilities Management, Capital Projects, Legal Services, Purchasing, Office of Library and Information Services, Film Office, and Construction Permitting, Approvals and Licensing. This is \$1.1 million less than enacted, including \$0.2 million less from general revenues to reflect additional turnover savings. The request reflects reductions from federal funds based on revised allocation percentages that the Department will receive for centralized services. The Department notes that during the FY 2013 fiscal closing, the decision was made to transfer the expenses directly to the Executive Office of Health and Human Services for positions that support the Unified Health Infrastructure Project to ensure transparency. As of the pay period ending November 29, the Department had 41.0 positions vacant for the aforementioned programs.

*The Governor recommends \$0.7 million less than requested, primarily from general revenues for medical benefit savings and additional turnover savings in Central Management, Accounts and Control, Office of Management and Budget, and Facilities Management.*

**Payroll System.** The Department indicates that it is in the process of implementing a new payroll system, which would allow state employees to obtain their payroll stubs online. It did not request any funding in its revised budget nor was any enacted. The new system is projected to be implemented by April 1, 2014. This is in conjunction with the Governor's proposal to eventually require all employees to receive their pay through direct deposit. A subsequent phase will allow state employees to obtain their W-2 forms online as well. *The Governor recommends \$25,000, including \$10,000 for implementation costs and \$15,000 for three months of processing fees.*

**All Other Operations.** The Department requests \$0.5 million more from all funds, including \$149,317 from general revenues for all other operating costs. This reflects a shift of \$72,930 in turnover savings to operating costs to ensure that the Office of Library and Information Services meets its maintenance of effort requirement. The remaining \$76,387 from general revenues is for staff training, computer and office supplies. All other sources include adjustments based on anticipated federal awards and restricted receipts. *The Governor concurs, with the exception of removing \$30,999 from all funds to reflect anticipated expenditures in Accounts and Control and Construction Permitting, Approvals and Licensing.*

**Capital Projects.** The Department requests \$37.2 million from Rhode Island Capital Plan funds for a total of 32 projects. This is \$5.3 million less than enacted. Upon further review, it appears that a total of \$1.9 million for two projects was inadvertently excluded from the request. This includes \$1.6 million for the Central Power Plant and \$0.3 million for the Pastore Center Water Utility System projects. *The Governor recommends total expenditures of \$37.1 million, \$5.4 million less than enacted, which is \$0.1 million less than requested. This includes funding for the two projects that the Department omitted in its request. A detailed analysis of the projects is included in the Capital Budget section of this publication.*



## Department of Business Regulation

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 1,142,117	\$ 1,197,671	\$ 1,228,815	\$ 1,221,398
Banking Regulation	1,461,945	1,840,225	1,710,089	1,567,694
Securities Regulation	893,842	995,090	1,069,834	938,648
Commercial Licensing, Racing & Athletics	1,012,938	1,208,270	1,290,070	1,141,311
Insurance Regulation	4,666,483	5,113,467	5,195,300	5,065,692
Office of the Health Insurance Commissioner	5,225,712	2,300,269	2,174,036	4,469,169
Board of Accountancy	49,615	81,034	16,654	16,654
Boards for Design Professionals	254,646	253,854	267,728	256,214
<b>Total</b>	<b>\$ 14,707,298</b>	<b>\$ 12,989,880</b>	<b>\$ 12,952,526</b>	<b>\$ 14,676,780</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 9,301,239	\$ 10,218,377	\$ 10,167,802	\$ 9,961,834
Contracted Services	4,889,836	1,998,135	2,012,735	2,616,147
<b>Subtotal</b>	<b>\$ 14,191,075</b>	<b>\$ 12,216,512</b>	<b>\$ 12,180,537</b>	<b>\$ 12,577,981</b>
Other State Operations	445,534	679,630	678,251	2,005,061
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	-	80,000	80,000	80,000
Capital	70,689	13,738	13,738	13,738
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 14,707,298</b>	<b>\$ 12,989,880</b>	<b>\$ 12,952,526</b>	<b>\$ 14,676,780</b>
<b>Sources of Funds</b>				
General Revenue	\$ 8,610,843	\$ 9,245,878	\$ 9,245,879	\$ 8,814,930
Federal Aid	4,698,165	1,747,589	1,634,676	3,958,494
Restricted Receipts	1,398,290	1,996,413	2,071,971	1,903,356
Other	-	-	-	-
<b>Total</b>	<b>\$ 14,707,298</b>	<b>\$ 12,989,880</b>	<b>\$ 12,952,526</b>	<b>\$ 14,676,780</b>
<b>FTE Authorization</b>	<b>94.0</b>	<b>94.0</b>	<b>92.8</b>	<b>94.0</b>
<b>FTE Average</b>	<b>83.4</b>			

**FY 2014 Revised Request.** The Department of Business Regulation requests \$37,354 less than enacted from all fund sources, including \$1 more from general revenues, \$112,913 less from federal funds and \$75,558 more from restricted receipts. It requests 92.8 full-time equivalent positions, 1.2 fewer than the authorized level.

*The Governor recommends \$1.7 million more than requested to primarily reflect a new federal grant awarded subsequent to the budget submission. He adds four positions for the administration of the new*

*grant and eliminates four current vacancies. Expenditures from general revenues are \$0.4 million less than enacted and requested, reflective of turnover and statewide medical benefit savings.*

**Board of Accountancy Position Elimination.** The Department's revised request eliminates funding for the administrative assistant position that supports the Board of Accountancy for which the enacted budget includes \$64,380 from general revenues. However, it retains the authorization in order to fill a pari-mutuel specialist in the Securities Regulation Division. The Board of Accountancy is an autonomous board that is responsible for the administration of licensing of certified public accountants, partnerships, corporations, and sole proprietorships. The Department indicates that the position became vacant and it upgraded an existing administrative assistant position in the Boards for Design Professionals to assume the responsibilities of the eliminated position. This resulted in a net savings of \$50,506 from general revenues. *The Governor recommends funding as requested.*

**OHIC - Exchange Staffing.** The enacted budget includes \$0.3 million from federal funds to support 2.0 full-time positions reviewing health insurance rates in the Office of the Health Insurance Commissioner. The Department's revised request removes \$149,500 in funding, decreases the authorization by 1.2 full-time equivalent positions and indicates that these amounts should be allocated to the Department of Administration's budget for staffing associated with the Health Benefits Exchange. It should be noted that Department of Administration's budget does not include funding or the staffing authorization to reflect this change.

*The Governor recommends the enacted staffing and maintains the positions in the Office, but reduces enacted funds by \$80,448 to reflect turnover and statewide medical benefit savings.*

**OHIC - Other Staffing and Operations.** The Office of the Health Insurance Commissioner requests \$23,267 more than enacted for all other staffing and operating costs. This includes \$10,046 more from all funds for salaries and benefits, of which \$13,320 less is from general revenues to reflect turnover savings from the Commissioner's position and \$23,366 more is from federal funds primarily for medical benefits, based on employee selection. Operating costs are \$13,221 more than enacted from federal funds based on actual consultant services provided by RI Parent Information Network, Inc. and Community Catalyst. This is funded as part of the Consumer Assistance Grants program to help states expand services including enrolling consumers in health coverage.

Subsequent to the budget submission, the Department was awarded a \$2.7 million Rate Review Cycle III grant from the Centers for Medicare and Medicaid Services. The Department requests that its budgets be amended to reflect the award; assuming use of \$1.0 million in FY 2014 and \$1.4 million in FY 2015. The remaining \$0.4 million would be budgeted in the FY 2016 budget. It also requests staffing authorization for an additional 4.0 full-time positions to administer the grant. The funds will be used to improve rate review transparencies by developing a consumer-oriented website that publishes health pricing data.

*The Governor recommends \$2.2 million more than requested, including \$0.9 million to reflect the new grant award, and \$1.3 million in carry forward funds for an Exchange Establishment grant. He includes 4.0 positions for the administration of the new grant. He provides \$28,685 less general revenues than requested to reflect statewide medical benefit savings and other benefit adjustments for current staffing.*

**All Other Staffing.** The Department requests \$0.2 million more than enacted including \$0.1 million each from general revenues and restricted receipts for all other salary and benefit costs. The increase in restricted receipts reflects revised estimates for staff efforts that are billable directly to the industries

the Department regulates. The request includes position changes and it restores \$0.1 million in turnover savings from Central Management, Securities Regulation and Insurance Regulation. It also includes savings from downgrading a principal licensing examiner to a bank examiner due to retirement. Excluding the Office of Health Insurance Commissioner, the Department had 10.0 of its 85.0 positions vacant as of the pay period ending October 5, 2013.

*The Governor recommends \$335,969 less than requested including \$303,854 from general revenues to reflect turnover and statewide medical benefit savings. He recommends the elimination of 4.0 unidentified current vacancies.*

**All Other Operations.** The Department's request includes the enacted amount of \$1.8 million from all funds for operating expenditures. This includes \$0.3 million from general revenues and \$1.5 million from restricted receipts for reimbursable office supplies and travel expenses accrued ensuring the proper conduct of licensees in relation to state law and regulations. Upon further review, it appears that expenditures from several restricted receipt accounts have been low. The Department then indicated it does not believe that the restricted receipts can be used for operating costs. Pursuant to Rhode Island General Law Section 41-4-9.19, staff does not believe that the use is restricted to just salary and benefit costs. As of the end of FY 2013, the Department had \$0.7 million available in this fund.

*The Governor recommends \$0.2 million less than enacted and requested, including \$0.1 million from general revenues. He recommends that the Department shift eligible operating costs to some of its restricted funds. The revised recommendation is \$0.3 million more than FY 2013 reported expenditures.*



## Department of Labor and Training

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 615,810	\$ 1,163,490	\$ 2,169,630	\$ 2,044,569
Workforce Development Services	26,575,063	33,327,468	43,855,303	43,668,678
Workforce Regulation and Safety	2,962,592	3,002,408	3,027,347	3,004,733
Income Support	613,209,410	545,454,363	529,822,706	529,897,740
Injured Workers Services	8,050,179	9,139,647	8,994,937	8,941,031
Labor Relations Board	382,834	393,736	370,481	386,532
<b>Total</b>	<b>\$ 651,795,888</b>	<b>\$ 592,481,112</b>	<b>\$ 588,240,404</b>	<b>\$ 587,943,283</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 37,343,917	\$ 36,316,873	\$ 39,862,339	\$ 39,551,638
Contracted Services	4,023,412	3,918,720	10,314,371	10,310,795
<b>Subtotal</b>	<b>\$ 41,367,329</b>	<b>\$ 40,235,593</b>	<b>\$ 50,176,710</b>	<b>\$ 49,862,433</b>
Other State Operations	5,096,093	5,440,383	6,070,546	6,078,618
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	566,674,126	490,584,462	480,704,709	480,834,510
Capital	326,436	828,252	4,288,486	4,167,769
Capital Debt Service	6,029,424	22,500,000	5,005,360	5,005,360
Operating Transfers	32,302,480	32,892,422	41,994,593	41,994,593
<b>Total</b>	<b>\$ 651,795,888</b>	<b>\$ 592,481,112</b>	<b>\$ 588,240,404</b>	<b>\$ 587,943,283</b>
<b>Sources of Funds</b>				
General Revenues	\$ 7,730,995	\$ 9,064,061	\$ 9,064,061	\$ 9,048,019
Federal Funds	151,039,255	95,710,236	99,228,606	99,066,609
Restricted Receipts	36,663,287	43,125,719	55,310,662	55,242,490
Other Funds	456,362,351	444,581,096	424,637,075	424,586,165
<b>Total</b>	<b>\$ 651,795,888</b>	<b>\$ 592,481,112</b>	<b>\$ 588,240,404</b>	<b>\$ 587,943,283</b>
<b>FTE Authorization</b>	<b>423.0</b>	<b>392.0</b>	<b>410.0</b>	<b>410.0</b>
<b>FTE Average</b>	<b>389.4</b>			

**FY 2014 Revised Request.** The Department of Labor and Training requests \$588.2 million from all fund sources, which is \$4.2 million less than enacted. This includes general revenues at the enacted level and increases of \$12.2 million from restricted receipts, \$3.5 million from federal funds and \$19.9 million less from other funds, primarily for unemployment insurance benefits. The request includes 410.0 full-time equivalent positions, 18.0 more than the enacted authorization, including 10.0 positions for new programs and 8.0 positions for existing unemployment and workers' compensation programs.

*The Governor recommends \$587.9 million from all sources, \$4.5 million less than enacted and \$0.3 million less than requested, including \$16,042 less from general revenues. The changes to the request include \$0.3 million less from increasing turnover, \$0.1 million more for unemployment insurance benefits and \$0.1 million less from delaying asset protection projects until later years. He includes 410.0 positions, consistent with the request.*

**Staffing.** The Department's revised request includes 410.0 full-time equivalent positions, which is 18.0 more than the enacted authorization. The request adds 7.0 positions for the new temporary caregiver insurance program, 3.0 positions for the new job development programs that were included in Article 15 of the appropriations act, 1.0 new position for the workers' compensation program and adds 7.0 unemployment insurance positions in case funding becomes available or Congress approves another extension of benefits. The request also shifts positions among programs for a net zero change.

The Department requests \$39.9 million for all salary and benefit expenses, including \$3.5 million from general revenues, \$23.0 million from federal funds, \$8.0 million from restricted receipts and \$5.3 million from other funds. This is \$3.5 million more than enacted, including increases of \$0.2 million from general revenues, \$2.2 million from federal funds, \$0.5 million from restricted receipts, and \$0.7 million from other funds. This represents a 9.8 percent increase in funding along with a 4.6 percent increase in the authorized number of positions. The request includes benefit rates consistent with revised Budget Office planning values.

The following table shows the full-time equivalent positions by program.

Program	FY 2014 Enacted	Temp. Caregiver Insurance	Article 15 - Jobs Programs	Workers' Comp. Position	New UI Staff	All Other Changes	Change to Enacted	FY 2014 Revised Request	FY 2014 Gov. Rev.	Gov. Rev. to Request
Central Management	2.8	-	-	-	-	(0.3)	(0.3)	2.5	2.5	-
Workforce Development Services	122.5	-	3.0	-	-	1.1	4.1	126.6	126.6	-
Workforce Regulation and Safety	29.4	-	-	-	-	(1.8)	(1.8)	27.6	27.6	-
Income Support	194.2	7.0	-	-	7.0	1.0	15.0	209.2	209.2	-
Injured Workers Services	41.1	-	-	1.0	-	-	1.0	42.1	42.1	-
Labor Relations Board	2.0	-	-	-	-	-	-	2.0	2.0	-
<b>Total</b>	<b>392.0</b>	<b>7.0</b>	<b>3.0</b>	<b>1.0</b>	<b>7.0</b>	<b>-</b>	<b>18.0</b>	<b>410.0</b>	<b>410.0</b>	<b>-</b>

*The Governor includes 410.0 positions, consistent with the revised request. The recommendation is \$310,701 less than the request, including \$5,288 less from general revenues and includes \$0.3 million in additional turnover savings and a general revenue reduction of \$16,042 from statewide medical benefit savings.*

**Unemployment Insurance Positions.** The Department requests \$14.7 million, or \$2.8 million more than enacted from all fund sources for salaries and benefits for 153.7 full-time equivalent positions in the unemployment insurance division. This includes \$2.1 million more from federal funds, \$0.7 million more from restricted receipts and \$15,876 less from other funds. This includes increases of \$0.9 million from restricted receipts that traditionally supplement general revenue expenses, \$0.5 million for overtime expenses for which the enacted budget includes no funding and \$0.2 million from federal stimulus funds. The request reflects all available funding for unemployment insurance staff for FY 2014. The request includes 5.4 more positions than the enacted level and includes adding 7.0 new positions, and transferring individuals to other divisions as vacancies occur.

In its original FY 2014 budget request, the Department anticipated laying off 30.0 unemployment insurance workers on July 1, 2013, but has repeatedly delayed the date until February 1, 2014. In addition, 22.0 workers were anticipated to be laid off on September 30, 2013, for a total of 52.0 workers in FY 2014. The enacted budget removed authorization for 30.0 positions on the assumption that they would be laid off early in the fiscal year and the Department has lowered the remaining number from 22 to 15 individuals. As of December 6, 2013, no layoffs have occurred and 15 individuals are expected to be laid off on February 1, 2014; however, these 15 individuals are most likely filling new or vacant positions in the Department and not actually being laid off.

*The Governor recommends \$71,720 more than requested, including \$62,772 more from federal funds to reflect revised funding availability, \$25,856 more from other funds for omitted self-employment program expenses and \$16,908 less from restricted receipts from the use of other available sources.*

**New Job Development Programs.** The Department requests the enacted level of \$1.25 million from general revenues for the new job development programs included in Article 15 of the appropriations act that created new employment and other support programs: the Back to Work Rhode Island program operated by the Department of Labor and Training and the work immersion and non-trade apprentice program operated by Governor's Workforce Board. It also extended child care for certain families and created a jobs match program.

The Department requests \$0.5 million for the Back to Work Rhode Island pilot program, which allows individuals to continue collecting unemployment benefits while participating in on-the-job training activities for up to six weeks. As required by statute, this program begins October 1, 2013 and will end December 31, 2014.

The Department requests \$0.5 million for a 10-week work immersion program, which reimburses employers up to 75 percent of the cost to train an individual. The Department also requests \$150,000 for a non-trade apprenticeship program, with grants to be awarded by the Governor's Workforce Board on a competitive basis.

The Department requests \$100,000 to allow a parent, with an annual income below 180 percent of poverty who is attending certain job readiness programs, access to subsidized child care beginning October 1, 2013 until January 1, 2015, if child care is required for participation.

The Department also includes a jobs match program, requiring computer and system upgrades to match employers and potential employees and to identify and address skills gaps. The jobs match program is required to begin by July 2, 2014 and the Department indicates that no additional funds are needed.

The Department also requests authorization for 3.0 new positions to implement the programs and reallocates \$0.2 million of existing resources for the staffing.

*The Governor's recommendation is \$825 less than requested to reflect statewide medical benefit savings.*

**7.0 New Temporary Caregiver Positions.** The Department requests \$0.4 million from temporary disability insurance funds for 7.0 new positions for the temporary caregiver insurance program. The enacted budget does not include any funding for the program because the legislation creating it became law after the budget was passed. The program will begin on January 1, 2014 and the Department's request assumes the positions will be filled in December. As of December 13, seven individuals were transferred to the new program from the unemployment insurance division, leaving seven vacancies in the unemployment insurance division. *The Governor's recommendation is \$268 less than requested to reflect a benefit rate adjustment.*

**1.0 New Workers' Compensation Position.** The Department requests \$0.1 million from restricted receipts for 1.0 new Medical Records Technician who began working November 3, 2013 in the Workers' Compensation program. The revised request assumes all other positions are filled within the division, thus requiring authorization for this new position; however, in FY 2012 and FY 2013, salary and benefit expenditures have been \$0.3 million below the final appropriation and the FY 2014 enacted

budget includes \$0.4 million more than FY 2013 expenses. *The Governor recommends the position and funding as requested.*

**All Other Salaries and Benefits.** The Department requests \$135,803 more from all sources for all other salary and benefit expenses. This includes reductions of \$15,473 from general revenues and \$0.3 million from restricted receipts with increases of \$0.4 million from temporary disability insurance funds and \$0.1 million from federal sources. The request shifts approximately two and a half unemployment insurance positions to the temporary disability insurance program and shifts numerous other positions among programs.

The request reduces general revenues; however, it appears the \$25,393 reduction related to the Labor Relations Board was made in error and the request underfunds Board member stipends by approximately \$20,000.

*The Governor's recommendation is \$0.4 million less than requested, including \$4,463 less from general revenues. This includes \$0.4 million in additional turnover savings and \$15,217 from statewide medical benefit savings offset by \$21,938 more from general revenues to correct funding for the Labor Relations Board.*

**Traditional Unemployment Insurance Benefits.** The Department requests \$268.6 million from all sources for the payment of all traditional unemployment insurance benefits, which includes the first 26 weeks and federal benefits from all tiers. This is \$26.9 million less than enacted, including \$14.9 million from federal funds and \$12.1 million from other funds, primarily the Employment Security Trust Fund. The major factor for the decrease is the phase out and expiration of federally funded emergency unemployment compensation by December 2013 that had provided up to an additional 47 weeks of benefits in FY 2013. After December 28, 2013, individuals will only be able to collect up to 26 weeks of benefits, the traditional number of weeks. *The Governor recommends funding as requested.*

**All Other Unemployment Insurance Benefits.** The Department requests \$2.4 million from federal funds for all other unemployment insurance benefits, including \$2.4 million for short-time compensation and \$5,000 for disaster unemployment insurance benefits. This is \$0.9 million less than enacted, including \$0.8 million less for short-time compensation from a reduction in anticipated reimbursements, \$0.1 million less for self-employment assistance that was inadvertently omitted from the request and \$5,000 more for disaster unemployment insurance benefits reflecting claims still in the adjudication process related to the last blizzard. *The Governor recommends \$0.1 million more from other funds for the self-employment assistance program.*

**Loan Repayment.** The Department requests \$31.1 million, or \$8.6 million more than enacted from Job Development funds for payments on the state's unemployment insurance loans. This includes \$2.5 million less for the interest payment to reflect the actual payment of \$5.0 million made in September 2013 and \$11.1 million more towards principal payments. The Department withheld principal payments that could have been made in FY 2013 because the federal government was nearing the debt ceiling and it was unclear if the states would be able to access the federal funds required to make benefit payments or borrow if necessary. The Department anticipates making the additional principal payments in FY 2014 since the federal issue has been resolved. A principal payment of \$15.0 million was made on October 30, 2013. *The Governor recommends funding as requested.*

**Unemployment Insurance Administration.** The Department requests \$9.0 million more from all sources for the administration and operations of the unemployment insurance program, excluding

salaries and benefits. This includes \$9.6 million more from federal funds and \$0.6 million less from restricted receipts from the Tardy and Interest Fund. The primary increase is \$9.0 million more from federal supplemental awards specifically for information technology and computer related expenses, including \$6.9 million for the new information technology system for taxes and benefits being developed in conjunction with Mississippi and Maine and \$1.0 million carried forward from FY 2013. It also includes \$0.3 million more for advertising expenses and \$0.1 million for out-of-state expenses related to the new system which is currently being developed. Decreased expenditures include \$0.6 million less for legal expenses for disputed claims based on expenditures in the first quarter and \$0.1 million less for postal expenses. *The Governor recommends funding as requested.*

**Trade Readjustment Assistance Programs.** The Department's revised request includes \$1.4 million more 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 the enacted level of \$1.7 million for the distribution of weekly trade readjustment allowances and \$3.6 million 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. The requested increase reflects available funding, not necessarily increased utilization or costs related to the training programs.

To become eligible for these benefits, a worker must first exhaust all of their unemployment insurance benefits. Because of the availability of extended unemployment insurance benefits, there have been fewer claims, but even as more individuals have exhausted their unemployment insurance benefits, there have been fewer eligible applicants than anticipated. *The Governor recommends funding as requested.*

**Police and Fire Relief Fund.** The Department requests \$13 more from general revenues for police and fire benefits paid to surviving spouses of deceased police and firefighters and education benefits for spouses and children of deceased or disabled officers and firefighters, as well as the disabled worker. The request includes \$3,884 more for pension benefits and \$3,871 less for education benefits based on updated utilization trends from April through September 2013. *The Governor recommends funding as requested.*

**Workforce Investment Act Grants.** The request includes \$4.1 million more from federal Workforce Investment Act funds to support initiatives oriented to youth, adults and dislocated workers. This includes \$3.2 million in unspent funds from FY 2013 and current awards in addition to \$0.9 million from new grants. New grants include \$0.6 million for dislocated workers and \$0.3 million for supports in training, technology and data analysis for departmental staff from an incentive award for achieving multiple benchmarks. The request includes \$2.2 million more for dislocated worker programs, \$0.9 million more for adult workers and \$0.7 million more than enacted for youth programs. *The Governor recommends funding as requested.*

**Human Resource Investment Council Grants.** The Department requests \$3.7 million, or 53 percent more than enacted from restricted receipts to support initiatives of the Governor's Workforce Board through the Human Resource Investment Council. This includes \$3.6 million in contractually obligated awards and \$0.9 million in awards made, but not yet under contract that were carried forward from FY 2013, offset by \$0.8 million less for all other awards the Council anticipates in FY 2014. 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 recommends funding as requested.*

**All Other Workforce Development Grants.** The Department requests \$1.2 million more than enacted from federal funds for six workforce development grants, primarily representing unspent funds from FY 2013. Increased funding includes \$0.6 million for the On-Ramps to Career Pathways program to help certain individuals access a career path, \$0.3 million for a workforce data quality initiative in partnership with education and human service agencies to create a seamless education and workforce data infrastructure, \$0.2 million for Hurricane Sandy clean up at certain state parks and beaches, and \$0.1 million for the three remaining grants for seniors and disabled adults and the summer youth program. *The Governor includes \$25,000 more from other funds for an additional grant the Department received for the On-Ramps to Career Pathways program; he also adds \$75,000 from other funds for this grant in FY 2015.*

**Temporary Disability Insurance.** The Department requests \$0.9 million, or \$0.2 million less than enacted from the Temporary Disability Insurance Fund for administration and operations of the temporary disability insurance program, excluding salaries and benefits, bringing expenses to levels consistent with FY 2013 spending. The request also includes the enacted level of \$165.0 million for temporary disability insurance benefit payments to protect eligible workers against wage loss resulting from a non-work related illness or injury. *The Governor recommends funding as requested.*

**Temporary Caregiver Program.** The Department requests \$7.9 million from temporary disability insurance funds for benefit payments and administration of the new Temporary Caregiver program, excluding salaries and benefits. This includes \$7.8 million for the payment of benefits and \$66,113 for administration. Funding was not included in the enacted budget since the legislation was passed after the budget was enacted. The program will begin on January 1, 2014 and allow eligible claimants up to four weeks of benefits to care for a seriously ill child, spouse, domestic partner, parent, parent-in-law or grandparent, or to bond with a newborn child, new adopted child or new foster care child. The benefit rate is the same as temporary disability insurance benefits. *The Governor recommends funding as requested.*

**Workers' Compensation.** The Department requests \$243,274 less than enacted from workers' compensation restricted receipts for administration of the workers' compensation program, excluding salaries and benefits. The request includes \$147,527 less for computer equipment and related expenses; the division is still purchasing equipment for a new system, but the design and major purchases are completed. It also includes \$95,747 less from reductions for insurance, contracted doctors and other medical professionals and services at the Donley Center, claims through the administration fund for second injuries and miscellaneous expenses for the division. Requested expenses are \$0.5 million above FY 2013 reported expenditures. *The Governor recommends funding as requested.*

**Capital Improvements.** The Department requests \$2.4 million or \$1.7 million more from all fund sources for the replacement of the roof on three of the buildings at the Center General Complex and asset protection projects at the Complex. The request includes \$1.6 million for the roof project which was delayed from FY 2013, including \$0.7 million from Rhode Island Capital Plan funds, \$0.3 million from both federal funds and temporary disability insurance funds and \$0.2 million from workers' compensation funds; however, as of December 1, 2013, the contract has not been awarded. It also includes \$35,950 more for asset protection projects. The request is consistent with the Department's capital budget request. *The Governor recommends \$120,717 less from Rhode Island Capital Plan funds than requested, including \$122,881 less for asset protection to reflect shifting projects to later years and \$2,164 more for the roof project based on updated costs and available funding. These projects are discussed in greater detail in the Capital Budget section of this analysis.*

**Operating Transfers.** Excluding items mentioned previously, the Department's revised request includes \$15.9 million for expenditures classified as "operating transfers," which is \$17.0 million less than enacted, primarily reflecting a change in accounting for interest and principal payments on the state's unemployment insurance loans. 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 recommends funding as requested.*

Transfers to RI Higher Education. The Department requests \$0.2 million more from federal funds for transfers to the three Rhode Island institutions of higher education. This includes \$114,264 more from Trade Readjustment Act funding and \$122,547 more from Workforce Investment Act funds based on FY 2013 and year-to-date spending for each program. The request includes \$292,718 more for programs at the community college and reductions of \$52,250 for programs at the university and \$3,657 for the college, based on year-to-date utilization of the programs offered by each school. *The Governor recommends funding as requested.*

Job Development Fund. The Department requests transferring \$17.5 million less than enacted for payments on the state's unemployment insurance loans; however, this is just an adjustment in the method of accounting that excludes principal payments since principal payments are applied to the state's loan balance differently than interest payments. Principal payments are no longer explicitly shown as balance transfers, creating this difference. 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 recommends funding as requested.*

Unemployment Benefits Owed to Other States. The Department's revised request includes \$8.0 million from the Employment Security Trust Fund for the payment of unemployment insurance benefits to other states, consistent with the enacted level. This is just the amount that Rhode Island reimburses other states for paying benefits on the state's behalf; there is also a corresponding revenue item in the Rhode Island Office of the General Treasurer for reimbursements from other states, though they are often not equal. The payment of benefits to other states is included in the total benefits paid out, discussed earlier. *The Governor recommends funding as requested.*

Benefits - Unemployment Insurance. The Department requests the transfer of \$0.4 million 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 recommends funding as requested.*

Temporary Disability Insurance Transfers. The request includes \$0.1 million less than enacted from temporary disability insurance funds transferred to the Department of Revenue to support the employer tax unit. This reduction makes the transfer consistent with the amount in FY 2013. *The Governor recommends funding as requested.*

**All Other Operations.** The Department requests \$0.2 million more from all sources, including \$15,460 more from general revenues for all other operations. The primary increase is from federal Workforce Investment Act and Job Services funds for upgrades and renovations at the one-stop field offices, including paint, furniture, new computers and other electronic equipment. Although lease costs

decreased with the most recent contract, there are fewer partners paying so lease expenses increased and conversely, more agencies contribute to the various information technology systems and maintenance costs, so they decreased.

The requested increase from general revenues reflects minor adjustments in both directions for almost all expenditures, with the largest increases for new computers for the Labor Relations Board and for legal services and various maintenance expenses for the workforce regulation and safety division. The increase is essentially the same as the decrease in staffing expenses; however, since the decrease is not attainable, the Department may have to decrease operating expenses to provide funding for salaries and benefits.

*The Governor includes \$4,496 more than requested, including \$10,754 less from general revenues and \$15,250 more from other funds. General revenue reductions include \$4,738 for computer supplies for the Labor Relations Board, \$3,576 for legal expenses related to teacher arbitrations and \$2,440 for office supplies related to the Labor Relations Board and workforce regulation and safety division. He adds \$15,250 for various staff training programs from a one-time award from the New England Training and Employment Council. The budgetary classification of the fund source may require a technical correction.*

## Department of Revenue

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
Office of Director	\$ 852,397	\$ 1,222,847	\$ 1,183,307	\$ 1,111,663
Office of Revenue Analysis	474,704	528,721	520,401	520,437
Lottery Division	249,242,278	245,451,858	265,321,531	335,069,534
Division of Municipal Finance	2,164,948	2,351,173	2,175,366	2,024,593
Taxation	20,473,534	21,099,288	21,000,398	20,732,324
Registry of Motor Vehicles	18,274,501	20,846,873	24,728,057	24,210,408
State Aid	57,248,352	61,938,979	61,834,466	61,834,466
<b>Total</b>	<b>\$ 348,730,714</b>	<b>\$ 353,439,739</b>	<b>\$ 376,763,526</b>	<b>\$ 445,503,425</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 39,220,993	\$ 44,009,564	\$ 44,423,388	\$ 43,109,804
Contracted Services	1,686,618	2,733,907	3,647,732	3,672,732
<b>Subtotal</b>	<b>\$ 40,907,611</b>	<b>\$ 46,743,471</b>	<b>\$ 48,071,120</b>	<b>\$ 46,782,536</b>
Other State Operations	249,617,556	242,343,813	262,358,923	332,387,406
Aid to Local Units of Government	57,248,352	61,938,979	61,941,753	61,941,753
Assistance, Grants, and Benefits	4,463	9,923	108,923	108,923
Capital	687,992	906,812	3,913,057	3,913,057
Operating Transfers	264,740	1,496,741	369,750	369,750
<b>Total</b>	<b>\$ 348,730,714</b>	<b>\$ 353,439,739</b>	<b>\$ 376,763,526</b>	<b>\$ 445,503,425</b>
<b>Sources of Funds</b>				
General Revenue	\$ 94,786,540	\$ 102,007,495	\$ 102,141,387	\$ 101,152,290
Federal Aid	1,951,612	3,048,651	4,018,550	4,010,750
Restricted Receipts	1,730,219	1,821,886	3,987,098	3,981,638
Other	250,262,343	246,561,707	266,616,491	336,358,747
<b>Total</b>	<b>\$ 348,730,714</b>	<b>\$ 353,439,739</b>	<b>\$ 376,763,526</b>	<b>\$ 445,503,425</b>
<b>FTE Authorization</b>	<b>489.0</b>	<b>492.0</b>	<b>493.0</b>	<b>492.0</b>
<b>FTE Average</b>	<b>426.3</b>			

**FY 2014 Revised Request.** The Department of Revenue requests \$376.8 million, which is \$23.3 million more than enacted from all sources for FY 2014. This includes \$0.1 million more from general revenues, \$1.0 million more from federal funds, \$2.2 million more from restricted receipts, and \$20.1 million more from other funds. The Department requests 493.0 full-time equivalent positions, 1.0 more than authorized.

*The Governor recommends \$68.7 million more than requested from all funds, including \$1.0 million less from general revenues, \$7,800 less from federal funds, \$5,460 less from restricted receipts, and \$69.7 million more from Lottery Funds, primarily to reflect commission payments omitted from the request. He recommends staffing at the current authorized level, 1.0 fewer position than requested.*

## Office of the Director

**Staffing and Operations.** The Department requests \$39,540 less than enacted for staffing and operations expenses for the Office of the Director and legal services. The request includes \$39,545 less for salaries and benefits, reflective of current staffing and employee benefits selections for the authorized 9.0 full-time equivalent positions. This includes \$19,701 of turnover savings; the enacted budget assumed none. It also includes, \$5 more than enacted from general revenues for operations expenses. *The Governor recommends \$71,644 less than requested from general revenues for salaries and benefits, including \$3,011 from statewide medical benefit savings. He recommends maintaining a senior internal auditor position vacant for the full fiscal year and includes other funding as requested.*

## Office of Revenue Analysis

**Staffing and Operations.** The Department requests \$8,320 less than enacted from general revenues for staffing and operations for the Office of Revenue Analysis, including \$8,955 less than enacted for salaries and benefits for 4.0 full-time equivalent positions and \$635 more for operations expenditures. The request is consistent with current staffing, employee benefits selections, and historical expenditures. *The Governor recommends \$36 more than requested, including \$974 less for statewide medical benefit savings. He includes savings associated with a delay in the promotion of two revenue analysts, offset by an increase in salary for the chief of revenue analysis position, recently approved through a public hearing process.*

## Lottery Division

**Gambling Addiction Counseling.** The Department requests \$0.1 million from Lottery funds for compulsive and problem gambling counseling programs. These funds will be reimbursed on an annual basis by Twin River and Newport Grand casinos, pursuant to state law enacted by the 2013 Assembly. As table gaming was not approved by the City of Newport, Twin River Casino will be responsible for this reimbursement. *The Governor recommends funding as requested.*

**State Police Gaming Enforcement.** The Department's request includes \$1.4 million, which is \$0.2 million less than enacted from Lottery funds for transfers to the Department of Public Safety for the State Police Gaming Enforcement Unit. The request reflects salaries and benefits for 9.0 sworn members of the State Police, tasked with the regulation and control of authorized gaming in the state. The Unit includes 8.0 sworn members of the State Police assigned following its creation by the 2013 Assembly. The request also includes a shift in funding source for 1.0 State Police detective previously assigned to provide security and assistance to the Lottery Commission at its headquarters building. The Division does not anticipate this shift will result in any detrimental impact to Lottery Commission operations or casino operations. *The Governor recommends funding as requested.*

**All Other Table Gaming Operations.** The Department's request includes \$3.0 million, which is \$0.1 million less than enacted from Lottery funds for all other table gaming operations, including \$0.1 million less for salaries and benefits and the enacted amount of \$0.1 million for operating supplies and general office expenses. The request reflects a full year of funding for 31.0 full-time equivalent positions, current planning values, and employee benefits selections. *The Governor recommends \$67.1 million more than requested from Lottery funds, including \$67.2 million more for commission payments to Twin River accounted for by the November 2013 Revenue Estimating Conference but not included in the request. He also includes \$0.1 million less for salaries and benefits and includes turnover savings consistent with current staffing.*

**Prizes and Payments.** The Department requests \$246.9 million, which is \$19.6 million more than enacted from Lottery funds for prizes and payments for video lottery terminals and traditional games, including PowerBall, Mega Millions, scratch tickets, and Keno. 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, video lottery technology providers, the Narragansett Indian Tribe and the two casinos, net of the state's share of the revenue. The request reflects reported FY 2013 expenditures. *The Governor recommends \$2.9 million more than requested from Lottery funds to reflect November 2013 Revenue Estimating Conference estimates.*

**Lottery Building Renovations.** Consistent with the Department's capital budget, the request includes \$0.3 million from Rhode Island Capital Plan funds for renovations to the Lottery headquarters building in Cranston, including repair of the parking lot and replacement of the building's HVAC system and carpeting. The project is scheduled to be completed in FY 2014. *The Governor recommends funding as requested.*

**All Other Operations.** The Department requests \$13.7 million, which is \$0.1 million more than enacted from Lottery funds for all other Lottery Division operations. This includes \$5.7 million, \$0.1 million more than enacted for salaries and benefits for 53.0 full-time equivalent positions, and the enacted amount of \$8.0 million from Lottery funds for all other Division operating supplies and general office expenses. The request reflects current staffing, planning values, and employee benefits selections. *The Governor recommends \$0.3 million less than requested from Lottery funds to reflect turnover savings consistent with current staffing.*

#### **Division of Municipal Finance**

**Actuarial and Legal Services.** The Department requests \$270,000, which is \$0.3 million less than enacted for actuarial and legal services associated with municipal finance oversight. This includes \$150,000 less for contracted legal services and \$150,000 less for services provided by the actuary contracted with the Locally Administered Pension Plans Study Commission. The request is reflective of year-to-date expenses and anticipated expenditures based on the current actuarial contract and an anticipated reduction in legal expenses related to the cities of Central Falls and Woonsocket. *The Governor recommends funding as requested.*

**Oversight Reimbursement.** The Department requests \$0.1 million for municipal finance oversight reimbursements not included in the enacted budget. The request is consistent with state law enacted by the 2013 General Assembly, which requires that the state reimburse 50.0 percent of the cost for a finance advisor to municipalities that have improved in financial standing so as to no longer require a receiver. The request reflects anticipated expenditures for overseers in the cities of Central Falls and East Providence. *The Governor recommends funding as requested.*

**All Other Operations.** The Department requests \$1.8 million which is \$16,906 more than enacted from general revenues for all other Division of Municipal Finance operations. This includes \$8,907 more for salaries and benefits for 17.0 full-time equivalent positions and \$7,999 more than enacted for operations expenditures. The request is consistent with current staffing and employee benefits selections and includes anticipated expenditures for cellular use, printing services, and office supplies. The Department reports that increased staffing and Division responsibilities are expected to result in increased operations costs. Staffing for the Division has increased from 11.0 full-time equivalent positions for FY 2012 to 17.0 full-time positions for the current year. *The Governor recommends \$0.2 million less than requested from general revenues, including \$2,637 from statewide medical benefit savings. The recommendation includes turnover savings to reflect current vacancies.*

## Local Aid

**Property Revaluation Reimbursements.** The Department requests revised expenditures of \$0.5 million from general revenues to reimburse communities conducting scheduled property revaluations or statistical updates in FY 2014. This is \$55,999 less than enacted and includes \$86,396 from general revenues reappropriated by the Governor to reimburse Providence for evaluations conducted in the second half of FY 2013. The request reflects anticipated expenses for communities following an analysis of historical expenditures conducted by the Division. Expenditures fluctuate annually; they were \$0.9 million in both FY 2013 and FY 2012, \$0.7 million in FY 2011, \$1.5 million in FY 2010 and \$1.0 million in FY 2009. Barrington, Cranston, and East Greenwich are scheduled to conduct property revaluations in the current year. *The Governor recommends funding as requested.*

**Car Rental Tax/Surcharge - Warwick.** The Department requests \$0.9 million, which is \$48,514 less than enacted from restricted receipts for the City of Warwick, reflective of updated receipt estimates. The 2002 Assembly enacted legislation to provide the sales and vehicle rental surcharge revenues generated through customer facility charges from rental car companies at T.F. Green Airport. The receipts are deposited into a restricted account for the City of Warwick. *The Governor recommends funding as requested.*

## Division of Taxation

**Salaries and Benefits.** The Department requests \$18.7 million, which is \$0.1 million less than enacted from all sources for salaries and benefits for 208.0 full-time equivalent positions for the Division of Taxation. This includes \$0.2 million less from general revenues, \$31,382 more from federal funds, \$27,893 more from restricted receipts, and \$35,111 more from Temporary Disability Insurance funds. The request includes the restoration of \$0.3 million of turnover savings, reflective of the Department's anticipated timeline to fill vacant positions. The enacted budget assumed \$1.3 million, equivalent to 12.9 vacant positions, assuming an average true value of \$98,093 per position. As of the pay period ending December 14, 2013, the Division reported 91.8 percent or 191.0 full-time equivalent positions filled.

*The Governor recommends \$0.2 million less than requested from all funds, including \$0.2 million less from general revenues. He includes \$67,983 less from statewide medical benefit savings and includes an additional \$0.1 million in turnover savings to reflect filled positions.*

**All Other Operations.** The Department requests the enacted amount of \$2.3 million from all funds for all other Division of Taxation operations. This includes \$2.0 million from general revenues, \$0.1 million from federal funds, \$39,609 from restricted receipts, and \$0.1 million from other funds. The request is consistent with historical and anticipated expenditures for contracted financial services, printing, postage, and other office expenditures. *The Governor recommends \$48,900 less than requested from general revenues, to reflect a shift of \$25,000 from FY 2015 to FY 2014 for the Division's share of legal services associated with the Landmark and Westerly Hospital bankruptcy case and the elimination of \$79,300 for computer purchases.*

## Registry of Motor Vehicles

**Reappropriation - National Auto Dealers Database Access.** The Governor reappropriated \$66,000 from general revenues for its annual data services contract with the National Automobile Dealers Association. The Association provides in-depth data to the Registry including state-by-state automotive

retail information, national statistics on motor vehicles, and legislative issues. The Association did not bill the Registry for FY 2013 access until June 2013. *The Governor recommends funding as requested.*

**Chief of Information and Public Relations.** The Department requests \$95,810 from general revenues for the creation of 1.0 chief of information and public relations position for the Registry of Motor Vehicles. This function is currently performed by a member of the Governor's resource team, in an effort to respond to public and media inquiries. The Department reports that the position fills a vital role and requests that it be added to the Registry's authorization for the current year. It should be noted that the request does not include any turnover savings consistent with the position being filled during the fiscal year. No anticipated hire date is provided for the position; it is also included in the FY 2015 operating request. *The Governor recommends funding as requested and assumes funding will be reimbursed to the Office of the Governor for the full fiscal year for the staff member currently performing this function.*

**Information Technology Modernization.** Consistent with its capital budget request, the Department includes \$2.2 million from restricted receipts for the Registry's Rhode Island Modernization System project. The request is consistent with the third revision of the Registry's contract with Hewlett Packard for system design and build-out; it is \$4.7 million more than the approved capital plan, but within the original capital borrowing authorization of \$13.0 million set by the 2006 Assembly. This includes \$0.7 million from federal funds for the current year granted to the Division to bring the system into compliance with federal requirements and \$1.8 million from general revenues for the current year through FY 2016 for staff training and system maintenance. The request reflects the cost of extending the use of the existing system longer than anticipated and addresses problems that have arisen in the development of the new system, delaying its delivery. The project is intended to expand the online functions available on the Registry of Motor Vehicles' website and reduce wait times for transactions performed at the Registry. The Department reports that the new system will be operational by May 2014.

It should be noted that debt service for the \$11.0 million from Certificates of Participation included in the approved plan is anticipated to exceed total restricted receipts available from the surcharge applied to registry transactions, intended to finance the project. *The Governor recommends funding as requested.*

**Information System Grant Adjustments.** The Department requests \$2.7 million, which is \$1.0 million more than enacted from federal funds for updates to the Registry's information systems and their integration with the Rhode Island Modernization System. The request reflects the availability of funds granted to the state for the Department of Homeland Security Real ID program and the Federal Motor Carrier Safety Administration Commercial Driver's License and Vehicle Information System grant programs. Funds will be used to develop information databases and to purchase software systems that will be incorporated into the Modernization System. The anticipated completion date for the Modernization System is May 4, 2014. *The Governor recommends funding as requested.*

**Customer Service Staffing.** The Department requests \$0.7 million from general revenues to reduce turnover savings within the Registry of Motor Vehicles in order to fill 9.8 customer service positions. The request is reflective of anticipated staffing needs associated with the completion of the Rhode Island Modernization System and its implementation in the current year and early FY 2015. The request includes \$0.1 million in turnover savings; the enacted budget includes \$0.7 million. To date, the Department has not provided the staffing plan on which the request was based nor a revised staffing plan reflective of ongoing negotiations with Hewlett Packard regarding the completion of the

Modernization System. The increased resources are also included in the Department's FY 2015 operating request.

In early January, the Department submitted its staffing plan dated December 13, 2013. It should be noted that the personnel costs detailed in the plan do not correspond with the requested turnover reduction. *The Governor recommends \$0.3 million, which is \$0.4 million less than requested and equivalent to filling 3.8 positions.*

**All Other Salaries and Benefits.** The Department requests \$0.2 million less than enacted from all sources for all other Registry salaries and benefits. This includes \$0.2 million less from general revenues and \$10,940 less from federal funds and is consistent with current staffing for the other 99.0 Registry positions, employee benefit selections, and current planning values. The request includes \$0.1 million more for overtime expenses associated with training sessions for the Rhode Island Modernization System. *The Governor recommends \$0.1 million less than requested from general revenues to reflect statewide medical benefit savings.*

**Safety and Emissions Lift Replacement.** Consistent with its capital budget request, the Department requests \$0.3 million, which is \$150,000 more than enacted from Rhode Island Capital Plan funds for the replacement of the Registry's safety and emissions lifts. The request is consistent with the Department's capital budget request, shifting \$150,000 from FY 2013 to the current year to reflect an updated project schedule. The lifts are used daily for the inspection of all school buses and public service vehicles. *The Governor recommends funding as requested.*

**All Other Operations.** The Department requests \$5.8 million, which is \$0.1 million less than enacted from all funds for all other operating expenses for the Division of Motor Vehicles. This includes \$53,421 less from general revenues, \$35,955 less from federal funds, and the enacted amount of \$14,763 from restricted receipts. The request reflects maintaining existing Registry information and database systems longer than anticipated to reflect the updated project schedule and current scheduled go-live date for the Rhode Island Modernization System, the use of the state's central mailroom for the printing and mailing of registration renewal forms, and the expiration of a federal grant program. *The Governor recommends funding as requested.*

## Legislature

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
General Assembly	\$ 5,185,656	\$ 5,324,933	\$ 6,515,812	\$ 6,486,500
Fiscal Advisory Staff	1,464,379	1,710,585	1,686,792	1,677,144
Legislative Council	4,036,512	4,518,608	4,492,774	4,458,459
Joint Comm. on Legislative Affairs	21,629,875	20,914,581	22,512,035	22,395,415
Office of the Auditor General	4,721,156	5,308,941	5,210,332	5,190,799
Special Legislative Commissions	7,920	13,900	13,900	13,900
<b>Total</b>	<b>\$ 37,045,498</b>	<b>\$ 37,791,548</b>	<b>\$ 40,431,645</b>	<b>\$ 40,222,217</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 29,419,373	\$ 31,961,678	\$ 31,886,313	\$ 31,676,885
Contracted Services	301,039	577,850	1,299,350	1,299,350
<b>Subtotal</b>	<b>\$ 29,720,412</b>	<b>\$ 32,539,528</b>	<b>\$ 33,185,663</b>	<b>\$ 32,976,235</b>
Other State Operations	2,376,671	2,682,520	3,670,718	3,670,718
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,943,036	2,300,000	2,656,964	2,656,964
Capital	3,005,379	269,500	918,300	918,300
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 37,045,498</b>	<b>\$ 37,791,548</b>	<b>\$ 40,431,645</b>	<b>\$ 40,222,217</b>
<b>Sources of Funds</b>				
General Revenue	\$ 35,681,738	\$ 36,186,933	\$ 38,863,645	\$ 38,654,217
Federal Aid	-	-	-	-
Restricted Receipts	1,363,760	1,604,615	1,568,000	1,568,000
Other	-	-	-	-
<b>Total</b>	<b>\$ 37,045,498</b>	<b>\$ 37,791,548</b>	<b>\$ 40,431,645</b>	<b>\$ 40,222,217</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>265.5</b>			

**FY 2014 Revised Request.** The Legislature's revised budget of \$40.4 million includes \$2.7 million from the \$4.7 million reappropriation and 298.5 full-time equivalent positions. *The Governor recommends \$0.2 million less from general revenues than requested to reflect \$169,468 of new statewide medical benefit savings, as well as a \$39,960 reduction in benefit savings already assumed in the request.*



## Office of the Lieutenant Governor

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,039,527	\$ 1,100,193	\$ 1,104,670	\$ 1,078,603
Contracted Services	177,374	960,750	1,423,663	1,444,663
<b>Subtotal</b>	<b>\$ 1,216,901</b>	<b>\$ 2,060,943</b>	<b>\$ 2,528,333</b>	<b>\$ 2,523,266</b>
Other State Operations	21,529	33,185	33,656	44,155
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	100,000
Capital	5,178	1,250	6,204	8,404
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,243,608</b>	<b>\$ 2,095,378</b>	<b>\$ 2,568,193</b>	<b>\$ 2,675,825</b>
<b>Sources of Funds</b>				
General Revenue	\$ 942,140	\$ 986,890	\$ 969,608	\$ 946,501
Federal Aid	301,468	1,108,488	1,598,585	1,594,324
Restricted Receipts	-	-	-	135,000
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,243,608</b>	<b>\$ 2,095,378</b>	<b>\$ 2,568,193</b>	<b>\$ 2,675,825</b>
<b>FTE Authorization</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>
<b>FTE Average</b>	<b>7.7</b>			

**FY 2014 Revised Request.** The Office of the Lieutenant Governor requests \$472,815 more than the FY 2014 enacted budget primarily to carry forward \$0.5 million in unspent federal funds from FY 2013. The request includes 8.0 full-time equivalent positions, consistent with the enacted authorization. *The Governor recommends \$0.6 million more than enacted and \$0.1 million more than requested.*

**State Innovation Model Grant.** The Office of the Lieutenant Governor requests revised expenditures of \$1.4 million from federal funds to administer the State Innovation Model Grant, which is \$0.5 million more than enacted. This grant reflects an award from the Centers for Medicare and Medicaid Services to support the development and testing of state-based models for multi-payer medical claim payment. The Office spent \$0.2 million of its \$0.7 million final appropriation for this award in FY 2013, and the agency's supplemental request carries forward the unspent funds into FY 2014. *The Governor recommends funding as requested.*

**Staffing.** The Office requests \$4,477 more than enacted for salaries and benefits, including \$16,503 less from general revenues and \$20,980 more from federal funds. It appears the Office should have included \$3,272 less in its request for benefits, based on salaries requested and the current rates. As of the pay period ending November 2, 2013, the Office had no vacancies. *The Governor recommends \$26,067 less than requested, including \$21,806 less from general revenues. The reduction includes additional savings to reflect compensation for a new Health Policy Director who began work subsequent to the Office's budget submission, corrections to employee benefit calculations, and \$3,342 from statewide medical benefit savings.*

**Robert Wood Johnson Foundation Award.** Subsequent to its budget submission, the Office received a grant from the Robert Wood Johnson Foundation for outreach activities surrounding implementation of the Patient Protection and Affordable Care Act, but the funds have not yet been budgeted. In January 2011, Governor Chafee issued Executive Order 11-04 entitled "Rhode Island Healthcare Reform Commission," which includes provisions that created the Commission, designated the Lieutenant Governor as Chairperson of the Executive Committee of the Commission, and allows the Commission to accept grant funds and in-kind contributions from governmental and private entities.

*The Governor recommends \$135,000 to reflect restricted receipts from this grant. This includes funding for communication services relating to healthcare reform, staff training, equipment purchases, and travel expenses to attend healthcare reform conferences.*

**All Other Operations.** The Office requests \$1,471 less than enacted for all other operations, including \$779 less from general revenues and \$692 less from federal funds. The changes include decreases for computer equipment and office supplies and an increase for printing costs. *The Governor recommends \$1,301 less than requested, primarily to reflect a reduction in office equipment based on historical expenditures.*

## Office of the Secretary of State

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
Administration	\$ 1,995,449	\$ 2,078,542	\$ 2,164,221	\$ 2,208,612
Corporations	2,074,434	2,152,424	2,297,196	2,286,828
State Archives	590,173	581,636	579,161	577,554
Elections and Civics	1,686,642	1,162,821	1,006,155	948,969
State Library	598,440	611,318	520,318	518,088
Office of Public Information	368,703	366,023	512,452	507,525
<b>Total</b>	<b>\$ 7,313,841</b>	<b>\$ 6,952,764</b>	<b>\$ 7,079,503</b>	<b>\$ 7,047,576</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 5,045,325	\$ 5,345,507	\$ 5,394,926	\$ 5,366,639
Contracted Services	174,496	142,425	150,200	150,200
<b>Subtotal</b>	<b>\$ 5,219,821</b>	<b>\$ 5,487,932</b>	<b>\$ 5,545,126</b>	<b>\$ 5,516,839</b>
Other State Operations	1,831,199	1,216,720	1,283,765	1,280,125
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	135,299	135,611	135,611	135,611
Capital	127,522	112,501	115,001	115,001
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 7,313,841</b>	<b>\$ 6,952,764</b>	<b>\$ 7,079,503</b>	<b>\$ 7,047,576</b>
<b>Sources of Funds</b>				
General Revenue	\$ 6,810,969	\$ 6,497,833	\$ 6,536,748	\$ 6,477,569
Federal Aid	2,541	-	50,163	50,163
Restricted Receipts	500,331	454,931	492,592	519,844
Other	-	-	-	-
<b>Total</b>	<b>\$ 7,313,841</b>	<b>\$ 6,952,764</b>	<b>\$ 7,079,503</b>	<b>\$ 7,047,576</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>54.5</b>			

**FY 2014 Revised Request.** The Secretary of State requests revised FY 2014 expenditures of \$7.1 million from all sources, which is \$0.1 million more than the enacted budget. This includes increases of \$38,915 from general revenues, \$50,163 from federal funds and \$37,661 from restricted receipts. The request includes 57.0 full-time equivalent positions, consistent with the enacted authorization. *The Governor recommends \$7.0 million, which is \$31,927 less than requested. He includes 57.0 positions, consistent with the authorized and requested level.*

**Elections and Civics Personnel.** The Office of the Secretary of State requests \$0.3 million, or \$0.2 million less than enacted for salaries and benefits in the Elections and Civics Division. The request is for 7.0 positions, three less than enacted. The Office indicates that it has transferred three positions from Elections and Civics to other programs, including one project manager to Administration and two administrative assistants to Corporations, and the Office further notes that these changes better reflect

where personnel are being utilized. The request also includes an estimated \$37,300 to fill the currently vacant Director of Elections position. The Office had previously anticipated holding this position vacant through the end of the current Secretary of State's term and that was reflected in the enacted budget. It now expects to fill the position before the end of FY 2014.

The Office subsequently submitted a corrective action plan that would increase turnover savings by \$39,000, which reflects its intent to hold an Executive Administrative Assistant position vacant through the end of FY 2014.

*The Governor recommends \$57,186 less than requested assuming the Director of Elections position is vacant for all of FY 2014 and the Executive Administrative Assistant position is vacant for part of FY 2014.*

**Online Ballot Marking Tool.** The Office of the Secretary of State requests \$50,163 from a federal grant from the U.S. Department of Defense awarded after the FY 2014 Budget was enacted. The funds will be used to develop an online ballot marking tool to supplement the current ballot downloading program and upgrade the security of the Uniformed and Overseas Citizens Absentee Voting Act ballot access tool. The Office indicates that the security upgrades are necessary to differentiate between valid and malicious traffic and ensure that overseas voters will have the ability to access and download ballots as needed. *The Governor recommends funding as requested.*

**Other Election Expenses.** The Secretary of State and the Board of Elections request \$972,692 from general revenues for expenses directly related to elections, excluding the Elections and Civics personnel noted above, which is \$72,000 more than enacted. The Secretary of State requests the enacted level of \$629,952 and the Board of Elections requests additional funds for legal services, printing costs and staff training. Fiscal year 2014 is an off-year in the two-year election cycle. *The Governor recommends funding as requested for the Secretary of State and \$1,300 less than requested for the Board of Elections.*

The Secretary of State requests the enacted level of \$629,952. The request includes no general revenues for expenses relating to ballot referenda, which are a biennial expense, incurred only in the on-years in the two-year election cycle. *The Governor recommends funding as requested.*

The Board of Elections requests \$342,740, or \$72,000 more than enacted from general revenues, including salaries and benefits. The Board requests \$80,000 for legal services, or \$60,000 more than the enacted level. The Board spent an average of \$52,408 for legal services over the past two fiscal years. The request also includes \$10,000 more for printing expenses as well as \$2,000 more for staff training apparently in response the House Oversight Committee's recommendations that the Board hire and train more technicians to repair machines on Election Day and improve its training of election clerks to decrease the mistakes on the elections certificates. These House Oversight recommendations were published in the committee's *Review of the 2012 Elections* report.

*The Governor recommends \$41,300 less than requested, including reductions of \$40,000 for legal services, \$1,000 for staff training, and \$300 for stenographic services.*

**State Archives.** The Secretary of State's revised request of \$579,161 from all sources is \$2,475 less than enacted for the operation of the state archives, which is funded primarily by the Historical Records Trust Fund. The request includes \$31,705 less than enacted from general revenues and \$29,230 more from restricted receipts based on updated projections. *The Governor recommends \$1,607 less than requested, including \$1,619 less to better reflect anticipated operating expenditures.*

**Records Center.** The Records Center is an internal service program that does not appear in the Appropriations Act. User agencies pay a portion of their operating costs into this fund for record storage and retrieval. The Center requests expenditures of \$866,273, which is \$3,184 less than the enacted appropriation. This includes \$469,826 for 4.8 full-time equivalent positions, or \$1,586 less than enacted. Besides salaries and benefits, the request includes \$1,598 less for rental of storage and office spaces. *The Governor recommends funding essentially as requested.*

**Other Salaries and Benefits.** The request includes \$0.3 million more than enacted from general revenues for salary and benefit expenses for the 44.9 remaining full-time equivalent positions, excluding the elections and state archives divisions mentioned above and the Records Center. This primarily reflects one project manager transferred to the Administration Division and two administrative assistants transferred to the Corporations Division from Elections and Civics, as noted in the personnel item above. The Office has eliminated an administrative assistant position in the State Library and added a deputy director in its Office of Public Information. The Office indicates that all of the above personnel shifts better reflect where the agency's staff are being utilized.

*The Governor recommends \$28,887 more than requested. The Budget Office indicates that it added \$23,151 to the Director's salary to reflect actual compensation. The recommendation also reflects \$21,908 from statewide medical benefit savings and assumes additional turnover savings from anticipated vacancies with the transition to a new Secretary of State.*

**Lobby Tracker Module.** Rhode Island General Law requires lobbyists to register with the Office of the Secretary of State and the Office to maintain this information as a public record. One of the ways the public can access this information is in a searchable database on the Office's website. The Office requests \$12,000 from general revenues for a new lobby tracker program to monitor all reporting activity of lobbyists, entities, and lobby firms registered with the state. The program will track compensation for lobbyists, expenses, and contributions. The Office indicates that while the current tracking system utilizes an unsupported database and outdated programming, the new program has been written in current programming language and is scalable and comparable with other programs. The Office further notes that the \$12,000 requested represents the first six monthly payments of \$2,000 for services associated with monitoring and supporting the new system. *The Governor recommends funding as requested.*

**State House Visitor's Center.** The Office requests \$13,431 or \$8,431 more than enacted from restricted receipts to fund the State House Visitor's Center and Gift Shop, which will open in December 2013. The Office indicates that staffing will be provided by unpaid interns from Johnson & Wales University and merchandise sales will be used to fund the restricted receipt account. The receipts will in turn be used to replenish the merchandise, and the Office anticipates \$13,431 will be needed for purchases in FY 2014. *The Governor recommends funding as requested.*

**All Other Operations.** The Secretary of State requests \$0.7 million from general revenues for all other operations, or \$8,196 more than enacted. This includes increases for various operating expenses, including \$4,500 more for dues and fees, \$2,446 more for office supplies, and \$2,000 more for subscriptions. *The Governor recommends \$2,021 less than requested, primarily to reflect reductions in printing expenses and office supplies based on historical expenditures.*



## Office of the General Treasurer

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
General Treasurer	\$ 2,678,452	\$ 3,033,216	\$ 2,946,735	\$ 2,940,971
Unclaimed Property	31,186,832	18,559,092	22,089,165	23,247,165
Employees' Retirement System	6,884,639	11,666,065	11,140,760	11,140,760
Crime Victim Compensation	1,946,582	2,149,088	1,932,246	1,931,210
<b>Subtotal</b>	<b>\$ 42,696,505</b>	<b>\$ 35,407,461</b>	<b>\$ 38,108,906</b>	<b>\$ 39,260,106</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 7,924,566	\$ 8,812,038	\$ 8,556,098	\$ 8,547,298
Contracted Services	2,445,250	3,214,550	6,034,350	6,096,350
<b>Subtotal</b>	<b>\$ 10,369,816</b>	<b>\$ 12,026,588</b>	<b>\$ 14,590,448</b>	<b>\$ 14,643,648</b>
Other State Operations	30,621,578	18,422,048	21,800,083	22,898,083
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,652,679	1,888,000	1,648,000	1,648,000
Capital	52,432	3,070,825	70,375	70,375
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 42,696,505</b>	<b>\$ 35,407,461</b>	<b>\$ 38,108,906</b>	<b>\$ 39,260,106</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,532,414	\$ 2,654,692	\$ 2,624,117	\$ 2,617,317
Federal Aid	1,027,164	1,130,422	851,029	851,029
Restricted Receipts	38,966,029	31,393,424	34,423,483	35,581,483
Other	170,898	228,923	210,277	210,277
<b>Total</b>	<b>\$ 42,696,505</b>	<b>\$ 35,407,461</b>	<b>\$ 38,108,906</b>	<b>\$ 39,260,106</b>
<b>FTE Authorization</b>	<b>82.0</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>
<b>FTE Average</b>	<b>74.7</b>			

**FY 2014 Revised Request.** The Office of the General Treasurer requests \$2.7 million more than enacted from all sources including \$30,575 less from general revenues and 83.0 full-time equivalent positions, consistent with the authorized level.

*The Governor recommends \$39.3 million from all funds. This is \$3.9 million more than enacted and \$1.2 million more than requested almost exclusively to reflect the Revenue Estimating Conference unclaimed property estimate. General revenues are \$37,375 less than enacted and \$6,800 less than requested. He recommends 83.0 full-time equivalent positions, consistent with the enacted authorization.*

**Unclaimed Property Transfer to General Fund.** The Office requests \$10.2 million for the transfer from unclaimed property to the state, \$0.5 million more 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 reflect that. *The Governor recommends a transfer of \$10.9 million, consistent with the November estimate.*

**Unclaimed Property Claims.** The Office requests \$10.0 million for payment of unpaid property claims, which is \$1.5 million more than enacted. 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 recommends \$10.2 million, consistent with the November estimate.*

**Unclaimed Property Change in Claims Liability.** The Office requests an increase of \$1.4 million in the amount of revenues set aside for future claims liability. 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 adds \$0.3 million to reflect the November estimate.*

**Unclaimed Property Audits.** The Office requests an increase of \$0.1 million for contracted unclaimed property audits based on unclaimed property revenue projections. The auditors are paid a percentage of unclaimed property revenue remitted to the state. The revised request reflects the revenue projection. *The Governor recommends funding as requested.*

**Retirement System Computer Upgrade.** The revised budget request is \$0.4 million less than enacted from retirement fund administration restricted receipts for the purchase of a new computer system. This is based on the final contract terms with the vendor agreed to in June 2013. The total price will be \$21.4 million over 12 years. The Retirement System is currently working through the project plan and changing target dates for certain items that could alter the payment schedule going forward.

[Staff Note: The Department of Administration has until June 30, 2014, to decide if it wants to link its retiree health system to the Retirement System. The additional cost to do so would be between \$5.0 million and \$6.0 million and is not included in the current cost estimate.]

*The Governor recommends funding as requested.*

**Crime Victim Compensation.** The FY 2014 revised request includes \$1.5 million for crime victim compensation claims. This is \$0.2 million less than enacted from federal funds to reflect anticipated expenditures rather than the maximum federal grant award which was the prior practice. The Office's current request reflects its estimate for likely expenditures based on available grant funds as of September 30, 2013 and its estimate of its FY 2014 grant award. The program pays claims from restricted receipts and federal grant awards. Restricted monies come from fees collected by the state courts. Federal funds come from the Victims of Violent Crimes program administered by the United States Department of Justice and are drawn down on a reimbursement basis after awards are paid or administrative expenses are incurred. *The Governor recommends funding as requested.*

**Salaries and Benefits.** The Office requests \$0.3 million less than enacted for all salaries and benefits including \$4,240 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. The majority of the vacancies are in the Retirement System. The request reflects 2.0 vacant positions and converting an unfilled full-time position to part-time. The FY 2014 enacted budget includes turnover savings of \$188,588, which represents 1.8 positions. The revised request includes turnover savings of \$292,167 which is equivalent to 2.9 positions. As of the pay period ending October 19, the Office had 7.3 vacant positions. *The Governor's recommendation is \$8,800 less than requested to properly reflect the distribution of enacted and proposed statewide benefit savings.*

**Other Operating Adjustments.** The Office requests \$65,385 more than enacted, including \$34,815 less from general revenues for all other expenses. The general revenue savings are in expenses for bonds and notes, postage, travel and other office expenses.

*The Governor recommends \$52,000 more than requested including \$2,000 more from general revenues to reflect \$12,000 more for legal services offset by \$10,000 less in expenses for bonds and notes. The recommendation also includes an additional \$50,000 in the unclaimed property program to reflect an increase in the contract for its database manager and additional expenses related to audits. While expenditures from the unclaimed property program reduce the amount available for transfer to the general fund, savings elsewhere in the program will most likely offset this additional expense.*



## Rhode Island Board of Elections

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,239,968	\$ 1,137,415	\$ 1,135,685	\$ 1,127,758
Contracted Professional Services	325,657	171,788	231,788	191,488
<b>Subtotal</b>	<b>\$ 1,565,625</b>	<b>\$ 1,309,203</b>	<b>\$ 1,367,473</b>	<b>\$ 1,319,246</b>
Other State Operations	280,888	430,158	444,409	441,159
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,846,513</b>	<b>\$ 1,739,361</b>	<b>\$ 1,811,882</b>	<b>\$ 1,760,405</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,846,488	\$ 1,739,361	\$ 1,811,882	\$ 1,760,405
Federal Aid	25	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,846,513</b>	<b>\$ 1,739,361</b>	<b>\$ 1,811,882</b>	<b>\$ 1,760,405</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 2014 Revised Request.** The Rhode Island Board of Elections requests \$72,521 more from general revenues than enacted. The request includes 11.0 full-time equivalent positions, consistent with the enacted authorization.

The Board subsequently submitted a corrective action plan that reduces general revenues by \$72,521. The plan reflects the Board's intent to spread vendor payments for modifications to its electronic reporting system over two fiscal years instead of making all of the payments in FY 2014.

*The Governor recommends \$21,044 more than enacted and \$51,477 less than requested. The recommendation does not include the vendor payment changes proposed in the Board's corrective action plan, but does reduce requested legal expenses.*

**Salaries and Benefits.** The Board's request includes \$1,730 less from general revenues than enacted for salaries and benefits for 11.0 full-time equivalent positions. It appears the Board should have included \$15,604 more in its request for benefits, based on salaries requested and the current rates.

*The Governor recommends \$7,927 less than requested, which reflects corrections to employee benefit calculations and statewide medical benefit savings.*

**Legal Services.** The Board of Elections requests \$80,000 from general revenues for legal services, or \$60,000 more than the enacted level. The Board spent an average of \$52,408 for legal services over

the past two fiscal years. *The Governor recommends \$40,000, which is \$40,000 less than requested based on the Board's year to date spending for legal services.*

**Other Election Expenses.** The Board of Elections and Secretary of State request \$0.8 million from all sources for expenses directly related to elections, excluding salaries and benefits and the legal expenditures noted above, which is \$0.1 million more than enacted. This includes \$12,000 more than enacted from general revenues and \$50,163 more from federal funds. Fiscal year 2014 is an off-year in the two-year election cycle. *The Governor recommends \$1,300 less than requested for the Board of Elections and funding as requested for the Secretary of State.*

The Board of Elections requests \$12,000 more than enacted from general revenues. This includes \$10,000 more for printing expenses as well as \$2,000 more for staff training apparently in response to the House Oversight Committee's recommendations that the Board hire and train more technicians to repair machines on Election Day and improve its training of election clerks to decrease the mistakes on the elections certificates. These House Oversight recommendations were published in the committee's *Review of the 2012 Elections* report.

*The Governor recommends \$1,300 less than requested, including \$1,000 less for staff training and \$300 for stenographic services.*

The Secretary of State requests the enacted level of \$0.6 million from general revenues and \$0.1 million from federal funds not included in the enacted budget to reflect a grant from the United States Election Assistance Commission to develop an online ballot marking tool. The requested amount is \$27,407 less than the Office's spending in FY 2012, the last off-year in the two-year election cycle. The Secretary of State is not requesting funding for referenda costs, which are a biennial expense, incurred only in the on-years. *The Governor recommends funding as requested.*

**All Other Operations.** The Board of Elections requests \$333,457 from general revenues for all other operations, which is \$2,251 more than enacted. These expenditures include the \$271,969 vendor payment to Election Systems and Software for service and maintenance of all election machines, a reporting system and a project manager. The requested amounts for other expenditures appear to be largely based on the Board's actual spending in FY 2012 and FY 2013. *The Governor recommends \$2,250 less than requested. The reductions include \$1,000 less for waste removal expenses and \$750 less for office supplies to better reflect the anticipated expenditures.*

## Rhode Island Ethics Commission

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,312,921	\$ 1,377,281	\$ 1,373,752	\$ 1,366,726
Contracted Services	18,349	31,500	31,500	31,500
<b>Subtotal</b>	<b>\$ 1,331,270</b>	<b>\$ 1,408,781</b>	<b>\$ 1,405,252</b>	<b>\$ 1,398,226</b>
Other State Operations	154,157	162,305	171,596	171,596
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	15,141	6,118	6,118	6,118
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,500,568</b>	<b>\$ 1,577,204</b>	<b>\$ 1,582,966</b>	<b>\$ 1,575,940</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,500,568	\$ 1,577,204	\$ 1,582,966	\$ 1,575,940
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,500,568</b>	<b>\$ 1,577,204</b>	<b>\$ 1,582,966</b>	<b>\$ 1,575,940</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>12.0</b>			

**FY 2014 Revised Request.** The Commission requests \$5,762 more than enacted from general revenues and 12.0 full-time equivalent positions, the authorized level. *The Governor recommends \$1,264 less than enacted and \$7,026 less than requested and the authorized level of positions.*

**Reappropriation.** The revised request includes the \$5,762 reappropriated by the Governor for upgraded productivity software. Although the equipment and operating software expenditures were finalized prior to FY 2013 closing, the upgraded productivity software was received and paid for in FY 2014. *The Governor recommends funding as requested.*

**Staffing and Other Operations.** The Commission requests \$1.4 million, consistent with the enacted amount for staffing and all other operations. The Commission's request for salaries and benefits is \$3,529 less than enacted due to the replacement of a position at a lower pay grade and savings from revised benefit rates offset by \$3,529 more for staff training and an increase in the cost of utilities. *The Governor recommends \$7,026 less than requested to properly reflect the distribution of enacted and proposed statewide medical benefit savings.*



## Office of the Governor

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 3,646,623	\$ 3,934,598	\$ 3,850,579	\$ 3,831,212
Contracted Services	66,533	700	232,128	232,128
<b>Subtotal</b>	<b>\$ 3,713,156</b>	<b>\$ 3,935,298</b>	<b>\$ 4,082,707</b>	<b>\$ 4,063,340</b>
Other State Operations	297,322	234,215	283,234	283,234
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	250,000	250,000	250,000
Capital	13,857	24,000	24,000	17,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 4,024,335</b>	<b>\$ 4,443,513</b>	<b>\$ 4,639,941</b>	<b>\$ 4,614,074</b>
<b>Sources of Funds</b>				
General Revenue	\$ 4,024,335	\$ 4,443,513	\$ 4,639,941	\$ 4,614,074
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 4,024,335</b>	<b>\$ 4,443,513</b>	<b>\$ 4,639,941</b>	<b>\$ 4,614,074</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>38.7</b>			

**FY 2014 Revised Request.** The Office of the Governor requests \$196,428 in discretionary reappropriation and staffing consistent with the authorized level.

*The Governor recommends \$25,867 less than requested, primarily to reflect statewide medical benefit savings. He includes staffing consistent with the request and authorized levels.*

**Reappropriation - Contingency Fund.** The Governor reappropriated \$196,428 for expenditures pertaining to a lawsuit for pension changes adopted in 2011. This increases the FY 2014 appropriation in the Contingency Fund from \$250,000 to \$446,428. The fund may be used for expenditures in any state department or agency where funding is insufficient, or where such requirements are due to unforeseen conditions or are non-recurring items of an unusual nature. It should be noted that all legal expenses that the Office incurred in FY 2013 were paid; they totaled \$53,572. A supplemental appropriation is more suitable than the reappropriation of remaining funds for potential legal costs. Information obtained from the state's accounting system shows that \$7,783 has been spent as of November 5, 2013. The average expenditures for the last five fiscal years totaled \$103,794. *The Governor recommends the reappropriation.*

**Federal Liaison.** The Office requests \$35,000 from general revenues for contractual service expenditures for Hope and Reid LLC to serve as the Governor's federal liaison. This assumes a rate of \$100 per hour for a maximum of 250 hours. The Office indicates that the memorandum of understanding was signed in 2013; however, no funding was ever budgeted. The request of \$35,000

includes \$9,132 for expenses incurred prior to July 1, 2013. *The Governor recommends funding as requested.*

**Turnover Savings.** The Office requests revised expenditures of \$3.9 million from general revenues for all salary and benefit expenses. This is \$0.1 million less than enacted and staffing consistent with the authorized level. The request assumes \$0.1 million in additional turnover and savings from benefits, primarily medical to reflect employee selection. Based on staff's calculation, it appears that the amount budgeted for benefits are overstated by \$34,116. As of the pay period ending October 19, 2013, the Office had 12.5 positions vacant.

[Staff Note: The enacted budget reflects the transfer of the Health Benefits Exchange from the Office of the Governor to the Department of Administration. The Office staff roster appears to have six of the Exchange's filled positions shown in the Office of the Governor instead of the Department of Administration. The Department indicates that it is in the process of rectifying the issue.]

*The Governor concurs, with the exception of providing \$19,367 less to account for statewide medical benefit savings.*

**All Other Operations.** The Office requests \$0.3 million from general revenues for all other operating costs, \$49,019 more than enacted, primarily for various dues including the National Governors Association and the Coalition of Northeastern Governors. It also includes increases for travel and general office supplies to reflect anticipated expenditures. The request is \$3,506 less than FY 2013 reported expenses. *The Governor includes \$6,500 less than requested to reflect a vehicle being paid off.*

## Rhode Island Commission for Human Rights

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,206,746	\$ 1,231,503	\$ 1,245,490	\$ 1,239,151
Contracted Services	6,311	5,331	5,331	5,331
<b>Subtotal</b>	<b>\$ 1,213,057</b>	<b>\$ 1,236,834</b>	<b>\$ 1,250,821</b>	<b>\$ 1,244,482</b>
Other State Operations	241,086	222,589	218,951	218,951
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,454,143</b>	<b>\$ 1,459,423</b>	<b>\$ 1,469,772</b>	<b>\$ 1,463,433</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,131,840	\$ 1,150,785	\$ 1,150,785	\$ 1,146,066
Federal Aid	322,303	308,638	318,987	317,367
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,454,143</b>	<b>\$ 1,459,423</b>	<b>\$ 1,469,772</b>	<b>\$ 1,463,433</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>14.0</b>			

**FY 2014 Revised Request.** The Commission requests \$10,349 more than enacted from federal funds and the enacted level of authorized full-time equivalent positions. This request is based on available receipts from federal resources. *The Governor recommends \$6,339 less than requested, including \$4,719 from general revenues.*

**Federal Receipts.** The enacted budget assumes that federal receipts available to be spent in FY 2014 would be \$308,638. The Commission's revised budget includes expenses totaling \$318,987 to reflect additional resources available from the prior year that were delayed due to sequestration. The Commission received nearly \$60,000 in additional federal funds carried forward from FY 2013. *The Governor recommends \$1,620 less than requested from federal funds to reflect statewide medical benefit savings.*

**Salary and Benefit Adjustments.** The Commission requests \$13,987 more than enacted from all funds for salary and benefit adjustments, including \$3,638 more from general revenues and \$10,349 more from federal funds. This primarily reflects increased medical costs based on employee benefit selection. *The Governor recommends \$6,339 less than requested, including \$4,719 from general revenues to reflect statewide medical benefit savings.*

**Other Operations.** The Commission requests \$3,638 less than enacted from general revenues for all other operations. This includes a minor reduction for travel and delivery expenses based on historical

spending. The enacted budget includes \$12,703 for these expenses and FY 2013 expenses from general revenues were \$8,486. *The Governor recommends funding as requested.*

## Public Utilities Commission

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 5,475,262	\$ 5,718,604	\$ 5,807,983	\$ 5,790,292
Contracted Services	831,038	1,717,243	1,722,963	1,722,963
<b>Subtotal</b>	<b>\$ 6,306,300</b>	<b>\$ 7,435,847</b>	<b>\$ 7,530,946</b>	<b>\$ 7,513,255</b>
Other State Operations	760,332	951,109	943,335	943,335
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	337	337	337
Capital	63,941	33,000	62,000	62,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 7,130,573</b>	<b>\$ 8,420,293</b>	<b>\$ 8,536,618</b>	<b>\$ 8,518,927</b>
<b>Sources of Funds</b>				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	281,102	166,818	205,056	205,056
Restricted Receipts	6,849,471	8,253,475	8,331,562	8,313,871
Other	-	-	-	-
<b>Total</b>	<b>\$ 7,130,573</b>	<b>\$ 8,420,293</b>	<b>\$ 8,536,618</b>	<b>\$ 8,518,927</b>
<b>FTE Authorization</b>	<b>48.0</b>	<b>49.0</b>	<b>49.0</b>	<b>49.0</b>
<b>FTE Average</b>	<b>45.5</b>			

**FY 2014 Revised Request.** The Public Utilities Commission requests the authorized level of 49.0 full-time equivalent positions and \$116,325 more than enacted from all sources, including \$38,238 more from federal funds and \$78,087 more from restricted receipts. *The Governor recommends \$8.5 million from all sources, which includes \$17,691 less than requested from restricted receipts. He recommends the current authorized level of 49.0 full-time equivalent positions.*

**Former ARRA Positions.** The Commission requests \$143,571 more than enacted from all sources for two full-time equivalent positions. The enacted budget funds these positions until October 31, 2013 from federal American Recovery and Reinvestment Act grant funds, which were granted to the Commission in FY 2011. The request includes \$38,953 more than enacted from federal funds, reflective of the grant's extension to December 28, 2013. The Commission requests that these two positions be added on a permanent basis; to be funded from restricted receipts generated by assessments to regulated utilities, and includes \$104,618 to fund them following the grant's expiration.

It should be noted that funding for these positions was requested in the Commission's FY 2014 operating budget. The funding was recommended by the Governor; however, the Assembly did not concur. *The Governor recommends funding as requested.*

**All Other Salaries and Benefits.** The Commission requests \$54,192 less than enacted from all sources for all other salaries and benefits, including \$53,966 less from restricted receipts and \$226 less from federal funds, reflective of current staffing and unanticipated delays filling vacancies in the first quarter

of FY 2014. *The Governor recommends \$17,691 less than requested from restricted receipts, including \$14,746 of additional turnover savings to reflect current staffing and \$2,945 from statewide medical benefit savings.*

**Repairs and Purchases.** The Commission requests \$29,000 more than enacted from restricted receipts for FY 2014 for repair and maintenance projects at its headquarters in Warwick and for the purchase of a new sport utility vehicle. The building's accessibility railings and ramp are over 30 years old and are in need of replacement. The requested vehicle is intended to be used by the Division staff investigators; the 2000 Ford Explorer currently in use has reportedly reached the end of its useful life. *The Governor recommends funding as requested.*

**All Other Operations.** The Commission requests \$2,054 less than enacted from all sources for all other operations. This includes \$489 less from federal funds and \$1,565 less from restricted receipts. The request is reflective of historical expenditures for groundskeeping services and maintenance, office expenses, and contracted security services. *The Governor recommends funding as requested.*

## Office of Health and Human Services

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 99,782,167	\$ 117,276,910	\$ 146,302,639	\$ 127,149,456
Medical Assistance	1,564,653,715	1,750,658,222	1,750,658,222	1,747,253,216
<b>Total</b>	<b>\$1,664,435,882</b>	<b>\$1,867,935,132</b>	<b>\$1,896,960,861</b>	<b>\$1,874,402,672</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 17,480,316	\$ 22,580,231	\$ 22,424,049	\$ 21,808,030
Contracted Services	47,087,887	49,838,357	84,631,151	64,189,841
<b>Subtotal</b>	<b>\$ 64,568,203</b>	<b>\$ 72,418,588</b>	<b>\$ 107,055,200</b>	<b>\$ 85,997,871</b>
Other State Operations	9,256,757	5,771,782	5,082,803	5,075,853
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,589,768,351	1,782,450,828	1,782,559,139	1,779,030,538
Capital	842,571	7,293,934	2,263,719	4,298,410
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$1,664,435,882</b>	<b>\$1,867,935,132</b>	<b>\$1,896,960,861</b>	<b>\$1,874,402,672</b>
<b>Sources of Funds</b>				
General Revenue	\$ 772,296,683	\$ 843,227,650	\$ 847,127,840	\$ 842,044,257
Federal Aid	880,889,456	1,014,710,198	1,039,850,952	1,022,376,346
Restricted Receipts	11,249,743	9,997,284	9,982,069	9,982,069
Other	-	-	-	-
<b>Total</b>	<b>\$1,664,435,882</b>	<b>\$1,867,935,132</b>	<b>\$1,896,960,861</b>	<b>\$1,874,402,672</b>
<b>FTE Authorization</b>	<b>169.0</b>	<b>184.0</b>	<b>185.0</b>	<b>184.0</b>
<b>FTE Average</b>	<b>145.7</b>			

**FY 2014 Revised Request.** The Office includes \$29.0 million more from all sources for total funding of \$1,897.0 million from all sources, including \$847.1 million from general revenues in its FY 2014 revised request. This includes \$3.9 million more from general revenues, \$25.1 million more from federal funds and \$15,215 less from restricted receipts in central management. The Office includes the enacted level of funding for medical assistance. The Office adds one administrative position.

*The Governor includes \$6.5 million more than enacted and \$22.6 million less than requested and he does not increase the staffing authorization. He includes \$1.2 million less than enacted from general revenues and \$5.1 million less than requested.*

*The Governor reduces medical benefit expenses by \$3.4 million from all sources, \$1.2 million from general revenues; he further reduces savings adopted at the caseload conference by \$2.0 million, including \$1.0 million from general revenues, by accepting a corrective action plan proposed by the Office to reduce current year spending.*

**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 2013 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income									
Family Size	100%	133%	138%	150%	175%	180%	185%	200%	250%
1	\$ 11,670	\$15,521	\$16,105	\$17,505	\$20,423	\$21,006	\$21,590	\$23,340	\$29,175
2	15,730	20,921	21,707	23,595	27,528	28,314	29,101	31,460	39,325
3	19,790	26,321	27,310	29,685	34,633	35,622	36,612	39,580	49,475
4	23,850	31,721	32,913	35,775	41,738	42,930	44,123	47,700	59,625
5	27,910	37,120	38,516	41,865	48,843	50,238	51,634	55,820	69,775
6	31,970	42,520	44,119	47,955	55,948	57,546	59,145	63,940	79,925
7	36,030	47,920	49,721	54,045	63,053	64,854	66,656	72,060	90,075
8	40,090	53,320	55,324	60,135	70,158	72,162	74,167	80,180	100,225

*For families with more than 8 members, add \$4,060 for each additional member for the 100 percent calculation.*

**Medicaid Expenses - State/National Comparison.** The following table compares national and state 2011 Medicaid spending using the Centers for Medicare and Medicaid Services 2012 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
Population	US*	RI	US	RI	US	RI	US	RI	US	RI
Children	27.2	85,155	50.0%	45.0%	\$ 77,400	\$ 256.0	20.0%	14.2%	\$ 2,851	\$ 3,006
Adults	13.2	43,967	24.0%	23.2%	57,800	202.8	15.0%	11.3%	4,362	4,613
Blind/Disabled	9.4	42,442	17.0%	22.4%	169,300	873.3	44.0%	48.5%	17,958	20,576
Aged	4.8	17,567	9.0%	9.3%	77,200	470.1	20.0%	26.1%	15,931	26,760
<b>Total</b>	<b>54.7</b>	<b>189,131</b>	<b>100%</b>	<b>100%</b>	<b>\$381,800</b>	<b>\$1,802.2</b>	<b>100%</b>	<b>100%</b>	<b>\$ 6,982</b>	<b>\$ 9,529</b>

*Source: Centers for Medicare and Medicaid Services 2012 Actuarial Report on the Financial Outlook for Medicaid and the Office of Health and Human Services; \*in millions*

### Medical Assistance

The Caseload Estimating Conference met on November 4, 2013, and based on current law, set the FY 2014 medical assistance expenditures at \$1,730.3 million, including \$815.3 million from general revenues, which is \$1.4 million less than enacted from all funds and \$0.2 million less from general

revenues. The Department'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 2012 and FY 2013, as enacted by the 2013 Assembly, adopted by the caseload estimators and recommended by the Governor. The Department's FY 2014 revised request is consistent with the enacted budget. Each category is discussed separately.

The caseload conference estimate includes the Rhody Health Options program which is part of the state's integrated care initiative to provide acute care and long term care services to individuals who are eligible for both Medicare and Medicaid, referred to as dual eligibles. The conference estimate reallocated existing resources, including nursing homes, home and community care, hospital, pharmacy and the managed care plans to support this new program.

*The Governor includes \$1,728.3 million from all sources, including \$814.3 million from general revenues for medical assistance benefits; \$2.0 million less than the caseload estimate. This reflects maintaining the Affordable Care Act transition program at \$2.0 million. The conference estimate added \$2.0 million from federal funds to match the state resources. This action is discussed separately in the other medical services program.*

<b>Medical Assistance</b>	<b>FY 2012 Spent</b>	<b>FY 2013 Spent</b>	<b>FY 2014 Enacted</b>	<b>FY 2014 Request</b>	<b>FY 2014 Nov. CEC</b>	<b>FY 2014 Gov. Rec.</b>
<b>Hospitals</b>						
Regular Payments	\$ 92.1	\$ 83.6	\$ 89.1	\$ 89.1	\$ 69.3	\$ 69.3
DSH Payments	126.9	127.7	129.8	129.8	129.8	129.8
<b>Total</b>	<b>\$ 219.0</b>	<b>\$ 211.3</b>	<b>\$ 218.9</b>	<b>\$ 218.9</b>	<b>\$ 199.1</b>	<b>\$ 199.1</b>
<b>Long Term Care</b>						
Nursing and Hospice Care	\$ 347.4	\$ 352.9	\$ 361.4	\$ 361.4	\$ 285.8	\$ 285.8
Home and Community Care	73.1	80.2	98.1	98.1	78.2	78.2
<b>Total</b>	<b>\$ 420.5</b>	<b>\$ 433.1</b>	<b>\$ 459.5</b>	<b>\$ 459.5</b>	<b>\$ 364.0</b>	<b>\$ 364.0</b>
<b>Managed Care</b>						
RIte Care	\$ 482.1	\$ 450.8	\$ 485.9	\$ 485.9	\$ 462.9	\$ 462.9
RIte Share	14.3	12.8	14.2	14.2	14.3	14.3
Fee For Service	62.1	85.7	93.2	93.2	113.8	113.8
<b>Total</b>	<b>\$ 558.5</b>	<b>\$ 549.3</b>	<b>\$ 593.2</b>	<b>\$ 593.2</b>	<b>\$ 591.0</b>	<b>\$ 591.0</b>
<b>Rhody Health Partners</b>	<b>\$ 175.6</b>	<b>\$ 185.0</b>	<b>\$ 202.3</b>	<b>\$ 202.3</b>	<b>\$ 198.0</b>	<b>\$ 198.0</b>
<b>Rhody Health Options</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 126.3</b>	<b>\$ 126.3</b>
<b>Pharmacy</b>	<b>\$ (2.3)</b>	<b>\$ (0.5)</b>	<b>\$ 1.9</b>	<b>\$ 1.9</b>	<b>\$ 0.8</b>	<b>\$ 0.8</b>
<b>Pharmacy Part D Clawback</b>	<b>\$ 47.4</b>	<b>\$ 50.1</b>	<b>\$ 50.1</b>	<b>\$ 50.1</b>	<b>\$ 50.8</b>	<b>\$ 50.8</b>
<b>Other Medical Services</b>	<b>\$ 115.8</b>	<b>\$ 117.0</b>	<b>\$ 205.7</b>	<b>\$ 205.7</b>	<b>\$ 200.3</b>	<b>\$ 198.3</b>
Federal Funds	\$ 783.2	\$ 785.2	\$ 907.1	\$ 907.1	\$ 905.9	\$ 904.9
General Revenues	741.5	749.6	815.5	815.5	815.3	814.3
Restricted Receipts	9.8	10.5	9.0	9.0	9.0	9.0
<b>Total*</b>	<b>\$ 1,534.5</b>	<b>\$ 1,545.3</b>	<b>\$ 1,731.7</b>	<b>\$ 1,731.7</b>	<b>\$ 1,730.3</b>	<b>\$ 1,728.3</b>

\*Expenditures in millions

### Hospitals

The November Caseload Estimating Conference estimate includes hospital expenses totaling \$199.1 million, \$97.7 million from general revenues. It includes \$69.3 million for direct medical services and \$129.8 million for uncompensated care payments to community hospitals. The Department'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.*

**Hospitals.** The November Caseload Estimating Conference estimate includes FY 2014 expenditures at \$69.3 million, including \$34.4 million from general revenues. The estimate reallocates \$17.0 million from all sources to Rhody Health Options. The estimate also includes the \$11.1 million upper reimbursement payment made to the community hospitals. The Department'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.*

**Upper Payment Limit Reimbursements.** The enacted budget includes \$11.1 million from all sources, \$5.5 million from general revenues to make the outpatient upper payment limit reimbursement to the state's community hospitals. The caseload estimate and the Department's request include the payment. *The Governor's recommendation is consistent with the November conference estimate.*

**Disproportionate Share Payments to Hospitals.** The Caseload Estimating Conference includes \$129.8 million from all sources for the disproportionate share payments for uncompensated care costs to the hospitals, consistent with the enacted budget. This includes \$63.3 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 Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

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

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

Hospital Uncompensated Care	FY 2013 Reported	FY 2014 Enacted	Nov 2013 CEC	FY 2014 Gov. Rec.	Gov. Change to Enacted
<b>Community Hospitals</b>					
State	\$ 60,425,276	\$ 62,551,018	\$ 62,551,018	\$ 62,551,018	\$ -
Federal	65,741,612	65,748,982	65,748,982	65,748,982	-
Subtotal	\$ 126,166,888	\$ 128,300,000	\$ 128,300,000	\$ 128,300,000	\$ -
<b>Eleanor Slater Hospital</b>					
State	\$ 738,333	\$ 755,119	\$ 755,119	\$ 755,119	\$ -
Federal	810,508	793,722	793,722	793,722	-
Subtotal	\$ 1,548,841	\$ 1,548,841	\$ 1,548,841	\$ 1,548,841	\$ -
<b>Upper Payment Limit</b>					
State	5,708,256	\$ 5,482,009	\$ 5,482,009	\$ 5,482,009	\$ -
Federal	6,056,493	5,570,428	5,570,428	5,570,428	-
Subtotal	\$ 11,764,749	\$ 11,052,437	\$ 11,052,437	\$ 11,052,437	\$ -
<b>Total</b>	<b>\$ 139,480,478</b>	<b>\$ 140,901,278</b>	<b>\$ 140,901,278</b>	<b>\$ 140,901,278</b>	<b>\$ -</b>

**Hospital License Fee.** The Assembly included Section 4 of Article 9 of 2013-H 5127, Substitute A, as amended, which set the FY 2014 licensing fee at 5.246 percent based on 2012 revenues for all

hospitals, including the state-run Eleanor Slater Hospital, except for South County Hospital and Westerly Hospital which will pay a lower 3.3 percent fee. *The Governor recommends payments consistent with the enacted budget.*

<b>FY 2014 Hospital License Fee</b>	<b>FY 2013 Enacted</b>	<b>FY 2014 Enacted</b>	<b>FY 2014 Gov. Rev.</b>	<b>Change to Enacted</b>
<b>Revenues</b>				
<i>Base Year</i>	<i>2011</i>	<i>2012</i>	<i>2012</i>	
<i>Tax Rate</i>	<i>5.35%</i>	<i>5.246%</i>	<i>5.246%</i>	
Community Hospital License Fee	\$ 139,495,615	\$ 139,497,359	\$ 139,497,359	\$ -
Washington County Hospitals Waiver	(3,508,717)	(3,521,472)	(3,521,472)	-
Subtotal Licensing fee	\$ 135,986,898	\$ 135,975,887	\$ 135,975,887	\$ -
Slater License Fee	5,269,740	5,281,695	5,281,695	-
<b>Total</b>	<b>\$ 141,256,638</b>	<b>\$ 141,257,582</b>	<b>\$ 141,257,582</b>	<b>\$ -</b>

### Long Term Care

**Long Term Care.** The Caseload Estimating Conference estimate includes long term care expenses at \$364.0 million, of which \$180.5 million is from general revenues. The request shifts \$97.4 million of resources to the Rhody Health Options program. This includes \$285.8 million for nursing facilities and hospice care and \$78.2 million for home and community care. The Department'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.*

**Nursing Facilities and Hospice Care.** The Caseload Estimating Conference estimate includes FY 2014 expenditures of \$285.8 million, of which \$141.8 million is from general revenues for the state's 82 nursing facilities. The estimate includes using \$77.1 million in resources for the Rhody Health Options program.

The state pays for nursing homes services on a fee-for-service basis and the state has received approval from the Centers for Medicare and Medicaid to provide services through an integrated care model that pays for acute care and long term care services through a managed care plan. Currently, the state has contracted with Neighborhood Health Plan of Rhode Island for Phase I, which includes Medicaid funding for both Medicaid eligible and dual eligibles. As of November 1, 2013, 40 of the state's 82 nursing homes have signed contracts with Neighborhood Health Plan of Rhode Island to make a capitated payment to nursing homes and manage the acute care needs of residents. *The Governor's recommendation is consistent with the November conference estimate.*

**Home and Community Care.** The November Caseload Estimating Conference estimate includes \$78.2 million for home and community care expenses, including \$38.8 million from general revenues in the FY 2014 estimate. The estimate shifts \$20.3 million to Rhody Health Options. *The Governor's recommendation is consistent with the November conference estimate.*

### Managed Care

The Caseload Estimating Conference estimate includes managed care expenses of \$591.0 million, including \$279.6 million less from general revenues. This is \$2.2 million less than enacted and shifts \$0.7 million to Rhody Health Options for grandparents with custody enrolled in Rite Care. The estimate includes \$279.6 million from general revenues and \$311.5 million from federal funds and includes Rite Care expenses at \$462.9 million, Rite Share at \$14.3 million and fee-for-service expenses

at \$113.8 million; a discussion of each follows. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor's recommendation is consistent with the November conference estimate.*

**RIte Care.** The Caseload Estimating Conference estimated RIte Care expenditures at \$462.9 million including \$230.0 million from general revenues and includes reduced growth and a lower average per member per month costs. The estimate shifts existing resources to Rhody Health Options for grandparents enrolled in RIte Care. *The Governor's recommendation is consistent with the November conference estimate.*

**Premium Assistance Program.** The enacted budget includes \$1.4 million from general revenues, with the ability to match Medicaid, to create a premium assistance program to pay 50.0 percent of the costs incurred by parents for coverage through the exchange after subtracting the RIte Care monthly payment that the family currently incurs and any federal tax credits or subsidies that can be used starting January 1, 2014. The November conference estimate includes the funding. *The Governor recommends funding consistent with the caseload estimate.*

**RIte Share.** The Caseload Estimating Conference estimate includes RIte Share expenditures of \$14.3 million, including \$7.2 million from general revenues. 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's recommendation is consistent with the November conference estimate.*

**Dental Benefits.** The Assembly passed Section 2 of Article 19 of 2012-H 7323, Substitute A, as amended, for 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 will 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. The report has not been submitted.

**Fee-Based Managed Care.** The Caseload Estimating Conference estimate includes FY 2014 fee-based managed care expenditures of \$113.8 million from all sources, of which \$56.4 million is general revenues. Fee-based managed care provides additional services to those in the contracted managed care system. *The Governor's recommendation is consistent with the November conference estimate.*

### **Rhody Health Partners**

**Rhody Health Partners.** The Caseload Estimating Conference estimate includes expenditures of \$198.0 million from all sources, including \$98.5 million from general revenues for the program for FY 2014. This includes reallocating \$4.1 million to Rhody Health Options. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

Individuals in the Rhody Health Partners program may also receive behavioral health services through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. *The Governor's recommendation is consistent with the November conference estimate.*

## Rhody Health Options

**Rhody Health Options.** As of November 1, 2013, the state entered into a managed care contract with Neighborhood Health Plan of Rhode Island to managed acute care and long term care services for individuals eligible for both Medicare and Medicaid. Consistent with the Office's testimony, the caseload conference estimate includes \$126.3 million from all sources, including \$61.4 million from general revenues from the redistribution of existing resources from other medical assistance programs to the Rhody Health Options program.

The Office of Health and Human Services has contracted with Neighborhood Health Plan of Rhode Island to provide services to individuals eligible for Medicare and Medicaid and that includes funding for nursing home care. As of November 1, 2013, 40 of the state's 82 nursing homes have signed contracts with the managed care plan.

The Office of Health and Human Services was directed 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 eventually enter into a savings agreement with the Centers for Medicare and Medicaid in order for the state to recover a portion of the savings that would occur when the state provides services covered under Medicare to clients eligible for both Medicare and Medicaid. *The Governor's recommendation is consistent with the November conference estimate.*

## Pharmacy

The Caseload Estimating Conference estimate includes pharmacy expenses of \$51.6 million; this includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. Pharmacy costs also include psychotropic medicines for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' Medicaid eligible behavioral health clients.

**Pharmacy.** The Caseload Estimating Conference estimate includes FY 2014 pharmacy expenditures of \$0.8 million, of which \$1.0 million is from general revenues offset by \$0.2 million less from federal funds to adjust for rebates. The estimate shifts \$0.4 million to Rhody Health Options.

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

**Medicare Drug Benefit - Part D Clawback.** The Caseload Estimating Conference estimate includes the state payment for the Medicare Part D clawback provision at \$50.8 million, or \$0.6 million than enacted. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. The plan provides coverage with a series of deductibles and co-payments based on the recipient's income level. For individuals enrolled in Medicaid as well as Medicare, commonly referred to as dual eligibles, the state paid a portion of their drug costs matched by the federal participation rate. The state no longer directly pays for the drug costs; however, the state does pay a portion of the savings to the federal government, or a clawback, which has been calculated based on a nationwide formula. The dual eligibles do not pay any annual deductible, but 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.*

## 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.

Payments include the federal Medicare premiums made on behalf of qualified Medicare recipients so that they are able to retain the federal benefit and not be solely reliant on Medicaid for medical coverage. Other payments include rehabilitation services including physical and occupational therapy, dialysis, physician and optometry services, durable medical equipment and transportation services.

**Other Medical Services.** The Caseload Estimating Conference estimate includes expenditures for other medical services at \$198.3 million, which includes \$45.9 million from general revenues. The estimate is \$3.3 million less than the enacted budget, including \$2.4 million less from general revenues. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

The enacted budget includes \$85.2 million from federal funds to expand Medicaid to adults without dependent children, who are not disabled and have incomes at or below 138 percent of poverty, an annual income of \$15,800. Included in the other medical services estimate is an updated cost of \$81.1 million for the Medicaid expansion program. *The Governor's recommendation is \$2.0 million less than the November conference estimate.*

**Affordable Care Act Transition Program.** The enacted budget includes \$2.0 million from general revenues to minimize any interruption of limited option benefits provided to certain individuals that may occur when shifting their coverage to HealthSource RI, the state's health benefits exchange. The November caseload conference assumes a Medicaid match since the services being provided were eligible to be matched by Medicaid through the global waiver and includes total funding of \$4.0 million for the transition program.

The Office subsequently submitted a corrective action plan to address the expected overspending related to the Unified Health Infrastructure Project. This plan proposed general revenues savings of \$1.0 million in its corrective action plan from the ability to leverage Medicaid match for this program to provide the enacted level of \$2.0 million.

*The Governor's recommendation includes \$2.0 million for the transition program, including \$1.0 million from general revenues. The state recently received approval of its 1115 Research and Demonstration Waiver for the Medicaid program which allows the state to leverage Medicaid for certain services assumed covered under the transition program until April 1, 2014.*

**Children's Health Account.** The enacted budget includes \$9.0 million from restricted receipts, which provide direct general revenue savings, for the children's health account. Every insurance provider that delivers certain services to children with special health care needs receives an assessment equivalent to the amount paid by the Office of Health and Human Services for those services, not to exceed \$7,500 per service per child per year. The payments for these assessments are paid from and collected in the children's health account. The Department currently assesses program expenses in three categories; comprehensive, evaluation, diagnosis, assessment, referral and re-evaluation services; home health services; and child and adolescent intensive treatment services and each category has a number of

specific services within it. *The Governor's recommendation is consistent with the November conference estimate.*

## Central Management

**Unified Health Infrastructure Project.** The Office requests \$49.7 million from all sources, including \$7.8 million from general revenues for the Unified Health Infrastructure Project. This is \$29.5 million more than enacted including \$4.2 million more from general revenues for costs that are higher than originally estimated in FY 2014 which includes funding for the contact center, mailroom services and Deloitte Consulting and CSG Government Solutions contracts.

The request provides \$0.9 million for five positions and \$46.8 million for contracted services to include: \$31.1 million to Deloitte Consulting for design development and implementation services and initial hosting and ongoing maintenance; \$2.8 million for Connexions to operate the contact center; \$1.3 million to CSG Government Solutions for validation and verification activities; \$4.3 million to transition the existing eligibility InRhodes system to the new system; \$3.2 million to Public Consulting Group for project management and technical assistance; \$1.9 million for mailroom hardware services; \$1.7 million for state training that has not yet been determined with \$3.4 million requested for other contracted services including outreach and enrollment activities, connection to the data warehouse and system support.

The Department of Human Services' revised request includes \$6.2 million from all sources, including \$3.9 million from general revenues and \$2.3 million from federal funds for staffing and operations related to the project.

The Office submitted a corrective action plan that includes shifting \$1.0 million in expenses to health benefits exchange resources and updated current year costs for savings of \$0.9 million from a revised spending plan.

*The Governor provides \$9.7 million for total funding of \$30.0 million, including \$4.8 million from general revenues for the Office's portion of the project. This is \$9.7 million more than enacted, including \$1.2 million from general revenues and \$19.7 million less than requested, including \$3.0 million less from general revenues to reflect anticipated project spending in the current year; the change does not impact the project cost.*

*The Governor also includes \$6.1 million from all sources, including \$3.9 million from general revenues for the Department of Human Services in FY 2014.*

**Currentcare.** The Office adds \$38,808 from all sources for total funding of \$2.9 million to support the state's enrollment for its 236,081 Medicaid clients in *currentcare*. The \$1 per member per month cost has a 90 percent match by Medicaid with a 10 percent state match. *The Governor recommends funding as requested.*

**Predictive Modeling Initiative.** The enacted budget includes \$2.0 million from all sources including \$0.2 million from general revenues for a predictive modeling initiative to make enhancements to the Medicaid management information system to incorporate the use of real-time predictive modeling of Medicaid claims allowing the Office to disqualify claims before being paid and disqualifying Medicaid providers. The state can leverage a 90 percent Medicaid match for the technology changes. The Office inadvertently excludes the funding in its revised request. *The Governor's budget restores the funding including \$0.2 million from general revenues.*

**Electronic Health Records.** The Office's request adds \$0.9 million from federal funds for the electronic health records initiative to provide \$14.6 million in updated reimbursements. *The Governor recommends funding as requested.*

**HIV Services and Administration.** The Office's revised request is \$1.0 million less than enacted from Medicaid funds for HIV services and administration activities for total funding of \$9.4 million from all funds. The enacted budget includes using the state's drug resources rebate to match the Medicaid program; however, the request inadvertently reduces the Medicaid match. It should be noted that as of January 1, 2014, the Medicaid program will not be needed because program recipients will either be eligible for Medicaid through the expansion program or the health benefits exchange.

The request includes \$70,000 from general revenues that the Office eliminates in its corrective action plan. *The Governor's recommendation is \$156,000 more than requested; he eliminates the general revenues and restores \$0.2 million from federal funds for Medicaid-eligible expenses.*

**Race to the Top Funding.** The Office requests the enacted level of \$537,780 from federal Race to the Top funds in its revised request. The Office has developed a contract with Rhode Island College's Sherlock Center for technical assistance and another with five early intervention providers to pilot a new assessment system in coordination with the state's Department of Elementary and Secondary Education. *The Governor recommends funding as requested.*

**Medicaid Administration.** Excluding other adjustments, the Office requests \$0.8 million less than enacted, including \$0.4 million less from general revenues, for Medicaid administration activities including staffing, RIte Care and RIte Share contracted administrative activities, claiming costs and other operating expenses. Expenses total \$52.2 million from all sources, including \$13.1 million from general revenues for administrative costs. *The Governor further reduces expenses by \$0.8 million, including \$0.3 million from general revenues, from not filling currently vacant positions and statewide medical benefit savings.*

**Central Management Administration.** The Office requests \$0.4 million more from all sources, including \$0.3 million from general revenues for total funding of \$9.7 million to support central management administration expenses.

The Office's revised request funds 71.2 positions to support central management administration activities, one position above the current authorized level.

In its corrective action plan, the Office delays hiring for savings of \$0.5 million, makes several adjustments including reduces expenses for data management and other contracts for savings of \$0.2 million, and includes savings of \$0.2 million from a delay in awarding a contract for a traumatic brain injury grant. It appears that the reduction is to discretionary funding that was requested but has not been spent. *The Governor accepts the proposals included in the corrective action plan and further reduces costs by \$0.4 million from not filling currently vacant positions and statewide medical benefit savings. He does not include the staffing increase.*

**Special Education.** The Office requests \$27.0 million from federal funds, \$2.0 million more than enacted, for special education services provided by the local education agencies. *The Governor recommends funding as requested.*

## Department of Children, Youth and Families

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 6,835,428	\$ 7,101,746	\$ 6,886,670	\$ 6,876,601
Child Welfare	164,530,060	168,205,085	168,851,465	168,948,116
Juvenile Corrections	26,785,400	27,747,612	25,488,426	25,656,916
Children's Behavioral Health	11,588,304	10,619,123	14,114,216	14,440,897
Higher Education Incentive Grants	200,000	200,000	200,000	200,000
<b>Total</b>	<b>\$ 209,939,192</b>	<b>\$ 213,873,566</b>	<b>\$ 215,540,777</b>	<b>\$ 216,122,530</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 65,629,844	\$ 69,295,780	\$ 67,947,873	\$ 67,776,546
Contracted Services	5,128,162	4,283,833	7,213,763	7,213,763
<b>Subtotal</b>	<b>\$ 70,758,006</b>	<b>\$ 73,579,613</b>	<b>\$ 75,161,636</b>	<b>\$ 74,990,309</b>
Other State Operations	6,912,381	6,729,118	7,168,438	6,827,751
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	131,643,742	131,852,230	131,477,323	132,166,696
Capital	625,063	1,712,605	1,733,380	2,127,774
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 209,939,192</b>	<b>\$ 213,873,566</b>	<b>\$ 215,540,777</b>	<b>\$ 216,112,530</b>
<b>Sources of Funds</b>				
General Revenue	\$ 150,929,977	\$ 152,976,991	\$ 152,976,992	\$ 152,340,326
Federal Aid	56,202,223	56,692,405	58,525,035	59,346,541
Restricted Receipts	2,448,750	2,614,170	2,448,750	2,448,750
Other	358,242	1,590,000	1,590,000	1,976,913
<b>Total</b>	<b>\$ 209,939,192</b>	<b>\$ 213,873,566</b>	<b>\$ 215,540,777</b>	<b>\$ 216,112,530</b>
<b>FTE Authorization</b>	<b>671.5</b>	<b>670.5</b>	<b>670.5</b>	<b>670.5</b>
<b>FTE Average</b>	<b>627.5</b>			

**FY 2014 Revised Request.** The Department of Children, Youth and Families requests \$1.7 million more than enacted from all sources including \$1.8 million more from federal funds and \$0.2 million less from restricted receipts and the enacted level of positions. *The Governor recommends \$0.6 million more than requested including \$0.6 million less from general revenues and \$1.2 million more from federal funds and the enacted level of positions.*

### Staffing

**Salaries and Benefits.** The Department requests \$1.3 million less than enacted for staffing costs including \$1.7 million less from general revenues for the enacted level of 670.5 full-time equivalent positions. It should be noted that the Department shifts 6.0 positions from central management and juvenile corrections to address staffing needs in child welfare and behavioral health. This includes \$0.2 million from general revenue savings associated with statewide medical benefit savings.

The majority of positions shifted in the Department's revised request are added to the child welfare program. The Department indicates that this primarily reflects a new class of social workers that began in July 2013. *The Governor's recommendation is \$0.3 million less than requested from general revenues to reflect statewide medical benefit savings.*

## Placements

**System of Care.** The Department of Children, Youth and Families requests \$46,778 more from federal funds than the enacted level of \$74.2 million, which includes \$55.8 million from general revenues and \$15.6 million from federal funds for the System of Care. In addition to the contract, the Department includes \$1.0 million from general revenues, evenly divided between the two networks to account for special education costs for children at residential programs with on-site schools. 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's current request projects an average of 769 youth in care for FY 2014 and FY 2015. Prior to the implementation of the System of Care, the Department reduced the number of youth in out-of-home care. *The Governor recommends funding as requested.*

**Groden Center Group Homes.** On September 20, 2013, the Department sent the Commissioner of Elementary and Secondary Education a letter notifying the Commissioner that it reclassified 21 group home beds at the Groden Center from being classified as group homes to group homes with on-site education services. The reclassification resulted in the Department assuming financial responsibility for the difference between local education agency rates and tuition charged by the Groden Center for youth residing in those beds. The total projected education cost for these youth is \$1.4 million in FY 2014 and FY 2015, or \$67,911 per bed for 21 youth. The additional cost to the Department would be \$0.3 million in FY 2014. The Department did not request additional funding for these beds in either year. *The Governor does not include funding for these beds in either year.*

**Services Outside the System of Care.** The Department requests \$0.6 million less than enacted including \$1.0 million less from general revenues and \$0.5 million more from federal funds for a shift to other in-home based services provided through the family services regions and adjustments to available Title IV-E funds. This includes the Family Care Community Partnership which focuses on in-home and community based services. Non-residential services to children and families include in-home parenting training, individual and family counseling, and emergency services. Providers include North American Family Institute, Child and Family, Bradley Hospital, and Family Services of Rhode Island. *The Governor recommends \$3,210 more than requested from general revenues to reflect an adjustment to available Title IV-E funds.*

**Foster Care and Adoption.** The Department requests \$0.2 million more than enacted from all sources, including \$1.0 million more from general revenues and \$0.8 million less from federal funds for foster care and adoption services. This includes \$0.6 million less than enacted from general revenues and \$0.5 million more from federal funds for Title IV-E guardianship assistance. The Department indicates that the cost of foster care services has increased and federally reimbursable adoption assistance services have been reduced by approximately five percent, which primarily reflects reductions to federal adoption assistance programs. Foster care placements averaged 3,368 at the end of the first quarter in FY 2014. *The Governor recommends funding as requested.*

**Foster Care Grants.** Subsequent to the submission of the Department's request, the federal Children's Bureau awarded the Department two foster care grants. The Adoption and Well Being and A Family for Every Child grants to promote foster care and adoption for children with special needs. *The Governor recommends \$0.7 million more than requested from federal funds to reflect these grants.*

**Foster Care - 18 to 21 Years Old.** The Department requests \$0.9 million less than enacted including \$0.4 million less from general revenues and \$0.5 million less from federal funds for foster care and aftercare services for youth between the ages of 18 and 21. The Department has continued to reduce this population since FY 2008 and the request reflects the continuation of this trend. In FY 2013, the Department provided services to an average of 234 youth per month; 259 were served at the end of FY 2010, and 276 in FY 2009. As of December 2013, there were 71 youth between the ages of 18 and 21 being served by the Department receiving foster care and adoption services. Out-of-home residential services for this population are provided through the System of Care. *The Governor recommends funding as requested.*

**Family Service Units/Child Protective Services.** The Department requests \$0.2 million more from general revenues for the four family service units and for child protective services. This represents an increase in home based therapeutic services provided through child protective services and the family service units administered outside based from other services outside the System of Care. The service units are located in Providence, Bristol and Wakefield. Services provided through the service units include counseling, in-home counseling, emergency assessment services and other services that are provided without removing children from the home. *The Governor recommends funding as requested.*

**Community Based Services.** The Department requests \$0.4 million more from all sources for other community based services. This includes \$29,016 more from general revenues, \$0.5 million more from federal funds and \$0.1 million less from restricted receipts. General revenue increases are primarily the result of increased use of Project Hope for pre and post-training school youth. The Department also indicates that it has received \$0.4 million for additional federal Title IV-B, Temporary Assistance for Needy Families, and Family Preservation grant funds for various services that keep at-risk children in their home. *The Governor recommends funding as requested.*

**Substance Abuse and Mental Health Grant.** The Department requests \$0.1 million from federal funds for the Substance Abuse and Mental Health Services Administration grant for FY 2014. This is \$0.4 million less than enacted and reflects available funding for services associated with the development of the System of Care. The Department uses this grant to pay for operation support, financial analysis and quality control associated with the System of Care, but it is not part of the System of Care contract. *The Governor recommends funding as requested.*

## **Juvenile Corrections**

**Salaries and Benefits.** The Department requests \$2.1 million less than enacted, mostly from general revenues for its 217.5 full-time equivalent positions. This primarily reflects additional turnover savings for approximately 11 vacancies, shifting 3.0 positions into other programs and assumes an average of 198.0 filled positions. In FY 2013, the Department averaged 96 youth at the training school and expects this census to remain consistent in FY 2014 and FY 2015. The FY 2014 enacted budget assumed an average census of 110 youth. *The Governor's recommendation is \$0.1 million less than requested from general revenues to reflect statewide medical benefit savings.*

**Services.** The Department requests \$146,696 less than enacted for expenses for juveniles at the Rhode Island Training School and those that are transferred to the care of community based agencies. This

includes \$173,313 less from general revenues and \$26,617 more from federal funds. This reflects \$0.1 million less for medical services, based on a renegotiated contract, and \$0.1 million for services to youth on probation and parole, based on reduced cases. *The Governor recommends \$2,395 more than requested to reflect an adjustment to available Substance Abuse Block Grant funds.*

**Other Operations.** The Department requests \$37,906 less than enacted including \$6,412 less from general revenues and \$31,494 less from federal funds for facility repairs and office supplies. Savings primarily reflect reduced contracted vocational teaching services as the result of a reduced census at the training school. *The Governor recommends \$1,048 more than requested including \$3,727 more from general revenues to reflect an increase in the cost of laundry services at the training school.*

### Other Operations

**Social Worker Training.** The Department requests \$1.5 million more than enacted, including \$0.8 million from general revenues and \$0.7 million from federal funds for the current social worker class and bills associated with social worker training at the Child Welfare Institute at Rhode Island College. This includes \$1.3 million for past classes and \$0.8 million for classes in FY 2014. The Department indicates that it owes \$1.3 million to Rhode Island College, accumulated since FY 2011 as the result of a lapse in staffing continuity. *The Governor recommends funding as requested.*

**Data Analysis Contract.** The Department requests \$0.9 million for a data analysis contract with Yale University not included in the enacted budget. This includes \$0.7 million from general revenues and \$0.2 million from federal funds. The Department contracts with Yale University to conduct data analysis and provide technical assistance for the production of contract funds status reports for federal grants. The Department indicates that these funds were not included in the enacted budget despite the contract being in place since FY 2010. The request includes \$0.6 million for the current contract and \$0.2 million for services provided in previous fiscal years. *The Governor recommends funding as requested.*

**Regional Office Consolidation.** The Department requests \$0.4 million more than enacted for the Bristol regional office. The enacted budget includes \$0.3 million from general revenue savings to reflect the closing of that regional office in FY 2014, leaving regional offices in Wakefield and Providence. The Department had indicated that it would be able to use facilities within the care management networks for family visitation and meetings. The revised budget restores these savings and assumes the Bristol regional office will stay open at an increased cost. *The Governor recommends funding as requested.*

**New Computers.** The Department requests \$0.2 million more than enacted, including \$0.2 million more from general revenues and \$5,446 more from federal funds for 500 thin client computers and 29 personal office computers. The Department indicates that many computers throughout the agency are obsolete, do not contain the necessary memory and program capabilities and must be replaced. It should be noted that this is part of a multiyear request for FY 2014 and FY 2015. *The Governor includes \$0.2 million less than requested, which assumes the Department requests new computers through the Department of Administration's technology funds.*

**Legal Expenses.** The Department requests \$1,035 from general revenues for services associated with a lawsuit. 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. In FY 2013, the Department spent \$0.1 million for legal services including duplication, e-mail and tape, and document storage. The revised request includes \$1,035 to cover these potential expenses; however, the

Department's first quarter report shows \$10,000 in expenses in the current fiscal year. The Department estimates approximately \$0.1 million in legal expenses for FY 2014. *The Governor recommends the \$1,035 requested and includes \$0.2 million in the Office of the Attorney General's budget.*

**Accreditation.** The Department's revised request does not include funding for accreditation expenses. The Department indicates that it had been in consultation with the Council on Accreditation and has received an initial assessment of the steps necessary to receive accreditation; however, it did not spend \$0.5 million appropriated for FY 2012 for these activities and intended to identify an alternative funding source. The Department indicates 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 submitted a plan but does not have plans to move forward with accreditation. *The Governor does not include funding for accreditation expenses.*

**All Other Operations.** The Department requests \$0.5 million more than enacted, primarily from federal funds and \$47,278 less from general revenues, for all other operations. This primarily represents increases for mileage and a consulting contract associated with applying for grants and processing Title IV-E waiver data. The adjustment is the result of revised spending projections based on actual experiences for the past two years for contracted financial services, security, staff training and rental and lease costs of buildings and vehicles. *The Governor recommends \$0.1 million less than requested including \$0.2 million less from general revenues primarily to reflect a reduction in mileage expenses.*

**Capital.** The Department requests the enacted level of funding from Rhode Island Capital Plan funds, consistent with the approved capital plan and includes funding for improvements to the Rhode Island Training School. *The Governor recommends \$0.4 million more than enacted to reflect Rhode Island Capital Plan funds from FY 2013 carrying over to the current fiscal year.* Specific project information is included in the Capital Budget section of this report.



## Department of Health

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 11,069,410	\$ 13,430,137	\$ 13,665,794	\$ 12,051,899
Comm. & Family Health & Equity	57,832,762	70,480,793	72,496,066	65,448,925
Environmental & Health Service Reg.	17,184,148	19,546,876	19,283,404	19,326,342
Health Laboratories	7,909,186	7,691,720	8,404,670	8,272,652
Infectious Disease and Epidemiology	3,614,758	4,832,632	7,037,901	6,017,858
Public Health Information	3,096,729	2,469,624	4,890,063	4,416,311
State Medical Examiner	2,460,188	2,528,977	2,506,373	2,496,137
<b>Total</b>	<b>\$ 103,167,181</b>	<b>\$ 120,980,759</b>	<b>\$ 128,284,271</b>	<b>\$ 118,030,124</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 41,996,032	\$ 49,494,806	\$ 50,294,608	\$ 48,454,764
Contracted Services	9,062,704	9,236,584	11,017,831	8,545,005
<b>Subtotal</b>	<b>\$ 51,058,736</b>	<b>\$ 58,731,390</b>	<b>\$ 61,312,439</b>	<b>\$ 56,999,769</b>
Other State Operations	39,613,486	47,777,956	46,246,334	45,376,548
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	12,312,589	13,444,646	19,867,157	14,774,421
Capital	182,370	1,026,767	858,341	879,386
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 103,167,181</b>	<b>\$ 120,980,759</b>	<b>\$ 128,284,271</b>	<b>\$ 118,030,124</b>
<b>Sources of Funds</b>				
General Revenue	\$ 24,068,601	\$ 24,308,001	\$ 24,308,001	\$ 23,994,615
Federal Aid	54,360,133	62,004,542	70,136,195	61,395,434
Restricted Receipts	24,703,887	34,632,906	33,711,013	32,511,013
Other	34,560	35,310	129,062	129,062
<b>Total</b>	<b>\$ 103,167,181</b>	<b>\$ 120,980,759</b>	<b>\$ 128,284,271</b>	<b>\$ 118,030,124</b>
<b>FTE Authorization</b>	<b>498.0</b>	<b>494.1</b>	<b>469.7</b>	<b>491.1</b>
<b>FTE Average</b>	<b>400.7</b>			

**FY 2014 Revised Request.** The Department of Health requests revised expenditures of \$128.3 million or \$7.3 million more than the enacted budget. The revised request includes the enacted level from general revenues, increases of \$8.1 million from federal funds, \$0.1 million from other funds and \$0.9 million less from restricted receipts. The Department requests 469.7 full-time equivalent positions, 24.4 fewer than the authorized level.

*The Governor recommends \$118.0 million, including \$61.4 million from federal funds, \$32.5 million from restricted receipts, \$24.0 million from general revenues, and \$0.1 million from other sources. This is \$10.3 million less than requested, including \$8.7 million from federal funds, \$1.2 million from restricted receipts and \$0.3 million less from general revenues. He also includes 491.1 full-time equivalent positions, which is 3.0 fewer positions than enacted and 21.4 positions more than requested.*

**Blood Lead Poisoning Prevention.** The Department requests \$1.2 million from all fund sources, which is \$0.6 million more than enacted, for operating expenses for the blood lead poisoning prevention program. This includes \$18,843 less from general revenues, \$18,004 more from federal funds, and \$0.6 million more from restricted receipts. The request is \$0.7 million above reported FY 2013 expenditures and includes funding carried forward from FY 2013, including \$0.4 million of the \$0.5 million donation from Providence Water Supply because of reduced program costs due to several Department vacancies, in addition to \$250,000 in additional funding from Providence Water Supply for FY 2014. The revised request includes fully funding 6.2 positions, consistent with the enacted level, though vacancies exist and several workers are out on extended medical leave, and it reflects all available funding for the program in FY 2014 and is double the \$0.6 million funding level the Department indicated was required to operate the program.

*The Governor's recommendation is \$1,006 less from general revenues than requested to reflect statewide medical benefit savings.*

**All Other Healthy Homes and Environment Programs.** The Department requests \$0.4 million more than enacted for expenses related to all other healthy homes and environment programs, including testing for radon, asbestos and other toxic substances. This includes \$20,037 more from general revenues, \$0.3 million more from federal funds, and \$0.1 million more from other funds. The revised request includes funding carried forward from FY 2013 and updated awards, including federal grants of \$0.1 million each for climate change, toxic substances and the safe and active commuting program. The revised request includes funding for 13.8 positions and assumes all positions are filled, though vacancies have existed. *The Governor's recommendation is \$3,223 less from general revenues than requested to reflect statewide medical benefit savings.*

**Wise Woman Program.** The Department requests \$749,978 more than enacted from federal funds for the Wise Woman program, including salaries and benefits for 2.7 new positions. The enacted budget includes \$60,000 from general revenues for a pilot program that resembles the federal one. Subsequent to enacting the FY 2014 budget, the Department was awarded a grant for the federal program which provides screenings, referrals and follow up services for low-income, uninsured and underinsured women ages 40 through 64 who are at risk for heart disease, diabetes and stroke. As of January 7, 2014, 1.7 positions are filled and the hiring recommendation for the final position is expected to be submitted to human resources by the end of the week.

*The Governor's recommendation is \$0.6 million less from federal funds than requested to more accurately reflect expected spending levels, based on year to date expenditures and the history of budgeting significantly more federal funds than the Department spends each year. This includes reductions of \$0.4 million for grants for screenings and other services, \$0.2 million for salaries and benefits and \$0.1 million for training and operating expenses.*

**Vital Records.** The Department requests \$0.9 million more than enacted for expenditures related to the vital records division. This includes \$1,062 less from general revenues and \$0.9 million more from federal funds, primarily for the requested capital project for upgrades to the death and marriage reporting systems to electronic versions that are compliant with current federal guidelines. The request includes \$21,945 more for salaries and benefits for the enacted level of 16.0 positions.

*The Governor recommends \$129,532 less than requested, including \$123,702 from federal funds to reflect the remaining balance of the newborn screening project and \$5,830 less from general revenues to reflect statewide medical benefit savings.*

**Influenza Hospital Surveillance.** The enacted budget includes \$94,570 from general revenues for the Influenza Hospital Surveillance Project. The Department eliminated the program on September 1, 2013, resulting in general revenue savings of \$68,712 because grant funding for this project has ended. This project is a collaborative research project with the Centers for Disease Control and Prevention as well as several other states that involves conducting detailed surveillance, including hospital chart reviews on Providence County residents who are hospitalized for influenza.

Although the program was discontinued, the Department still conducts routine surveillance for influenza. The Department shifted the three individuals that comprise the 1.0 full-time equivalent position that performed these duties to other federal grants as well as a small portion to other general revenue accounts. *The Governor's recommendation includes \$339 less from general revenues than requested to reflect statewide medical benefit savings.*

**Medical Examiner Personnel.** The Department requests \$10,925 less from all sources for staffing and contract medical examiner expenses in the Office of the State Medical Examiner, including \$5,690 more from general revenues and \$16,615 less from federal funds. The Department indicates that one forensic pathologist is on medical leave for approximately six months which increases the need for contracted medical examiners. The request includes 0.9 positions above the enacted allocation of 14.4 positions from revisions in staff allocations across several divisions, though it includes \$105,312 less funding for salary and benefit expenses.

The Department spent \$2.0 million in FY 2012 and \$2.2 million in FY 2013, which was \$71,971 less than the final appropriation. The revised request is \$70,750 above the reported FY 2013 expenditures, including \$95,427 more from general revenues. *The Governor's recommendation is \$10,236 less from general revenues than requested to reflect statewide medical benefit savings.*

### Departmentwide

**All Other Salaries and Benefits.** The Department requests \$44.6 million from all sources for salary and benefit expenses for the remaining 415.6 positions. This is \$0.4 million more than enacted, including increases of \$1.1 million from federal funds and \$61,529 from general revenues along with a decrease of \$0.7 million from restricted receipts. The request includes 21.7 fewer positions and the Department indicated it reflects current filled positions and vacant positions that are in the recruitment process. As of the pay period ending November 30, 2013, the Department averaged 438.7 filled positions or 55.4 less than enacted.

The request essentially eliminates the 20.0 additional, unfunded positions that were included in the FY 2013 enacted budget at the Department's request, enabling it to fill positions when new federal awards are received. The request adds funding for positions to administer the federal Race to the Top award, the medical marijuana and chronic disease prevention programs, among other staffing shifts and adjustments. Federal funds increase from the use of funding carried forward from FY 2013 and increased grant awards. The request also includes a transfer of 1.4 positions and \$0.1 million from federal funds to the Department of Human Services for the women, infants and children's nutrition program for services Health continues to provide, though the program was transferred to Human Services in October 2010.

Reduced expenses from restricted receipts include \$0.3 million from indirect cost recovery funding leveraged from federal grants from shifting funding for one position to federal funds, eliminating \$15,000 for overtime, and reducing medical and retirement benefit expenses by approximately \$245,000, which appears to reduce expenditures below the Budget Office planning values. It also

includes \$0.2 million less for state revolving loan fund administration and \$0.2 million from managed care regulation to more closely align with prior year experiences and shifts \$0.1 million for immunizations to a new federal award.

The revised request assumes almost all positions are funded and includes very little turnover savings, though at least 35 positions have been vacant for part of the year. The request appears to include more funding than is required for these positions. It should be noted the Department did not spend 11.2 percent or \$5.2 million from all sources, including \$0.3 million from general revenues, of the salary and benefit funding authorized in the final appropriation for FY 2013.

The following table shows the allocations of the positions included in the enacted budget, the revised request, and the Governors recommendation along with the differences.

<b>Programs</b>	<b>FY 2014 Enacted</b>	<b>FY 2014 Rev. Req.</b>	<b>Change to Enacted</b>	<b>FY 2014 Gov. Rev.</b>	<b>Change to Enacted</b>	<b>Change to Request</b>
Central Management	99.1	63.2	(35.9)	83.2	(15.9)	20.0
Community Family Health & Equity	140.1	128.7	(11.4)	130.1	(10.0)	1.4
Environmental & Health Service Reg	137.1	145.2	8.1	145.2	8.1	-
Health Laboratories	59.5	59.2	(0.3)	59.2	(0.3)	-
Infectious Disease and Epidemiology	26.3	33.6	7.3	33.6	7.3	-
Public Health Information	18.5	25.4	6.9	25.4	6.9	-
State Medical Examiner	13.5	14.4	0.9	14.4	0.9	-
<b>Total Positions</b>	<b>494.1</b>	<b>469.7</b>	<b>(24.4)</b>	<b>491.1</b>	<b>(3.0)</b>	<b>21.4</b>

The Department's first quarter report indicated that general revenue funded salary and benefit expenses of \$108,000 had been incurred during the federal shutdown in October 2013, even though the shutdown occurred after the reporting period included in the quarterly report. This expense is not included in the Department's revised request because the shutdown occurred subsequent to the submission. The Department subsequently submitted a corrective action plan that indicated restricted receipts made available from unexpected recent vacancies, would be used for the funding that cannot be recovered.

*The Governor's recommendation includes \$1.6 million less than requested, including additional turnover savings of \$1.4 million from federal funds and \$0.2 million from general revenues along with \$60,061 to reflect statewide medical benefit savings. He includes 491.1 full-time equivalent positions, 3.0 fewer than enacted and 21.4 more than requested, restoring the 20.0 positions for new federal grants and maintaining the 1.4 positions from the transfer to the Department of Human Services; he transfers the requested funding but keeps the positions in Health. The Governor does not include an additional \$108,000 from general revenues for expenses incurred during the federal shutdown.*

**All Other Operations.** The Department requests \$4.3 million more from all sources for all other operating expenses. This includes \$1,361 more from general revenues, \$5.1 million more from federal funds and \$0.8 million less from restricted receipts. This includes the enacted level of \$0.4 million for community service grants, carry-forward funding from federal grants, and adjustments to other expenses to more closely reflect FY 2013 expenditure levels.

It also includes \$1.2 million from restricted receipts for information technology and human resources expenses that double count expenditures reflected in the Division of Information Technology's budget in the Department of Administration. The revised request includes the funding to show the expenditures, though the expense is paid before the revenues are available to the Department for other purposes.

From this account, it also includes savings of \$0.2 million for various maintenance expenses; however, \$110,000 was removed for expenses that occur annually and will likely be required.

*The Governor recommends \$7.8 million less than requested, including \$6.6 million from federal funds, \$1.2 million from restricted receipts and \$0.1 million from general revenues. He reduces federal funds to more accurately reflect expected spending levels, based on year to date and prior year expenditures, including reductions to grant awards and operating expenses. Reductions include \$4.5 million for maternal and child health visiting programs, \$0.9 million for Race to the Top, \$0.4 million for bioterrorism, \$0.3 million for HIV Prevention, \$0.3 million related to infectious diseases and \$0.2 million for immunizations. He appears to include approximately \$108,000 in additional federal funds leveraged by Medicaid from using a higher match rate than allowed.*

*He also reduces restricted receipts by \$1.2 million for the double counted expenditure but does not restore the \$110,000 for maintenance expenses. His recommendation reduces general revenues by \$0.1 million to bring operating expenses closer to the enacted level and adds \$25,000 for a new grant to develop a plan to improve health outcomes in the areas of diabetes, infant mortality, obesity and smoking.*



## Department of Human Services

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 10,631,847	\$ 11,202,255	\$ 10,169,217	\$ 10,295,730
Child Support Enforcement	8,051,908	8,465,570	8,316,030	8,306,129
Individual and Family Support	132,908,570	166,346,949	175,531,460	176,197,951
Veterans' Affairs	27,944,438	30,140,184	30,928,648	30,656,604
Health Care Quality, Financing and Purchasing	15,772,462	19,201,532	18,659,517	18,550,974
Medical Benefits	(1,852)	-	-	-
Supplemental Security Income	18,204,138	18,234,514	18,234,514	18,441,510
Rhode Island Works	87,509,709	89,967,380	89,969,733	87,880,020
State Funded Programs	302,804,912	300,544,402	302,573,163	303,103,378
Elderly Affairs	28,003,115	17,987,375	16,665,059	18,235,595
<b>Total</b>	<b>\$ 631,829,247</b>	<b>\$ 662,090,161</b>	<b>\$ 671,047,341</b>	<b>\$ 671,667,891</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 82,637,935	\$ 89,025,107	\$ 90,740,030	\$ 89,519,255
Contracted Services	16,035,363	17,376,303	23,349,187	23,737,076
<b>Subtotal</b>	<b>\$ 98,673,298</b>	<b>\$ 106,401,410</b>	<b>\$ 114,089,217</b>	<b>\$ 113,256,331</b>
Other State Operations	16,614,271	18,798,524	18,238,596	18,238,778
Aid to Local Units of Government	-	-	1,980	-
Assistance, Grants, and Benefits	510,743,337	528,164,043	529,866,132	530,491,874
Capital	356,118	2,536,083	2,661,315	3,487,197
Capital Debt Service	-	-	-	-
Operating Transfers	5,442,223	6,190,101	6,190,101	6,193,711
<b>Total</b>	<b>\$ 631,829,247</b>	<b>\$ 662,090,161</b>	<b>\$ 671,047,341</b>	<b>\$ 671,667,891</b>
<b>Sources of Funds</b>				
General Revenue	\$ 97,459,617	\$ 93,479,195	\$ 97,237,706	\$ 96,610,196
Federal Aid	523,431,013	554,368,102	561,839,770	562,747,841
Restricted Receipts	7,232,941	9,762,500	7,328,546	7,133,846
Other	3,705,676	4,480,364	4,641,319	5,176,008
<b>Total</b>	<b>\$ 631,829,247</b>	<b>\$ 662,090,161</b>	<b>\$ 671,047,341</b>	<b>\$ 671,667,891</b>
<b>FTE Authorization</b>	<b>933.1</b>	<b>959.1</b>	<b>994.1</b>	<b>959.1</b>
<b>FTE Average</b>	<b>819.1</b>			

**FY 2014 Revised Request.** The Department of Human Services requests \$671.0 million or \$9.0 million more than enacted, including \$3.8 million more from general revenues, \$7.5 million more from federal funds, \$0.2 million more from other funds and \$2.4 million less from restricted receipts. The Department also requests 994.1 full-time-equivalent positions, 35.0 more than enacted, primarily for the Unified Health Infrastructure Project.

Subsequently, the Department submitted a corrective action plan with numerous initiatives to reduce general revenue expenditures to offset the requested increases. The corrective action items are discussed separately, where appropriate.

*The Governor recommends expenditures of \$671.7 million, including \$96.6 million from general revenues. This is \$0.6 million more than requested, including increases of \$0.9 million from federal funds and \$0.5 million from other funds and reductions of \$0.6 million from general revenues and \$0.2 million from restricted receipts. He recommends 959.1 full-time equivalent positions, consistent with the enacted level and 35.0 positions less than the request. He funds and provides authorization for the 35.0 additional requested positions, but includes a reduction of 35.0 unspecified positions, leaving the Department to manage its vacancies.*

**Federal Poverty Guidelines.** The federal poverty guidelines are used for the purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Office of Health and Human Services. The 2013 guidelines are as follows.

Percent of Federal Poverty Level based on Annual Income									
Family Size	100%	133%	138%	150%	175%	180%	185%	200%	250%
1	\$ 11,670	\$15,521	\$16,105	\$17,505	\$20,423	\$21,006	\$21,590	\$23,340	\$29,175
2	15,730	20,921	21,707	23,595	27,528	28,314	29,101	31,460	39,325
3	19,790	26,321	27,310	29,685	34,633	35,622	36,612	39,580	49,475
4	23,850	31,721	32,913	35,775	41,738	42,930	44,123	47,700	59,625
5	27,910	37,120	38,516	41,865	48,843	50,238	51,634	55,820	69,775
6	31,970	42,520	44,119	47,955	55,948	57,546	59,145	63,940	79,925
7	36,030	47,920	49,721	54,045	63,053	64,854	66,656	72,060	90,075
8	40,090	53,320	55,324	60,135	70,158	72,162	74,167	80,180	100,225

*For families with more than 8 members, add \$4,060 for each additional member for the 100 percent calculation.*

**Medicaid Expenses - State/National Comparison.** The following table compares national and state 2011 Medicaid spending using the Centers for Medicare and Medicaid Services 2012 Actuarial Report on the Financial Outlook for Medicaid and information from the state's Executive Office of Health and Human Services. Rhode Island's enrollment of children and parents (the state's RItE Care population) is a lower percent of total Medicaid enrollment than the national average. The percent of total spending for this population is lower than the national average but higher when comparing cost per enrollee. The Medicaid expenses for the populations are in the Office of Health and Human Services' budget.

Medicaid Expenses	Enrollees		Percent of Enrollees		Expenses*		Percent of Expenses		Cost Per Enrollee	
	US*	RI	US	RI	US	RI	US	RI	US	RI
Population	27.2	85,155	50.0%	45.0%	\$ 77,400	\$ 256.0	20.0%	14.2%	\$ 2,851	\$ 3,006
Children	13.2	43,967	24.0%	23.2%	57,800	202.8	15.0%	11.3%	4,362	4,613
Adults	9.4	42,442	17.0%	22.4%	169,300	873.3	44.0%	48.5%	17,958	20,576
Blind/Disabled	4.8	17,567	9.0%	9.3%	77,200	470.1	20.0%	26.1%	15,931	26,760
Aged	<b>Total</b>	<b>54.7 189,131</b>	<b>100% 100%</b>		<b>\$381,800</b>	<b>\$1,802.2</b>	<b>100% 100%</b>		<b>\$ 6,982</b>	<b>\$ 9,529</b>

*Source: Centers for Medicare and Medicaid Services 2012 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.

**Staffing.** The Department requests 994.1 full-time equivalent positions in FY 2014, which is 35.0 positions above the enacted authorization. The new positions include 29.0 for the Unified Health Infrastructure Project, 6.0 for the supplemental nutrition assistance program, 5.0 for Race to the Top, 3.0 for the Women, Infants, and Children's nutrition program, and 4.0 other positions among the Divisions of Elderly and Veterans' Affairs and central management. It also eliminates a number of positions, including 6.0 for Medicaid eligibility administration, 3.0 for child support enforcement, and a net reduction of 3.0 positions for cash assistance administration.

The Department has maintained an average of 842.1 filled positions through the pay period ending November 30, 2013, which is 117.0 fewer than authorized, although all the positions are not funded. The revised request includes filling positions requested last year that were not authorized, existing positions for which turnover was assumed by the General Assembly for the enacted budget, in addition to adding new positions not included in prior requests.

The Department requests \$90.7 million from all sources for salary and benefit expenses. This is \$1.7 million more than enacted, including increases of \$0.8 million from general revenues and \$1.3 million from federal funds and \$0.4 million less from restricted receipts. The revised request includes \$0.8 million in additional turnover savings above the enacted level; however, it increases overtime and the number of positions. The revised request includes \$5.3 million for overtime expenses, which is \$0.7 million more than enacted, including \$0.5 million more for veterans' affairs, and \$0.1 million for cash assistance, Medicaid and supplemental nutrition assistance administration, and \$66,000 for the Office of Rehabilitation Services.

The table below shows the position allocation in the enacted budget, the revised request, the Governor's recommendation and the differences.

Staffing Changes	FY 2014 Enacted	FY 2014 Rev. Req.	Change to Enacted	FY 2014 Gov. Rev.	Gov. to Enacted	Gov. to Request
Central Management	18.0	20.0	2.0	20.0	2.0	-
Office of Child Support	61.2	58.2	(3.0)	58.2	(3.0)	-
Individual & Family Support	444.0	455.0	11.0	455.0	11.0	-
Health Care Determinations	167.3	190.3	23.0	190.3	23.0	-
Elderly Affairs	30.0	31.0	1.0	31.0	1.0	-
Veterans Affairs	238.6	239.6	1.0	239.6	1.0	-
Unidentified	-	-	-	(35.0)	(35.0)	(35.0)
<b>Total</b>	<b>959.1</b>	<b>994.1</b>	<b>35.0</b>	<b>959.1</b>	<b>-</b>	<b>(35.0)</b>

*The Governor recommends the enacted level of authorized positions; however, he includes the authorization and funding for the 35.0 new positions, but includes an unspecified 35.0 position reduction, to be at the discretion of the Department. He includes \$89.5 million from all sources, including \$40.4 million from general revenues, which is a total of \$1.2 million less than requested and \$0.5 million more than enacted. He includes turnover savings of \$8.9 million from maintaining*

*approximately 97 vacant positions, which is \$0.5 million or approximately 4 positions more than included in the enacted budget.*

**Unified Health Infrastructure Project.** The Department requests \$6.2 million from all sources, including \$3.9 million from general revenues and \$2.3 million from federal funds for 47.0 positions and operations related to the Unified Health Infrastructure Project. This is \$4.4 million more than enacted, including \$3.7 million from general revenues and \$0.7 million from federal funds and 29.0 additional positions. The request adds \$0.1 million for staffing expenses, in addition to \$4.2 million for information technology expenses through a contract with the main vendor, Deloitte, and \$0.1 million for operating expenses that were not included in the enacted budget. As of December 2013, six positions have been filled and eight hiring recommendations have been submitted to human resources.

The project is a joint venture between the Department, Office of Health and Human Services, and HealthSource RI to create smoother transitions for individuals, who, 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 Department indicates that it did not know what its share of the expenses for the main vendor would total, so funding was not requested for expenses above staffing and operating supplies. Statewide, the total general revenue shortfall for the Unified Health Infrastructure Project in FY 2014 is \$8.1 million, and the revised request adds over \$33.9 million from federal sources for this program. Many of the proposed program reductions in the revised request and all of the proposals in the corrective action plan are designed to provide the requested funding for this project's expenses.

*The Governor includes \$6.1 million from all sources, including \$3.9 million from general revenues for the Department in FY 2014. This is \$83,234 less than requested, including \$20,778 less from general revenues and \$62,456 less from federal funds. This includes reductions of \$3,233 from statewide medical benefit savings and \$80,001 less for postage expenses. His FY 2015 recommendation includes \$7.5 million from all sources, including \$4.4 million from general revenues.*

*Statewide, he includes \$36.1 million, including \$8.6 million from general revenues and \$27.5 million from federal funds in FY 2014 in the budgets of the Department of Human Services and Office of Health and Human Services. This is \$13.7 million more than enacted and \$19.8 million less than requested. For FY 2015, he includes \$39.1 million from all sources, including \$10.0 million from general revenues.*

### **Cash Assistance Programs**

The Caseload Estimating Conference estimate includes \$108.5 million from all sources, including \$29.9 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 \$1.7 million less than enacted, including \$315,795 more from general revenues. The Department's request is essentially consistent with the enacted level for cash assistance and does not reflect the estimate adopted at the November caseload conference since the request was submitted prior to the Caseload Estimating Conference. *The Governor recommends funding consistent with the caseload estimate.*

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

<b>Cash Assistance</b>	<b>FY 2012 Spent</b>	<b>FY 2013 Nov. CEC</b>	<b>FY 2013 Spent</b>	<b>FY 2014 Enacted</b>	<b>FY 2014 Nov. CEC</b>	<b>FY 2014 Gov. Rev.</b>
<b>Rhode Island Works</b>						
Persons	16,000	16,195	15,562	15,500	15,125	15,125
Monthly Cost per Person	\$ 190.05	\$ 190.00	\$ 185.76	\$ 187.00	\$ 183.00	\$ 183.00
General Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	40.1	40.8	38.8	38.9	37.3	37.3
<b>Total Costs*</b>	<b>\$ 40.1</b>	<b>\$ 40.8</b>	<b>\$ 38.8</b>	<b>\$ 38.9</b>	<b>\$ 37.3</b>	<b>\$ 37.3</b>
<b>Child Care</b>						
Subsidies	6,777	6,985	6,909	7,025	7,170	7,170
Annual Cost per Subsidy	\$ 7,066	\$ 7,070	\$ 7,048	\$ 7,060	\$ 7,060	\$ 7,060
General Revenue	\$ 9.7	\$ 9.7	\$ 9.6	\$ 9.7	\$ 9.7	\$ 9.7
Federal Funds	38.7	39.7	39.1	41.4	41.0	41.0
<b>Total Costs*</b>	<b>\$ 48.3</b>	<b>\$ 48.3</b>	<b>\$ 48.7</b>	<b>\$ 51.1</b>	<b>\$ 50.6</b>	<b>\$ 50.6</b>
<b>SSI</b>						
Persons	33,398	33,260	33,164	33,515	33,590	33,590
Monthly Cost per Person	\$ 46.05	\$ 46.35	\$ 45.59	\$ 45.19	\$ 45.62	\$ 45.62
<b>Total Costs/General Revenue*</b>	<b>\$ 18.6</b>	<b>\$ 18.6</b>	<b>\$ 18.2</b>	<b>\$ 18.2</b>	<b>\$ 18.4</b>	<b>\$ 18.4</b>
<b>SSI Transition/Bridge</b>						
Persons	622	575	515	550	524	524
Monthly Cost per Person	\$ 115.41	\$ 109.00	\$ 90.24	\$ 105.00	\$ 105.00	\$ 105.00
General Revenues	\$ 2.6	\$ 2.1	\$ 1.8	\$ 1.7	\$ 1.8	\$ 1.8
Federal Funds	0.4	0.6	0.5	0.3	0.4	0.4
<b>Total Costs*</b>	<b>\$ 3.0</b>	<b>\$ 2.7</b>	<b>\$ 2.3</b>	<b>\$ 2.0</b>	<b>\$ 2.2</b>	<b>\$ 2.2</b>
General Revenue	30.8	30.3	29.7	29.6	29.9	29.9
Federal Funds	79.2	81.2	78.4	80.6	78.6	78.6
<b>Total Cash Assistance*</b>	<b>\$ 110.0</b>	<b>\$ 111.5</b>	<b>\$ 108.1</b>	<b>\$ 110.2</b>	<b>\$ 108.5</b>	<b>\$ 108.5</b>

\* Expenditures in millions

**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.*

**Rhode Island Works.** The November Caseload Estimating Conference estimate includes program expenditures of \$37.3 million entirely from federal funds. The estimate decreased the monthly caseload by 375 cases to a level of 15,125. The cost per case is estimated to decrease by \$4.00 to a \$183.00 monthly cost per person. The estimated program expenditures are \$1.6 million less than the enacted budget, primarily from the reduced number of persons and cost per month, \$0.1 million less for transportation expenses along with minor adjustments for clothing and other supportive services. The Department's request is \$2,353 more than the enacted level for the Rhode Island Works program and does not reflect the estimate adopted at the November caseload conference. *The Governor recommends funding consistent with the caseload estimate.*

**Child Care.** The November Caseload Estimating Conference estimate includes child care expenditures of \$50.6 million, of which \$9.7 million is from general revenues. This is \$0.5 million less federal funds than enacted, reflecting 145 additional child care subsidies for a monthly level of 7,170 and an annual cost of \$7,060, consistent with the enacted level. 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, though it does include \$1.5 million from federal funds for the expanded eligibility pilot program.

A family is eligible for child care assistance either through the Rhode Island Works program (if they qualify for Works they are automatically eligible for child care assistance) or if they qualify as low income, which is at or below 180 percent of federal poverty. The 2013 Assembly passed legislation for a pilot program allowing families eligible for subsidized child care because their income is at or below 180 percent of poverty to remain eligible until the family income exceeds 225 percent of poverty, from October 1, 2013 through September 30, 2014. *The Governor recommends funding consistent with the caseload estimate.*

**Supplemental Security Income Payments.** The November Caseload Estimating Conference estimate includes FY 2014 direct supplemental security income expenditures at \$18.4 million from general revenues, or \$0.2 million more than enacted. The caseload increases by 75 persons to a monthly level of 33,590. Estimators increase the monthly cost per person by \$0.43 to \$45.62. It also includes transaction fees of \$53,000, which is \$7,000 less than enacted. The Department's request is consistent with the enacted level and does not reflect the conference estimate.

The Supplemental Security Income program is a federal program authorized under Title XVI of the Social Security Act to provide payments to needy aged, blind and disabled persons based on uniform national minimum standards of assistance. Rhode Island opts to provide a state supplemental payment to the federal payment and under an agreement with the Social Security Administration, it administers the program as outlined in Rhode Island General Law 40-6-27. Twenty six other states also supplement the federal payment.

The following table includes the separate categories and monthly payments for calendar years 2013 and 2014. There will be a 1.5 percent cost-of-living adjustment, effective January 1, 2014, which will increase the federal portion of the payment. The increase is reflected in the following table.

Supplemental Security Income Payments	As of 1-1-2013			Beginning 1-1-2014		
	State	Federal	Total	State	Federal	Total
Individual Living Alone	\$ 39.92	\$ 710.00	\$ 749.92	\$ 39.92	\$ 721.00	\$ 760.92
Couple Living Alone	\$ 79.38	\$ 1,066.00	\$ 1,145.38	\$ 79.38	\$ 1,082.00	\$ 1,161.38
Individual Living with Others	\$ 51.92	\$ 473.34	\$ 525.26	\$ 51.92	\$ 480.44	\$ 532.36
Couple Living with Others	\$ 97.30	\$ 710.67	\$ 807.97	\$ 97.30	\$ 721.33	\$ 818.63
Resident in State Licensed Supportive Residential Care	\$ 300.00	\$ 710.00	\$ 1,010.00	\$ 300.00	\$ 721.00	\$ 1,021.00
Resident in Assisted Living	\$ 332.00	\$ 710.00	\$ 1,042.00	\$ 332.00	\$ 721.00	\$ 1,053.00
Supplement	\$ 20.00	\$ 30.00	\$ 50.00	\$ 20.00	\$ 30.00	\$ 50.00

The Department submitted a corrective action plan in December that proposes a \$2.1 million reduction to the program from eliminating state supplemental payments for all populations in May 2014. The reduction is equal to 11.2 percent of the annual benefit payments and represents 1.3 months of benefits. This would require administrative processes and changes to state statutes and departmental rules and regulations. In the past, the Social Security Administration has required 90 days' notice for major program changes, because it handles making some of the payments for the state, and requires any change occur at the beginning of a quarter. Since no notice was sent to the Administration prior to January 1, 2014, the earliest likely date the program could end would be July 1, 2014. The Department's FY 2015 constrained budget request also proposes reductions to the program.

*The Governor recommends funding consistent with the caseload estimate and does not include the reductions proposed in the Department's corrective action plan.*

**Additional State Supplemental Payment.** The Department requests the enacted level of \$250,000 from general revenues, which is \$44,586 less than the amount spent in FY 2013, for additional state supplemental payments of \$206 per month to individuals who receive the state supplemental security income payment and live in a state licensed assisted living facility that is not eligible to receive Medicaid. *The Governor recommends funding as requested.*

**Supplemental Security Income Transition/Bridge Program.** The November Caseload Estimating Conference estimates expenditures for the supplemental security income transition/bridge program at \$2.2 million, including \$1.8 million from general revenues. This is \$0.2 million more than enacted from all sources, including \$108,800 more from general revenues. The estimate includes \$0.7 million for cash payments, \$0.8 million for medical expenses and \$0.8 million for burials. The estimate decreases the projected number of persons by 26 for a level of 524 and maintains the enacted monthly cost per person of \$105.00.

The Department's request does not reflect the conference estimate and is consistent with the enacted level, except that it proposes to eliminate the medical assistance portion of the program on April 1, 2014, because of the provisions in the Affordable Care Act under which individuals eligible for this program will likely be eligible for Medicaid. The revised request inadvertently removes more federal funding than would be saved by this action. This program is designed for individuals who maintain an active application for the supplemental security income program.

The Department submitted a corrective action plan in December that proposes reductions of \$538,526 from general revenues from ending the Medicaid matched medical program and all other assistance programs, including cash payments and burials starting February 1, 2014. The Department's FY 2015 constrained request also includes the elimination of this program, but maintains burials.

*The Governor recommends funding consistent with the caseload estimate and does not include the reductions proposed in the Department's corrective action plan.*

**Hardship Payments.** The Department requests 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 recommends funding as requested.*

### **Cash Assistance Administration**

**Rhode Island Works Pilot Program.** The Department requests the enacted level of \$1.5 million from federal temporary assistance for needy families block grant funds for wage reimbursements to participating employers and related assistance to the worker for subsidized employment and on-the-job training programs included in Article 18 of the Appropriations Act. The Department is required to establish a pilot program that promotes innovation, tests new ways of delivering services, and award contracts to job development vendors on a competitive basis. The legislation does not explicitly include subsidized employment and on-the-job training, but they may be possible activities to improve work participation rates, and the \$1.5 million is included for these purposes. As of December 2013, none of the funds have been spent because the Department is still working on extensions to existing contracts and creating a request for proposals for new ones.

The revised request also includes \$1.5 million from federal temporary assistance for needy families block grant funds for child care assistance, discussed previously with the child care assistance benefits. This is for the expanded eligibility pilot program for families with income up to 225 percent of the federal poverty level when the family is eligible at or below the 180 percent income level. *The Governor recommends funding as requested for both aspects of the program.*

**Rhode Island Works and Child Care Administration – Staffing.** The Department requests \$0.5 million more for salary and benefit expenses for Rhode Island Works and child care administration, including \$0.2 million more from both general revenues and federal funds. The request eliminates authorization for 2.0 positions and assumes filling vacant, unfunded positions, which increases the staffing costs and reduces turnover savings. *The Governor's recommendation is \$25,456 less from general revenues than requested to reflect statewide medical benefit savings.*

**Rhode Island Works and Child Care Administration – Operations.** The Department requests \$0.1 million less than enacted from all fund sources for administration of the Rhode Island Works and child care programs, excluding salaries and benefits. This includes \$0.1 million more from general revenues and \$0.2 million less from federal funds. Increases of \$0.2 million for processing fees for electronic benefit transfer cards and \$0.2 million for office supplies and maintenance expenses are offset by decreases of \$0.1 million for lease costs, \$0.1 million for interpreters and translators and \$0.2 million for all other expenses, such as postage, information technology services and office supplies. The request inadvertently omits \$0.1 million from general revenues for records storage and retrieval. The enacted budget includes the expense from federal funds; however, the Department indicates it will require general revenues for this expenditure, but did not include it in the request. *The Governor includes \$107,852 more from general revenues than requested to reflect inclusion of the omitted records storage funding.*

**SSI Supplemental Payment Administration.** The Department requests \$47,111 less from general revenues for expenses related to administering the state supplemental security income program for individuals, including those whose income is too high to meet the eligibility criteria for the federal

supplemental security income program. This includes \$25,622 more for salaries and benefits, including \$15,830 more for overtime and \$9,792 for authorization of a new caseworker supervisor during the year; however, the request appears to overstate funding needs for staffing expenses even though it includes some turnover for a vacant position. The revised request also includes reductions of \$50,000 for the transactions performed by the General Treasurer, \$10,000 for legal expenses and \$12,533 less for supplies, postage and printing expenses, bringing them closer to FY 2013 expenditures. *The Governor's recommendation is \$1,837 less than requested to reflect statewide medical benefit savings.*

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

**Staffing and Operations.** The Department requests \$0.5 million more than enacted from all funds for staffing and operational expenses in the Division of Veterans Affairs, excluding capital expenditures. This includes the enacted level of general revenues, \$500,000 more from federal funds and \$10,000 less from restricted receipts. The request includes \$0.5 million less for salaries and benefits, though it adds 1.0 position, increases overtime expenses by \$0.5 million to \$2.7 million, and because of numerous vacancies, adds \$0.4 million for contracted nurses and other medical professionals. The Division was able to fill approximately 15 vacancies and backfill seasonal positions, but as of early December, it maintains approximately 25 vacancies and 20 individuals are out on medical leave. The revised request also adds \$0.1 million for laundry expenses, \$0.1 million for various medical supplies and \$0.3 million for grave liners at the cemetery.

The revised request is \$0.8 million more than the FY 2013 expenditure level. It appears the revised request underfunds several recurring expenses significantly below the FY 2013 level, such as medical supplies and services, various maintenance costs, linen and laundry expenses, insurance, and food. Even though the revised request includes increases for most of these expenses, it is still significantly below the FY 2013 experience.

*The Governor recommends \$1.1 million less than requested, including \$1.2 million less from general revenues, \$1,200 less from restricted receipts and \$0.1 million more from federal funds. He shifts \$0.3 million in contracted nursing expenses from general revenues to federal funds from delays in filling positions, adds \$0.1 million from general revenues for overtime expenses, assumes \$1.1 million in turnover savings, including \$0.8 million from general revenues and \$0.3 million from federal funds, and includes \$0.1 million less than requested to reflect statewide medical benefit savings.*

**Capital Projects.** The Department requests \$2.2 million from all sources, including \$1.1 million from both federal funds and restricted receipts for building renovations at the existing Veterans' Home in Bristol and improvements to the burial fields and construction of a columbarium at the Veterans' Cemetery in Exeter. This is \$0.3 million more from restricted receipts to reflect project delays from FY 2013 at the Veterans' Home being completed in FY 2014.

*The Governor recommends \$0.8 million more than requested from federal funds, including \$0.4 million for both the columbarium project and renovations at the Veterans' Home, and \$20,500 less from restricted receipts for renovations at the Veterans' Home based on updated project costs. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

### **Division of Elderly Affairs**

**Pharmaceutical Assistance to the Elderly.** The Department requests \$17,684 more than enacted from all sources for administration of the pharmaceutical assistance program for FY 2014, including \$174,484 less from general revenues, thus eliminating general revenue funding for the program, and

\$192,168 more from restricted receipts. The request includes \$92,086 more for salaries and benefits that were budgeted elsewhere in the Division in the enacted budget at a lower level; this is \$6,713 more than what was spent in FY 2013. It also reduces expenses for the contract with Hewlett-Packard for processing the point of sale pharmaceutical transactions at locations such as pharmacies and doctor's offices, aligning expenses with FY 2013 levels. Subsequent to submitting the request, the Department indicated it inadvertently shifted the general revenues to restricted receipts and intended to request the enacted level of general revenues.

*The Governor recommends \$1,484 more than requested. This includes \$174,484 more from general revenues, making this funding consistent with the enacted level, and reduces restricted receipts by \$173,000 to reflect the funding shift. The Department appears to have sufficient restricted receipt funding in the current year to eliminate most of the general revenue funding, but the Governor's budget restores the funding as a precaution and to preserve restricted receipt funding for use in FY 2015.*

**Indirect Cost Recovery.** Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate to lower state general revenue costs. The enacted budget assumes savings of \$0.4 million from general revenues from an indirect cost recovery rate of not less than 5.0 percent and budgets these recovered funds as restricted receipts. The revised request reverses this action, shifting these restricted receipts back to general revenues. The Division indicates it already maximizes the limit for administrative expenses on certain grants and the recovery amount possible from non-accessed grants would total closer to \$50,000.

These savings have been included in each budget back through FY 2010, but were not achieved. Before the Division became part of the Department of Human Services, it was included on a request for proposals put forth by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals for a third party to examine if there is a more cost-effective manner to extract administrative funding from federal grant awards. Requests for proposals are currently under review and a decision was anticipated in early January 2014 for awarding a contract, but there have been delays. *The Governor recommends funding as requested, restoring the general revenues.*

**All Other Salaries and Benefits.** The Department requests \$30,581 less than enacted, including \$11,826 from general revenues and \$18,775 from federal funds for all other salaries and benefits for 31.0 full-time equivalent positions, which is 1.0 position more than enacted. The revised request adds authorization for 1.0 new position, but does not appear to include the federal funding for it. The Division filled a time-limited position late in FY 2013 and that position will continue through the end of the grant on June 30, 2014. However, the request adds \$5,565 for overtime expenses and assumes additional turnover savings from at least two vacancies within the Division. *The Governor's recommendation is \$4,846 less from general revenues than requested to reflect statewide medical benefit savings.*

**Home Care Services.** The Department requests \$2.3 million from all sources, including \$1.2 million from both general revenues and federal funds for the home care services program. This is \$0.8 million less than enacted, including \$0.4 million from both general revenues and federal funds to reflect the elimination of the program on March 1, 2014, to make funding available for use towards the Unified Health Infrastructure Project. However, the reduced expenditures reflect a 25 percent reduction, which suggests the program ends on April 1, 2014. This program serves low-income elders who pay a portion of the hourly cost of home care services, including bathing, dressing, household chores, and ambulatory needs.

The Department submitted a corrective action plan in December that proposes a total reduction of \$645,367 from general revenues, advancing the program eliminations to February 1, 2014. The Department's FY 2015 constrained request also eliminates this program. *The Governor's recommendation includes funding consistent with the enacted level.*

**Adult Day Care Services.** The Department requests \$1.9 million from all sources, including \$1.0 million from both general revenues and federal funds for the adult day care services program. This is \$0.6 million less than enacted, including \$0.3 million from both general revenues and federal funds to reflect the elimination of the program on March 1, 2014, to make funding available for use towards the Unified Health Infrastructure Project. However, the reduced expenditures reflect a 25 percent reduction, which suggests the program ends on April 1, 2014. This program serves low-income elders who pay a portion of their day care services.

The Department submitted a corrective action plan in December that proposes a total reduction of \$528,196 from general revenues, advancing the program eliminations to February 1, 2014. The Department's FY 2015 constrained request also eliminates this program. *The Governor's recommendation includes funding consistent with the enacted level.*

**Case Management Services.** The Department requests \$0.7 million from all sources, including \$0.4 million from both general revenues and federal funds for case management services. This is \$0.2 million less than enacted, including \$0.1 million less from both general revenues and federal funds, primarily to reflect the elimination of the in-home services covered by Medicaid on March 1, 2014, to make funding available for use towards the Unified Health Infrastructure Project. However, the reduced expenditures reflect a 25 percent reduction, which suggests the program ends on April 1, 2014. The request also increases other general revenue case management service expenses by \$1,013, but appears to inadvertently reduce the corresponding federal expenditures by \$26,224. The corresponding increase from federal funds to match the general revenue request would be \$27,254.

Case management programs assist older Rhode Islanders who wish to remain at home as long as possible. The implementation of the Affordable Care Act in January 2014 will not affect these services and this population. The proposal does not include an estimate of potential impacts to the state's long term care expenses.

The Department submitted a corrective action plan in December that proposes a total reduction of \$105,357 from general revenues, advancing the elimination of the in-home services covered by Medicaid program to February 1, 2014. The Department's FY 2015 constrained request also eliminates this program. *The Governor recommends funding essentially consistent with the enacted level.*

**All Other Grants and Operations.** The Department requests \$0.3 million more from all sources for all other grants and operating expenses for the Division. This includes \$1,529 more from general revenues and \$260,907 more from federal funds, primarily for grant expenditures, including \$0.2 million more for a one-year renewal of an award for The Point and inadvertently adds \$0.1 million for a grant that expired in FY 2013. Requested expenditures primarily mirror reported expenditures for FY 2013. *The Governor recommends funding as requested.*

### **Other Programs**

**Health Care Determination Administration.** The Department requests \$0.7 million less than enacted from all sources for health care determination administration expenses, including salaries and benefits.

This includes \$46,327 less from general revenues and \$0.7 million less from federal funds for 143.3 positions. Salary and benefit expenses decrease \$0.1 million. This includes shifting authorization and funding for 6.0 positions to the supplemental nutrition assistance program, increasing overtime expenses by \$0.1 million, and filling existing vacancies within the program. The request also reduces audit fees by \$0.4 million and security services by \$0.1 million to be consistent with FY 2013 reported expenditures, and reduces information technology expenses by \$0.4 million from minimizing the Northrop Grumman contract and maximizing Medicaid resources. In addition, lease costs increase by \$0.2 million from the signing of a new lease and postage expenses increase by \$0.1 million because of the increase in notifications related to the implementation of the Affordable Care Act.

*The Governor recommends \$38,821 less than requested, and shifts salary and benefit expenses of \$0.3 million from general revenues to federal funds. He assumes that for 29 of the eligibility technicians that currently make Medicaid determinations, the Department can leverage 75 percent federal funding, instead of the regular 50 percent, for the final six months of the fiscal year based on updated guidance issued by the Centers for Medicare and Medicaid Services. This requires the Department and staff to be compliant with certain conditions and standards, and an approval from the Centers, for which a request has not yet been submitted.*

**Supplemental Nutrition Assistance Program – Benefits.** The Department requests \$300.6 million from federal funds for direct benefit payments for the supplemental nutrition assistance program in FY 2014. This is \$2.4 million more than enacted and \$1 above the amount spent in FY 2013. *The Governor recommends funding as requested.*

**Supplemental Nutrition Assistance Program – Technology Improvement Grant.** The enacted budget includes \$270,018 from federal funds from a two-year technology improvement grant for document imaging and to help individuals who cannot get to a field office access to the program's applications and online services. The Department indicates it inadvertently omitted the funding in both of its requests and intends to spend \$405,375 in both FY 2014 and FY 2015; however, as of December 9, 2013, no funds have been spent.

The original plan would duplicate software being developed by Deloitte for the Unified Health Infrastructure Project. Grant funds cannot be used towards that project, so another plan is being developed for a scanning and imaging program that is compatible with and compliments the Deloitte software, but the Department continues to experience delays.

*The Governor includes \$405,375 from federal funds for this project, \$135,357 more than enacted. He also includes the same amount in FY 2015.*

**Supplemental Nutrition Assistance Program - Penalty.** The Department requests \$250,000 from supplemental nutrition assistance bonus funding to address the state's penalty. This is \$100,000 more than enacted, but \$9,626 less than the required penalty amount. In FY 2013, the Department procured a contract with Change and Innovation to do analysis, make recommendations and effectuate changes, system improvements and streamline processes for applications and administration of existing cases, per the obligations of the penalty.

The federal Food and Nutrition Services unit that oversees the program assessed the state with a penalty of \$519,251 to be paid in FY 2014 for having accuracy below and error rates above the national benchmark average for FY 2011. The state only has to pay half of the fine, \$259,626, in FY 2014 since the Department pursued a plan to correct these errors going forward. The state must spend the \$259,626 towards the improvement plan and 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 fine must be paid from general revenues that are not matched with federal funds; however, the state possesses bonus funding it received several years back which is considered general revenues by the federal agency, even though it was originally federal funds. This means that the Department will be able to use the bonus funding to pay the penalty instead of general revenues. *The Governor recommends \$10,000 more than requested to include funding for the total amount of the penalty.*

**Supplemental Nutrition Assistance Program - Staffing and Operations.** The Department requests \$0.9 million more than enacted from all funds, including \$0.7 million from general revenues and \$0.2 million from federal funds, for all salaries and benefits and other operations for the supplemental nutrition assistance program. The request includes authorization and funding of \$0.6 million for 6.0 positions shifted from the Medicaid administration division in addition to filling several existing vacancies and \$50,000 more for overtime. It also includes increases of \$0.2 million for the InRhodes eligibility system, \$0.1 million for lease costs and \$41,000 for electronic benefit cards. The request reduces security expenses for the field offices, printing and miscellaneous expenses by \$0.1 million. The revised request is \$0.1 million or 1.3 percent more than FY 2013 reported expenditures.

*The Governor's recommendation is \$17,355 less than requested, including \$37,730 less from general revenues to reflect statewide medical benefit savings and \$20,375 more from a new federal award to provide funding to benefit recipients for child care during and transportation to certain job training programs through the community agencies.*

**Women, Infants and Children's Nutrition Program.** The Department requests \$0.2 million more than enacted from federal funds for benefits and administration of the Women, Infants and Children's nutrition 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 authorization and funding of \$0.2 million for 3.0 new positions, representing Adil contracted workers that were converted to full-time equivalent positions and reduces funding for these contracted positions by \$0.1 million. The request also includes \$0.1 million more for computer and information technology expenses, staff training and all other operating expenses. The revised request reflects a 2.1 percent increase from FY 2013 reported expenditures, excluding benefit payments. *The Governor recommends funding as requested.*

**LIHEAP and Weatherization Assistance Programs.** The Department requests \$2.8 million more than enacted from all sources for expenses related to the low income home energy assistance and weatherization assistance programs, including salaries and benefits. This includes \$5.4 million more from federal funds and \$2.6 million less from restricted receipts. For the home energy program, expenses increase \$5.9 million from federal funds and expenses for the weatherization assistance program decrease \$3.0 million, including \$0.5 million from federal funds.

The primary increase is \$5.4 million for benefit payments related to the home energy assistance program, which reflects unspent awards carried into FY 2014 while benefits from the weatherization program decrease \$3.0 million because of spending down older grant awards and less funds carried forward with the uncertainty of the state's award at the time of the request. The request also includes \$0.4 million more for continued computer upgrades and software system replacements that began in FY 2013 and are anticipated to be completed in FY 2014. Salary and benefit expenses decrease by \$31,773 and reflect additional turnover savings from higher than anticipated vacancies. *The Governor recommends funding as requested.*

**Race to the Top.** The Department requests \$2.1 million more than enacted from federal Race to the Top funds. This includes authorization and funding of \$0.4 million for 5.0 new positions, for a total of 7.5 positions. As of December 2013, 4.0 of the positions have been filled and the final position will be advertised in January 2014. It also includes \$2.0 million more for contracts and grants for several programs and initiatives the Department developed. These include expanding the Bright Stars quality rating and improvement system, a new professional development technical assistance center for community-based technical support to improve programs, a contract with the Community College of Rhode Island to award credits for experience for early childhood workers who want to obtain an early childhood degree, grants to help providers improve the quality of the care provided and quality awards to providers who have a high rating in order to help them maintain high quality of care.

The Department received the award in December 2011, made no expenditures in FY 2012 and spent \$168,879 in FY 2013. The Department finalized the program plans in FY 2013 and will implement the initiatives in FY 2014 and FY 2015. *The Governor recommends funding as requested.*

**Paratransit Services for the Elderly.** The Department requests \$6.5 million from all sources for elderly transportation services, including \$1.9 million from general revenues, \$0.4 million from federal funds and \$4.2 million from the Department's one-cent share of the motor fuel tax. This is \$0.1 million less than enacted, including \$49,699 from general revenues and \$50,480 from federal funds to reflect the elimination of the services for which the state leverages Medicaid funding on March 1, 2014, to make funding available for use towards the Unified Health Infrastructure Project. However, the reduced expenditures reflect a 25 percent reduction, which suggests the program ends on April 1, 2014.

The Department submitted a corrective action plan in December that proposes a total reduction of \$525,235 from general revenues from eliminating transportation services for non-Medicaid eligible elderly and disabled persons to doctor's appointments, dialysis, cancer treatment, adult day care centers, senior meal sites and services for the visually impaired, starting in February and April 2014. This advances the FY 2015 proposal to eliminate these services into FY 2014.

*The Governor recommends \$6.6 million from all sources, which is \$3,610 more than enacted and \$0.1 million more than requested. This includes utilizing \$0.6 million of available gas tax revenues carried forward from FY 2013 in lieu of general revenues and adds \$0.1 million to maintain the services funded from Medicaid at the enacted level. He does not include the reductions and eliminations proposed in the request and corrective action plan.*

**Community Services Block Grant.** The Department requests \$1.0 million less than enacted from federal funds for expenses related to the community service block grant, including salaries and benefits. The reduction is primarily due to federal sequestration and reduces funding for grant awards to the state's nine community action agencies. The request includes \$3.3 million for direct grants awarded to the community action agencies, \$0.1 million for staffing expenses and \$4,066 for all other operating expenditures. *The Governor recommends funding as requested.*

**Community Service Grants.** The Department requests \$119,696 more than the enacted level of \$3.2 million from general revenues for community service grants that support over 100 social service agencies and community organizations, which appears to be in error. *The Governor recommends funding consistent with the enacted budget.*

**Community Health Centers.** The Department requests \$0.3 million less than enacted, including \$0.1 million from both general revenues and federal funds, to support uncompensated health care expenses at the state's 12 community health centers. The reduction reflects the elimination of the program on

March 1, 2014, to make funding available for use towards the Unified Health Infrastructure Project. However, the reduced expenditures reflect a 25 percent reduction, which suggests the program ends on April 1, 2014. 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 Department submitted a corrective action plan in December that proposes a total reduction of \$209,130 from general revenues, advancing the program elimination to February 1, 2014. The Department's FY 2015 constrained request also includes eliminating this program.

*The Governor's recommendation includes funding consistent with the enacted level and does not include the requested program elimination in FY 2014; however, his recommendation does eliminate the program for FY 2015.*

**Work Support Strategies Grant.** The request includes \$563,257, or \$145,631 more from general revenues for the second Work Support Strategies grant from the Urban Institute. This is a three-year grant for \$1.3 million, which began in March 2012 and will be used to streamline access to and delivery of the services of the four major programs that support low income families: supplemental nutrition assistance program, medical assistance, Rhode Island Works and subsidized child care. The request includes \$79,122 less for salary and benefits expenses to reflect shifting a vacant position elsewhere in the department, \$145,000 more for computer and software upgrades required for compatibility with newer systems, \$136,000 more for a project manager and \$56,247 less for miscellaneous operating expenses. *The Governor's recommendation is \$1,063 less than requested to reflect statewide medical benefit savings.*

**Workforce Innovation New Position.** The Department requests \$96,338 more 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. The second, creating 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 is for the 1.0 position; no operating expenses are requested. The position was filled during the first quarter of FY 2014. *The Governor recommends funding as requested.*

**Office of Rehabilitation Services - Medicaid Services.** The Office of Rehabilitation Services manages three programs that provide services that are eligible for federal matching funds under provisions of the global Medicaid waiver. The services include social services for the blind, personal care attendants, and home modifications; these services are aimed to help an individual maintain independence. The Department requests \$0.2 million less than enacted, including \$0.1 million from both general revenues and federal funds to reflect the elimination of the program on March 1, 2014, to make funding available for use towards the Unified Health Infrastructure Project. However, the reduced expenditures reflect a 25 percent reduction, which suggests the program ends on April 1, 2014.

These services would still be available through the current providers and the community action agencies, but individuals would have to pay for the services out of pocket if the waiver services were eliminated. This reduction has been included in prior budget requests.

The Department submitted a corrective action plan in December that proposes a total reduction of \$185,259 from general revenues, advancing the program eliminations to February 1, 2014. The Department's FY 2015 constrained request also includes eliminating these programs.

*The Governor's recommendation includes funding consistent with the enacted level and does not include the requested program elimination.*

**Office of Rehabilitation Services - All Other Operations.** The Department requests \$1.3 million less than enacted for all other staffing and operating expenses for the Office of Rehabilitation Services, including \$0.2 million less from general revenues and \$1.1 million less from federal funds. The request adds \$0.4 million for salary and benefit expenses, including \$0.3 million from filling existing vacancies and \$0.1 million for overtime expenses, for which none is included in the enacted budget in addition to eliminating authorization and funding for 1.0 vacant position.

The revised request includes reductions of \$0.8 million from vocational rehabilitation funding, \$0.4 million from federal disability determination funding and \$0.1 million for services specifically for the blind and visually impaired, primarily from reductions related to sequestration and also brings expenses closer to the FY 2013 reported expenditures. *The Governor's recommendation is \$11,275 less from general revenues than requested to reflect statewide medical benefit savings.*

**Capital - Blind Vending Facilities.** The Department requests \$225,955 from Rhode Island Capital Plan funds for the ongoing construction and renovation of statewide vending facilities. This is \$60,955 more than the enacted budget and the capital request submitted in the summer because the costs of completing the renovations at the Licht and Garrahy judicial complexes cost more than anticipated. Unspent funds from FY 2013 were carried forward, and then additional costs were incurred. As of December 2, 2013, the projects are done and opened, but a few punch list items remain. The total cost per the contract will be \$229,000; it is not clear why the request is \$3,045 less than the contracted amount.

There are currently 15 facilities that operate under the name COFFEE PLUS. Staff is trained through the Department's Office of Rehabilitation Services.

*The Governor recommends \$229,000 from all sources, which is \$3,045 more than requested. He includes \$183,083 from Rhode Island Capital Plan funds, which is \$42,872 less than requested; however, he shifts existing funding of \$45,917, including \$36,137 from federal funds and \$9,780 from general revenues from within the Office of Rehabilitation Services to raise the recommendation up to \$229,000 to reflect actual payments owed.*

**All Other Staffing and Operations.** The Department requests \$16.0 million from all sources for all other staffing and operating expenses. This is \$134,902 more than enacted, including \$7,508 more from general revenues, \$19,814 more from federal funds and \$107,580 more from restricted receipts. Salary and benefit expenses decrease \$84,191 from eliminating 3.0 vacancies in child support enforcement and adding 2.0 new positions in central management; the authorization also decreases by 1.0 position. The request includes new grant awards of \$0.4 million for family services and refugee assistance, and includes reductions of \$44,225 for constables and security services for child support enforcement and \$54,766 for all other operating expenses for the child support enforcement, individual and family support, and central management programs. The Department indicated it inadvertently requested an additional \$70,000 from general revenues.

The Department submitted a corrective action plan that proposes general revenue savings of \$333,360 from eliminating payments to local Head Start agencies as of February 1, 2014; the enacted budget and revised request include \$800,000 from general revenues for the payments. The Department's FY 2015 constrained request also includes a 25 percent reduction to these payments. Head Start is a federally funded program that provides services to over 2,400 children, ages three to five years old, at eight locations throughout the state. The federal funds are appropriated directly to the agencies and the state provides additional funding.

*The Governor recommends \$133,788 less from all sources than requested, including \$97,651 less from general revenues. This includes the \$70,000 requested in error and \$17,871 less to reflect statewide medical benefit savings. He also shifts \$45,917 in unidentified expenses, including \$36,137 from federal funds and \$9,780 from general revenues from within the Office of Rehabilitation Services to supplement capital expenditures for the blind vending facilities. He does not reduce Head Start funding as proposed in the corrective action plan.*



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

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 1,038,910	\$ 1,245,491	\$ 1,561,774	\$ 1,524,852
Services for the Dev. Disabled	225,465,522	224,341,124	226,947,166	226,011,261
Hosp. & Comm. System Support	3,342,950	3,576,368	3,773,523	3,746,539
Hospital & Comm. Rehab. Services	106,134,764	114,402,136	114,348,520	110,681,110
Behavioral Healthcare Services	100,327,162	94,283,289	98,431,577	97,933,635
<b>Total</b>	<b>\$ 436,309,308</b>	<b>\$ 437,848,408</b>	<b>\$ 445,062,560</b>	<b>\$ 439,897,397</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 124,977,760	\$ 122,773,297	\$ 128,409,576	\$ 127,670,710
Contracted Services	1,159,174	1,264,615	1,549,383	1,392,288
<b>Subtotal</b>	<b>\$ 126,136,934</b>	<b>\$ 124,037,912</b>	<b>\$ 129,958,959</b>	<b>\$ 129,062,998</b>
Other State Operations	11,873,714	12,690,968	13,810,375	12,860,375
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	298,657,943	289,977,401	289,832,604	288,168,427
Capital	2,854,035	11,142,127	11,460,622	9,805,597
Capital Debt Service	-	-	-	-
Operating Transfers	(3,213,318)	-	-	-
<b>Total</b>	<b>\$ 436,309,308</b>	<b>\$ 437,848,408</b>	<b>\$ 445,062,560</b>	<b>\$ 439,897,397</b>
<b>Sources of Funds</b>				
General Revenue	\$ 196,900,069	\$ 202,091,382	\$ 205,269,232	\$ 200,935,077
Federal Aid	228,870,909	217,759,723	219,320,323	219,882,621
Restricted Receipts	6,039,273	7,396,872	9,551,440	9,551,440
Other	4,499,057	10,600,431	10,921,565	9,528,259
<b>Total</b>	<b>\$ 436,309,308</b>	<b>\$ 437,848,408</b>	<b>\$ 445,062,560</b>	<b>\$ 439,897,397</b>
<b>FTE Authorization</b>	<b>1,424.4</b>	<b>1,423.4</b>	<b>1,422.4</b>	<b>1,422.4</b>
<b>FTE Average</b>	<b>1,225.8</b>			

**FY 2014 Revised Request.** The Department includes \$7.2 million more than enacted in its revised request, including \$3.2 million more from general revenues, \$2.2 million more from restricted receipts, \$1.6 million more from federal funds, and \$0.3 million more from Rhode Island Capital Plan funds. The request also eliminates one vacant administrator position in the Division of Behavioral Healthcare Services. *The Governor recommends \$5.2 million less than requested from all sources, including \$4.3 million less from general revenues. He includes the requested staffing decrease.*

**Medicaid Expenses - State/National Comparison.** The following table compares national and state 2011 Medicaid spending using the Centers for Medicare and Medicaid Services 2012 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 budgets of 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
Population	27.2	85,155	50.0%	45.0%	\$ 77,400	\$ 256.0	20.0%	14.2%	\$ 2,851	\$ 3,006
Children	13.2	43,967	24.0%	23.2%	57,800	202.8	15.0%	11.3%	4,362	4,613
Adults	9.4	42,442	17.0%	22.4%	169,300	873.3	44.0%	48.5%	17,958	20,576
Blind/Disabled	4.8	17,567	9.0%	9.3%	77,200	470.1	20.0%	26.1%	15,931	26,760
Aged	<b>Total</b>	<b>54.7 189,131</b>	<b>100%</b>	<b>100%</b>	<b>\$381,800</b>	<b>\$1,802.2</b>	<b>100%</b>	<b>100%</b>	<b>\$ 6,982</b>	<b>\$ 9,529</b>

*Source: Centers for Medicare and Medicaid Services 2012 Actuarial Report on the Financial Outlook for Medicaid and the Office of Health and Human Services; \*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 Partners 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 \$226.9 million from all sources, of which \$110.4 million is from general revenues, for its programs to support adults with developmental disabilities. It includes \$1.3 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 \$2.6 million more from all sources, including \$1.0 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 recommends \$226.0 million, including \$110.0 million for services to adults with developmental disabilities in both the state-run and privately operated systems. This is \$1.6 million more than enacted, including \$0.5 million more from general revenues and \$0.9 million less than the Department's request, of which \$0.4 million is general revenues.*

**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 community 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 Executive Office of Health and Human Services' budget.

**Privately Operated Community Programs.** The Department requests \$190.7 million from all sources, including \$94.5 million from general revenues for programs operated through community based agencies providing residential and day programming services to approximately 3,600 adults with developmental disabilities. This includes program and administrative expenses, each discussed separately.

*The Governor recommends \$190.1 million, including \$94.4 million from general revenues for program services, each discussed separately. The recommendation also includes \$1.2 million from Rhode Island Capital Plan funds for maintenance and repairs to residential and community facilities in the privately run system included in the Capital Budget section of this publication.*

**Community Based Waiver.** The Department requests \$178.4 million from all sources, including \$88.5 million from general revenues for services through the Medicaid waiver. This is \$0.8 million less than enacted including \$0.7 million less from federal funds and \$0.2 million less from general revenues. The request is \$0.3 million less from all sources but is \$1.6 million more from general revenues and \$1.9 million less from federal funds than FY 2013 expenses and reflects the current authorizations for FY 2014. *The Governor recommends funding as requested to lower enacted expenses by \$0.8 million.*

**Project Sustainability January 1 Rate Adjustment.** The Department submitted a rate change for federal approval that will increase wages by 2.2 percent and includes the following changes: direct service professionals from \$11.30 to \$11.55/hour; supervisors from \$16.95 to \$17.33/hour; support coordinator from \$19.78 to \$20.21/hour and job developer from \$19.78 to \$20.21/hour. Benefits are paid as a percent of salary and the Department increases the rate paid for direct service professionals from 29 percent to 35 percent and all other labor categories from 25 percent to 30 percent.

The Department reports that this change is budget neutral but it has been asked to provide the cost of this increase and the separate calculation for the savings assumed to pay for this increase, since its revised FY 2014 budget request lowers expenses by \$0.9 million, excluding any capital adjustments. *The Governor's budget assumes the rate adjustment.*

**Project Sustainability - Management Contract.** The enacted budget includes \$414,890 from all sources to pay Burns and Associates to implement the administrative and reimbursement program

changes under Project Sustainability. The revised request includes \$290,240 from all sources to pay Burns and Associates through January 1, 2014 when the current contract expires, leaving \$120,350 available to pay for the final two months of a six month contract with Fedcap Rehabilitation Services to address the settlement agreement with the Department of Justice for its finding related to Training Thru Placement, discussed separately. *The Governor recommends funding as requested.*

**Fedcap Rehabilitation Services - Management Contract.** In April 2013, the Department entered into a six month contract, March through September, with Fedcap Rehabilitation Services to address violations identified by the Department of Justice at Training Thru Placement, a community based agency providing day services to adults with development disabilities that it considered a “sheltered workshop” and in violation of the Americans with Disabilities Act. Fedcap is responsible for the management and oversight of Training Thru Placement and will provide ongoing training for job development, evaluations and job placement for the 200 individuals attending Training Thru Placement identified in the federal lawsuit. It should be noted the contract has been extended to December 2013.

The contract with Fedcap totals \$472,695 from all sources; \$369,495 for management resources and a \$1,200 reimbursement for 86 individual support plans and case management services. The Department includes \$286,540, \$143,270 from general revenues for the FY 2014 payment. *The Governor recommends \$203,445 for the contract, \$83,095 less than requested.*

**Developmental Disabilities Day Programming - Rehab Option.** The Department requests \$1.3 million from all sources for day programming services provided through the Medicaid rehabilitation option. This is \$0.2 million more than enacted, including \$0.1 million from general revenues for the optional program that allows the state to provide day programming services to individuals who are Medicaid eligible, but do not meet the requirements for services through the primary developmental disabilities waiver. There are approximately 170 individuals receiving services at an annual cost of \$7,400 per individual.

The Department spent \$1.3 million in FY 2010, \$1.2 million each in FY 2011 and FY 2012 and \$1.3 million in FY 2013. Services are provided by the 40 community agencies in the privately operated system and the payments are made through Project Sustainability and should also be impacted by the January 1, 2014 rate adjustment. *The Governor recommends funding as requested.*

**Other Medicaid Funded Services.** The Department requests \$1.5 million for other Medicaid funded services provided to individuals in the developmental disabilities system. The optional program allows the state to provide day programming services to individuals who are Medicaid eligible, but do not meet the requirements for services provided through the primary developmental disabilities waiver. This is \$0.7 million more than enacted and is consistent with FY 2013 spending.

This program is also impacted by the January 1, 2014 rate adjustment since the reimbursements are the same as the other community-based waiver and rehabilitation option program. *The Governor recommends funding as requested.*

**Developmental Disability Other State Services.** The Department requests \$6.6 million for other state services for adults with developmental disabilities, including \$4.3 million from general revenues. This is \$0.8 million less from all sources and \$0.1 million less from general revenues. This includes staffing costs in the division as well as state funded direct services that include an out-of-state placement, parent subsidies and day programming services. *The Governor reduces funding by \$58,135 to reflect updated savings from not filling vacant positions and statewide benefit adjustments.*

**State Operated Program Operations.** The Department requests \$3.0 million more from all sources, including \$0.7 million more from general revenues for the state-operated program in its revised request. This is \$4.4 million more for staffing; including \$1.5 million more from general revenues and shifts \$1.6 million, including \$1.0 million from general revenues from other operating costs to accurately reflect program expenses. The enacted budget assumes the Department's ability to fill 366.2 positions in FY 2014; however, the revised budget provides funding for 398.4 positions. The Department's request applies a Medicaid rate of 53.19 percent, excluding restricted receipts used to support room and board and not part of the Medicaid calculation.

The revised request also includes the enacted level of \$4.1 million in overtime from all sources, of which \$1.9 million is from general revenues; however, the Department shifts \$0.2 million from federal funds to general revenues for an updated Medicaid rate in overtime. *The Governor recommends \$0.3 million less than requested from general revenues to include \$92,060 in statewide medical benefit savings and further savings from not filling vacant positions.*

**State Operated System Client Revenue.** The Department's revised budget adds \$0.3 million for total funding of \$2.0 million from restricted receipts to reflect client resources, including the \$749.92 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. This reflects the updated collection for the 196 individuals in the state-run system. *The Governor recommends funding as requested.*

### **Division of Behavioral Health**

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

The revised request is \$4.1 million more from all sources, including \$4.0 million more from federal funds, of which \$3.5 million is Medicaid and \$0.1 million more from Rhode Island Capital Plan funds. The increased Medicaid funding is matched by general revenues that are included in the enacted budget to support state only programs. The Department shifts this spending in its FY 2014 budget to support Medicaid funded activities and further adjusts funding for programs impacted by the Affordable Care Act. The Department submitted a corrective action plan to lower program costs, discussed separately.

*The Governor recommends the Department's proposal to lower expenses, eliminates funding for the adolescent treatment program and includes savings of \$0.5 million, of which \$0.3 million is from general revenues from these actions, discussed separately.*

**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 receive medical benefits, including physician and rehabilitation services, pharmacy benefits and hospital stays paid for through the Department of Human Services' budget.

**Affordable Care Act.** The enacted budget includes savings of \$7.8 million from all sources, of which \$4.2 million is general revenues, from individuals either transitioning to the expanded Medicaid

program through the Executive Office of Health and Human Services or purchasing coverage through the health benefits exchange. These are savings from adjusting funding for the limited programs for mental health and substance abuse provided by the global waiver as costs not otherwise matchable or for individuals who receive services as a result of being medically needy. As of January 1, 2014, individuals with limited coverage will have access to full medical benefits and will not require the optional programs.

The enacted budget includes \$2.0 million from general revenues in the Office of Health and Human Services' budget to minimize any interruption of limited option benefits provided to certain individuals that may occur when shifting to the health benefits exchange.

The Department adjusts the savings in its revised budget, adding back funding for some programs and taking additional savings in other programs. The changes are discussed separately. *The Governor continues to assume savings in the Division of Behavioral Healthcare Services from individuals either enrolling in expanded Medicaid through the Office of Health and Human Services or obtain coverage through HealthSource RI.*

**Community Mental Health Treatment Services - Medicaid.** The Department requests \$62.6 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. This is \$6.7 million more than the enacted from all sources including \$2.4 million from general revenues and \$4.4 million from federal funds. The request is also \$9.6 million more from all sources than the FY 2013 actual expenses and the Department has not provided a reason for the increase in spending.

The enacted budget includes savings of \$2.0 million, of which \$1.0 million is general revenues from implementation of the Affordable Care Act. The mental health program funded by Medicaid includes individuals who are not disabled but are eligible because of medical bills (known as medically needy) who will now either be eligible for the Medicaid expansion program or benefits through the exchange.

The Department submitted a corrective action plan in December 2013 that proposes the acceleration of the three percent rate reduction for health home services that it included in its FY 2015 constrained budget starting July 1, 2014 and plans on accelerating the date to April 1, 2014 for all funds savings of \$0.2 million, including \$0.1 million from general revenues. *The Governor increases the rate reduction to five percent for savings of \$0.3 million, including \$0.2 million from general revenues.*

**Community Substance Abuse Treatment Services.** The Department requests \$4.5 million from all sources for substance abuse treatment services provided through the Medicaid rehabilitation option, which allows a state to provide. These services to Medicaid eligible individuals. This is \$1.0 million less than enacted including \$0.5 million from general revenues; however, it is \$0.9 million less than FY 2013 expenses from all sources, including \$0.4 million from general revenues.

Substance abuse treatment services are not one of the federally mandated Medicaid benefits but Rhode Island chooses to provide the services through this option. The Department spent \$4.2 million in FY 2010, \$4.2 million in FY 2011, \$4.8 million in FY 2012 and \$5.4 million in FY 2013 for the treatment services. *The Governor recommends funding as requested.*

**Other Community Mental Health Treatment Programs - Medicaid.** The Department requests \$5.3 million from all sources for community mental health treatment programs. This is \$1.6 million more from all sources, including \$0.7 million more from general revenues. The request is also \$7.0 million

less than FY 2013 actual expenses. The Department spent \$5.0 million in FY 2011, \$7.0 million in FY 2012 and \$13.2 million in FY 2013 on the programs.

The enacted budget includes savings of \$3.1 million from all sources, of which \$1.4 million is general revenues to reflect individuals receiving the limited Medicaid benefit either enrolling in Medicaid through the Office of Health and Human Services' budget or purchasing coverage through the health benefits exchange. The enacted budget assumes the program ends January 1, 2014, and the Department restores a portion of the savings assuming that it will continue to provide services for individuals who cannot afford insurance through the exchange or cover services not provided by managed care plans. *The Governor recommends funding as requested.*

**State Only Mental Health Treatment Services.** The Department requests \$0.4 million for state only mental health treatment services. This is \$0.3 million less than enacted and \$26,674 more than FY 2013 spending. Services support individuals who are not eligible for Medicaid but receive outpatient and residential treatment services. The enacted budget assumes savings of \$0.5 million from individuals either being eligible for Medicaid through the expansion program or having access to benefits through the exchange. The Department's revised request further reduces state only costs for the new benefits available to this uninsured or underinsured population. *The Governor recommends funding as requested.*

**Substance Abuse Residential Services.** The Department requests \$0.2 million more from all sources for total funding of \$1.0 million for other Medicaid funded substance abuse residential treatment services. This is \$0.1 million more from both general revenues and federal funds for a new contract that increased rates and expanded services. Funding was previously supported by federal substance abuse block grant funding; however, the Department shifts services to Medicaid and reallocates block grant funds.

The enacted budget assumes savings of \$1.1 million from all sources, including \$0.5 million from general revenues to reflect individuals who receive the limited Medicaid benefit from either enrolling in Medicaid through the Office of Health and Human Services' budget or purchasing coverage through HealthSource RI, the state's health benefits exchange. The enacted budget assumes the program ends January 1, 2014, and the Department's revised request further reduces program costs. *The Governor recommends funding as requested.*

**Other Substance Abuse Treatment Services - Medicaid.** The Department requests \$0.6 million less from all sources for total funding of \$0.9 million for other Medicaid funded community based substance abuse treatment services. This is \$0.3 million less from both general revenues and federal funds.

The enacted budget assumes savings of \$1.1 million from all sources, including \$0.5 million from general revenues to reflect individuals who receive the limited Medicaid benefit from either enrolling in Medicaid through the Office of Health and Human Services' budget or purchasing coverage through the health benefits exchange. The enacted budget assumes the program ends January 1, 2014, and the Department's revised request further reduces program costs for the new benefits available to this uninsured or underinsured population, lowering costs in this optional program. *The Governor recommends funding as requested.*

**Adolescent Substance Abuse Residential Treatment.** The Department requests the enacted level of \$120,000 from general revenues for residential substance abuse treatment services to adolescents. It should be noted that the Department's FY 2015 constrained request eliminates the funding to three

agencies providing the services, including Phoenix House. *The Governor eliminates the funding for this program in his revised budget.*

**State Only Substance Abuse Other Treatment Services.** The Department requests \$1.1 million less from general revenues for total funding of \$1.9 million for state only substance abuse treatment services in the revised request. The enacted budget assumes savings of \$0.5 million from individuals either being eligible for Medicaid through the expansion program or having access to benefits through the exchange. The Department's revised request further reduces program costs for the new benefits available to this uninsured or underinsured population, lowering costs in this optional program.

The Department spent \$4.5 million in FY 2011; FY 2012 actual expenses were \$2.1 million and \$2.2 million in FY 2013. *The Governor recommends funding as requested.*

**Community Medication Assistance Drug Expenses.** The Department requests \$0.5 million from all sources for drug expenses for the community medication assistance program in its revised request, including \$0.3 million less than enacted and \$0.1 million less from general revenues. The Department has spent \$0.8 million from all sources through January 1, 2014 and anticipates program savings from rebates, which are collected six months after the expense.

The enacted budget assumes savings of \$0.6 million, including \$0.2 million from general revenues, from the program ending on January 1, 2014 and individuals either being eligible for Medicaid through the expansion program or having access to benefits through the exchange. The Department's revised request further reduces program costs for the new benefits available to this uninsured or underinsured population, lowering costs in this optional program. *The Governor recommends funding as requested.*

**Methadone Maintenance Treatment Services.** The Department requests \$0.8 million from all sources for methadone maintenance treatment services matched by Medicaid under the global waiver, or \$0.5 million less than enacted. The revised request is \$1.2 million less than FY 2013 final spending. As of January 1, 2014, the Department has issued contracts totaling \$1.0 million from all sources to support services for FY 2014; it anticipates that through the year end reconciliation process, the actual program costs will total \$0.8 million.

There were no savings taken in the enacted budget for the implementation of health care reform; however, as of January 1, 2014, individuals receiving this limited Medicaid benefit will either be eligible for Medicaid or insurance through the health benefits exchange. The Department continues to fund treatment services for individuals above 138 to 200 percent of poverty because although opioid addiction treatment is covered, methadone maintenance is not a covered benefit through the exchange.

The Department supports approximately 2,200 clients who receive treatment through the state's rehabilitation option and through the global waiver. *The Governor recommends funding as requested.*

**Emergency Room Diversion Pilot Program.** The enacted budget includes one-time funding of \$250,000 from general revenues for a pilot program to address emergency room department utilization for non-emergency purposes by individuals with substance abuse issues. The Department prepared the Non-Emergency Hospital Diversion Program report and included the Sobering Treatment Opportunity Program (STOP) to address emergency room usage by individuals impaired by substance abuse related issues, as an alternative treatment/referral service to the emergency room department, to foster their entry into a continuum of care for treatment and recovery.

The Department has issued a request for proposals for a three-year pilot program, though the enacted budget only assumes a one-year contract. *The Governor recommends funding as requested.*

**Substance Abuse Capacity Beds.** The Department requests \$248,656 less from general revenues for total funding of \$751,244 for the Transition from Prison to Community program, expanding the number of substance abuse beds for prisoners who were recently paroled but would otherwise remain incarcerated because of a lack of treatment beds. The Department reports that this activity will be funded as part of either Medicaid expansion or the health benefits exchange. It did take a full six months of savings because it assumed that some individuals will not purchase health coverage but will still require this service. *The Governor recommends funding as requested.*

**Social Services Block Grant - Mental Health Treatment Services.** The Department requests \$0.2 million more from federal social services block grant funds to support mental health services for total funding of \$1.6 million. This includes \$1.2 million to The Providence Center for residential and diversion programs. *The Governor recommends funding as requested.*

**Mental Health Block Grant.** The Department requests \$0.3 million more than the enacted level for total funding of \$1.6 million from the federally funded mental health block grant to support services provided by the community mental health centers. This request reflects available funding and includes \$0.5 million to The Providence Center for diversion programs; \$0.4 million to Mental Health Consumer Advocates/Oasis; \$0.2 million to the Department of Children, Youth and Families; and \$0.1 million to the Kent Center. *The Governor recommends funding as requested.*

**Substance Abuse Treatment Block Grant.** The Department requests \$6.3 million from the substance abuse treatment federal block grant, or \$0.2 million more than enacted to reflect available resources. Funding is awarded to community agencies to support local programs and the Department is in the process of providing the updated list of grantees. Funding includes: \$1.8 million to Coastline EAP; \$1.5 million to The Providence Center; \$0.5 million to Gateway; \$0.7 million for a new school initiative to address the use of marijuana; and \$0.4 million for the municipal task forces. *The Governor recommends funding as requested.*

**Parolee Treatment Grant.** The Department's request reduces federal funds by \$165,000 to reflect the expiration of the treatment grant that was awarded to The Providence Center. *The Governor recommends funding as requested.*

**Transformation Transfer Initiative Grant.** The Department's revised request includes \$100,600 less than enacted for total funding of \$40,000 to reflect the actual federal transformation transfer initiative grant award that provides peer support services and recovery training at community mental health centers. *The Governor recommends funding as requested.*

**Post-Traumatic Stress Services.** The Department's revised request includes \$401,479, \$94,658 less than enacted to reflect available funding from the federally funded post-traumatic stress services grant awarded to the Kent Center to function as the pilot program for diversion and court services and The Providence Center for peer supports. *The Governor recommends funding as requested.*

**Salaries and Benefits.** The Department requests \$2.9 million from all sources for salaries and benefits in the behavioral healthcare services program to fully fund 29.0 positions. This is \$846,611 less from all sources, including \$379,292 from general revenues. The request reduces program staffing by six positions and shifts three into central management and three to hospital and community support

programs. *The Governor recommends funding as requested with the exception of \$9,723 in savings from statewide benefit adjustments.*

**All Other Operations.** The Department requests \$9,497 more than enacted for all other expenses, including \$18,866 more from general revenues for division operations. The request reduces federal grants by \$31,363 to reflect updated awards, including the elimination of the recovery services support grant. *The Governor recommends funding as requested.*

### **Eleanor Slater Hospital**

**Hospital Operations.** 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 2014 enacted budget is based on a census of 279 patients.

The Department's revised request of \$114.3 million includes \$52.4 million from general revenues and \$48.2 million from Medicaid; however, since the state's Medicaid match is 50.40 percent for FY 2014 it appears that the revised request overfunds the state match for Medicaid by \$1.9 million.

The Department submitted a corrective action plan in December 2013 that shifts \$1.8 million in state expenses to Medicaid to correct for the match rate. *The Governor's revised budget adjusts for the correct Medicaid rate for hospital expenses.*

**Hospital License Fee.** The enacted budget includes \$5.3 million from all sources to pay the 5.246 percent fee assessed on state and community hospitals' revenue for the hospital year ending September 30, 2012, including \$2.7 million from general revenues in FY 2014.

The Department's request shifts \$44,524 from federal funds to general revenues. *The Governor shifts \$53,028 to federal funds for the \$5.3 million payment and includes \$2.6 million from general revenues, which is \$0.1 million less than enacted.*

**Southwick Group Home Closure.** The enacted budget includes savings of \$0.5 million from all sources from closing the Southwick group home in Lincoln and transitioning the four residents to one of the three other homes that have vacancies. The cost to operate each group home is approximately \$1.0 million from all sources. The residents' families have obtained a court injunction to stop the relocation of the clients and closure of the home. The revised request adds \$0.2 million from all sources, including \$0.1 million from general revenues from the house remaining open until the court case is settled. As of January 1, 2014, the house remains open, so it is anticipated that there will be additional costs to operate the home. *The Governor recommends funding as requested.*

**Hospital Overtime.** The Department requests the enacted level of \$7.1 million from all sources for overtime at the hospital; however shifts \$0.6 million in Medicaid expenses to general revenues for an incorrect adjustment of the Medicaid rate. *The Governor adds \$0.5 million for expenses in the current year and correctly reflects the Medicaid match.*

**Hospital - Other Staffing.** The Department requests \$1.9 million more from all sources, including \$0.5 million more from general revenues, \$1.7 million more from restricted receipts offset by \$0.3 million less from Medicaid for all other staffing. The revised request increases the number of positions at the hospital by 50.6 for staffing of 842.4 positions.

It should be noted that the Department's request assumes the ability to significantly increase its recoveries for third party receipts to pay for services at the state-run hospital. If the increased billing is not realized the revised budget will be underfunded by \$1.7 million, including \$0.9 million from general revenues.

The Department submitted a corrective action plan in December 2013 that assumes savings of \$170,000 including \$82,000 from general revenues from turnover savings from recent retirements. *The Governor reduces staffing costs by \$0.7 million from all sources and includes the savings from the corrective action plan, increases savings from keeping positions vacant and further reduces expenses to capture \$187,966 in statewide medical benefit savings.*

**Contracted Physician Services.** The Department requests \$3.0 million from all funds for contracted medical services in its revised request. The Department submitted a corrective action plan in December 2013 that includes general revenue savings of \$72,500 from reducing contracted physician hours by five percent. The reduction will be based on priority need and determined by hospital staff. *The Governor's budget includes the savings.*

**Barber and Hairdresser Services.** The Department requests \$54,000 from general revenues for contracted barber and hairdresser services for patients at the state-run hospital. The Department submitted a corrective action plan in December 2013 to address budget shortfalls. One proposal was to achieve savings of \$50,000 from charging patients for barber and hairdresser services. The patient would pay from their \$50 monthly personal needs allowance if the individual receives supplemental security income or disability, and the revenues would be collected and shown as a restricted receipt. *The Governor's budget includes the general revenue savings and shifts expenses to the restricted receipts account.*

**Dental, Podiatry and Optometry Services.** The Department requests \$3.8 million from all sources for contracted medical services including dental, podiatry and optometry. A portion of the services are not eligible for Medicaid because of a lack of documentation that the procedures were medically necessary. The Department submitted a corrective action plan in December 2013 that includes general revenue savings of \$50,000 from shifting state expenses to Medicaid from documenting the necessity of allowable medical services. The Department reports that in FY 2013, \$275,000 in expenses did not have the proper documentation for federal reimbursement. *The Governor includes the savings in his revised budget recommendation.*

**Hospital Beds.** The Department's request includes \$300,000 from all funds to rent new hospital beds in FY 2014. The Department submitted a corrective action plan in December 2013 that includes not purchasing new hospital beds for savings of \$150,000, including \$75,000 from general revenues. *The Governor's budget includes the savings.*

**Other Hospital Expenses.** The Department requests \$2.3 million less than enacted for all other hospital expenses, including \$0.6 million more from general revenues and \$2.8 million less from federal funds. The request includes \$0.9 million more for operating expenses, \$0.9 million more for medical supplies, and \$0.5 million more for food and linen offset by \$0.1 million less in administrative costs. *The Governor recommends \$0.4 million less than requested, including \$0.2 million less for medical supplies and other various operating expenses at the hospital.*

**Hospital Year End Settlement Report.** The Department conducts a year end settlement process for its costs to determine the per diem rate and the amount of Medicaid funding it can recover for expenses incurred for patients at the state-run hospital. The Department does not adjust for this in its revised

request since the final report is not available until the end of a calendar year. Any adjustments usually are accounted for in the Department's year end closing. The current practice is that the Department pays for all costs to operate the hospital and then is reimbursed for its Medicaid costs at the end of the fiscal year. If the actual per patient daily rate is higher than anticipated, the Department will be able to leverage a higher reimbursement, offset by any state costs.

The Department submitted a corrective action plan in December 2013 that includes savings of \$1.5 million from all sources, including \$0.8 million from general revenues from adjustments based on the cost report settlement for FY 2013. However, the settlement process does not impact the total cost for services at the state hospital, only the resources used to support the expenses so it appears that the savings of \$750,000 from general revenues are transferred to federal Medicaid funds without an impact on final expenses. *The Governor's budget includes this adjustment.*

### **Hospital and Community Support**

**State Operations.** The Department requests \$0.4 million more from all sources, including \$0.2 million from general revenues for hospital and community support state operations totaling \$2.7 million. The revised request includes \$2.6 million to support 24 positions. The request transfers three positions from the behavioral health care program but leaves two vacant. It also includes \$94,318 for all other operating expenses. *The Governor reduces funding by \$191,837 to reflect increased turnover savings from not filling vacant positions and \$5,589 from the statewide benefit adjustments.*

### **Central Management**

**State Operations.** The Department's request increases all central management operations by \$0.3 million, including \$0.2 million from general revenues. This includes \$0.5 million more for salaries and benefits to fully fund 11.0 positions with three transferred from the behavioral health program and \$47,017 less for all other expenses. *The Governor reduces funding by \$24,122 to reflect increased turnover savings and \$3,425 from the statewide benefit adjustments.*

**Capital.** The Department requests \$11.4 million or \$2,355 less from Rhode Island Capital Plan funds and Medicaid funds for various projects. *The Governor recommends \$1.7 million less than the Department's request. A more detailed explanation is included in the Capital Budget section of this publication*

## Office of the Child Advocate

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 592,418	\$ 630,096	\$ 658,442	\$ 605,546
Contracted Services	129	500	500	500
<b>Subtotal</b>	<b>\$ 592,547</b>	<b>\$ 630,596</b>	<b>\$ 658,942</b>	<b>\$ 606,046</b>
Other State Operations	15,969	17,052	21,910	18,431
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	1,617	1,000	1,000	1,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 610,133</b>	<b>\$ 648,648</b>	<b>\$ 681,852</b>	<b>\$ 625,477</b>
<b>Sources of Funds</b>				
General Revenue	\$ 578,085	\$ 608,651	\$ 631,852	\$ 575,477
Federal Aid	32,048	39,997	50,000	50,000
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 610,133</b>	<b>\$ 648,648</b>	<b>\$ 681,852</b>	<b>\$ 625,477</b>
<b>FTE Authorization</b>	<b>5.8</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>
<b>FTE Average</b>	<b>5.8</b>			

**FY 2014 Revised Request.** The Office of the Child Advocate requests \$33,204 more than enacted from all funds including \$23,201 more from general revenues and \$10,003 more from federal funds and the enacted level of 6.0 positions. *The Governor recommends \$23,171 less than enacted and \$56,375 less than requested from general revenues primarily to reflect statewide medical benefit savings and personnel adjustments.*

**Salaries and Benefits.** The Office requests \$28,346 more than enacted, including \$18,079 more from general revenues and \$10,267 more from federal funds. The Office includes scheduled step increases for two employees, but made other adjustments that are not consistent with the Budget Office planning values. It appears that the Office's request overstates projected costs by \$15,783. *The Governor recommends \$52,896 less than requested including \$52,975 less from general revenues and \$79 more from federal funds to reflected corrected staffing calculations and statewide medical benefit savings.*

**Other Operations.** The Office requests \$5,122 more than enacted from general revenues and \$264 less from federal funds for all other expenses. The Office's request includes \$2,050 for mileage and travel expenses, \$1,300 for a parking space at the Family Court in Providence, \$700 for a cell phone and \$972 for other adjustments. *The Governor recommends \$1,379 more than enacted for the parking space and mileage expenses.*



## Commission on the Deaf and Hard of Hearing

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 318,308	\$ 369,980	\$ 329,980	\$ 327,389
Contracted Services	43,367	72,134	112,634	112,183
<b>Subtotal</b>	<b>\$ 361,675</b>	<b>\$ 442,114</b>	<b>\$ 442,614</b>	<b>\$ 439,572</b>
Other State Operations	9,408	29,495	26,195	26,195
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	3,500	3,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 371,083</b>	<b>\$ 471,609</b>	<b>\$ 472,309</b>	<b>\$ 469,267</b>
<b>Sources of Funds</b>				
General Revenue	\$ 371,083	\$ 391,609	\$ 392,309	\$ 389,267
Federal Aid	-	-	-	-
Restricted Receipts	-	80,000	80,000	80,000
Other	-	-	-	-
<b>Total</b>	<b>\$ 371,083</b>	<b>\$ 471,609</b>	<b>\$ 472,309</b>	<b>\$ 469,267</b>
<b>FTE Authorization</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
<b>FTE Average</b>	<b>3.0</b>			

**FY 2014 Revised Request.** The Commission requests \$472,309 from all sources, including \$392,309 from general revenues which is \$700 more than enacted. This includes the annual cost for a Blackberry for the executive director to aid in communicating with staff and consumers. *The Governor recommends \$3,042 less than requested from general revenues to reflect statewide medical benefit savings and a \$451 reduction to interpreter services.*



## Governor's Commission on Disabilities

		FY 2013 Reported		FY 2014 Enacted		FY 2014 Rev. Req.		FY 2014 Revised
<b>Expenditures by Category</b>								
Salaries and Benefits	\$	337,347	\$	344,732	\$	344,388	\$	343,029
Contracted Services		4,322		11,458		17,777		17,778
<b>Subtotal</b>	<b>\$</b>	<b>341,669</b>	<b>\$</b>	<b>356,190</b>	<b>\$</b>	<b>362,165</b>	<b>\$</b>	<b>360,807</b>
Other State Operations		68,789		25,443		55,088		55,088
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		25,941		114,551		75,758		75,758
Capital		8,138		959,152		614,458		993,959
Capital Debt Service		-		-		-		-
Operating Transfers		2,820		-		429,773		-
<b>Total</b>	<b>\$</b>	<b>447,357</b>	<b>\$</b>	<b>1,455,336</b>	<b>\$</b>	<b>1,537,242</b>	<b>\$</b>	<b>1,485,612</b>
<b>Sources of Funds</b>								
General Revenue	\$	337,427	\$	357,711	\$	357,711	\$	356,352
Federal Aid		101,893		129,989		156,330		156,330
Restricted Receipts		5,217		10,365		15,930		15,930
Other		2,820		957,271		1,007,271		957,000
<b>Total</b>	<b>\$</b>	<b>447,357</b>	<b>\$</b>	<b>1,455,336</b>	<b>\$</b>	<b>1,537,242</b>	<b>\$</b>	<b>1,485,612</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 2014 Revised Request.** The Commission's revised request includes \$81,906 more than enacted from all sources, including the enacted level of funding from general revenues and the enacted level of 4.0 full-time equivalent positions. *The Governor recommends \$51,630 less than requested primarily to reflect statewide medical benefit savings and an adjustment to capital projects.*

**Salaries and Benefits.** The Commission requests \$344 less than enacted from all sources for salaries and benefits including \$7,307 less from general revenues and \$6,963 more from federal funds based on adjustments to available federal funds. The Commission shifts some staffing expenses to federal Help America Vote Act funds based on additional accessibility projects associated with the 2014 election. *The Governor's recommendation is \$1,359 less than requested to reflect statewide medical benefit savings.*

**Other Operations.** The Commission requests \$32,250 more than enacted including \$7,307 more from general revenues, \$19,378 more from federal funds, and \$5,565 more from restricted receipts for all other operations. This primarily represents the cost of upgrading software on all four computers, purchasing polling place identification flags, and voter tracking software on all computers and other operating adjustments. *The Governor recommends funding as requested.*

**Accessibility Project.** The Commission requests \$50,000 more than enacted from Rhode Island Capital Plan funds for its accessibility project to reflect unused funds carried forward from FY 2013.

Funding will be used to begin architectural and engineering planning for updates to facilities where individuals with disabilities receive services. *The Governor recommends \$0.1 million less than requested to reflect project delays. The Governor also recommends merging all projects into a single accessibility project.*

## Office of the Mental Health Advocate

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 301,377	\$ 473,848	\$ 476,596	\$ 471,881
Contracted Services	28,038	1,800	4,300	1,800
<b>Subtotal</b>	<b>\$ 329,415</b>	<b>\$ 475,648</b>	<b>\$ 480,896</b>	<b>\$ 473,681</b>
Other State Operations	10,472	10,496	13,396	10,035
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	834	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 340,721</b>	<b>\$ 486,144</b>	<b>\$ 494,292</b>	<b>\$ 483,716</b>
<b>Sources of Funds</b>				
General Revenue	\$ 340,721	\$ 486,144	\$ 494,292	\$ 483,716
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 340,721</b>	<b>\$ 486,144</b>	<b>\$ 494,292</b>	<b>\$ 483,716</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>2.5</b>			

**FY 2014 Revised Request.** The Office of the Mental Health Advocate requests \$8,148 more than enacted from general revenues for FY 2014 updated costs. This includes \$2,748 for staffing reflecting an employee's medical benefit choice, \$2,500 more for psychiatric evaluations and \$2,900 for all other operations. *The Governor's recommendation is \$2,428 less than enacted and \$10,576 less than requested; he reduces requested funding for evaluations and other operations by \$7,279 to reflect the enacted level and includes \$3,297 from statewide medical benefit savings.*



## Department of Elementary and Secondary Education

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
State Aid	\$ 708,987,206	\$ 744,785,949	\$ 743,036,285	\$ 742,602,437
School Housing Aid	72,034,378	69,949,504	67,663,036	67,663,036
Teachers' Retirement	75,777,026	81,691,253	81,691,253	80,891,937
RI School for the Deaf	6,741,828	6,772,873	7,135,722	6,970,100
Central Falls School District	39,705,879	38,399,591	38,399,591	38,399,591
Davies Career & Technical School	16,089,780	17,790,183	20,328,266	19,821,746
Met School	14,366,018	14,598,382	20,911,453	18,007,034
Administration	237,244,355	251,985,531	253,400,554	253,173,631
<b>Total</b>	<b>\$1,170,946,470</b>	<b>\$1,225,973,266</b>	<b>\$1,232,566,160</b>	<b>\$1,227,529,512</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 38,615,876	\$ 40,861,212	\$ 40,715,722	\$ 40,486,727
Contracted Services	51,456,512	46,906,513	48,809,919	48,692,764
<b>Subtotal</b>	<b>\$ 90,072,388</b>	<b>\$ 87,767,725</b>	<b>\$ 89,525,641</b>	<b>\$ 89,179,491</b>
Other State Operations	11,486,134	12,468,861	14,637,563	14,137,222
Aid to Local Units of Government	1,050,648,838	1,096,543,391	1,093,652,884	1,092,419,438
Assistance, Grants, and Benefits	15,221,008	21,470,207	21,252,584	21,252,584
Capital	3,518,102	7,723,082	13,497,488	10,540,777
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$1,170,946,470</b>	<b>\$1,225,973,266</b>	<b>\$1,232,566,160</b>	<b>\$1,227,529,512</b>
<b>Sources of Funds</b>				
General Revenue	\$ 928,462,807	\$ 964,706,909	\$ 962,705,441	\$ 961,127,886
Federal Aid	213,509,174	225,746,654	228,783,939	228,824,552
Restricted Receipts	23,405,069	27,658,516	26,008,507	25,993,892
Other	5,569,420	7,861,187	15,068,273	11,583,182
<b>Total</b>	<b>\$1,170,946,470</b>	<b>\$1,225,973,266</b>	<b>\$1,232,566,160</b>	<b>\$1,227,529,512</b>
<b>FTE Authorization</b>				
Administration	171.4	170.4	170.4	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>357.4</b>	<b>356.4</b>	<b>356.4</b>	<b>357.4</b>
<b>FTE Average</b>	<b>356.7</b>			

**FY 2014 Revised Request.** The Board requests an additional \$6.6 million of spending for FY 2014, including \$2.0 million less from general revenues. The general revenue changes include \$2.3 million less in school housing aid offset by an additional \$0.3 million in increased support for group home funding. The request also includes \$3.0 million more from federal funds, \$7.2 million more from other funds and \$1.7 million less from restricted receipts.

*The Governor recommends \$3.6 million less from general revenues than enacted which is \$1.6 million less than requested primarily from changes to school housing aid and teacher retirement. He also includes \$90,130 less for education aid based on mid-year adjustments to charter school enrollment.*

**Education Aid Update.** The Board requests 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 recommends \$90,130 less than requested based on the mid-year adjustment.*

**Education Telecommunications Access Fund.** The Board requests \$0.4 million less than enacted from restricted receipts for the education telecommunications access fund for total FY 2014 funding of \$1.5 million to fully fund anticipated program needs and reflect projected receipts. The telecommunications education access fund is designed to provide financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the Internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line. The federal allocation varies based on the result of the local education agencies' technology surveys and applications.

The fund has received \$0.5 million from the surcharge for the first half of the year. Based on the first half of the year, the fund is anticipated to collect \$1.0 million for the entire year. It appears that the \$0.4 million from general revenues is required to fully fund the program. *The Governor recommends \$282 more than requested to reflect projected receipts.*

**Teacher Retirement.** The Board requests the enacted amount of \$81.7 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 by the State Employees Retirement System and based on actuarial reports is applied to the covered payroll.

The Budget Office's first quarter report projects \$0.8 million less than enacted for the state's share of teacher retirement costs based on an analysis of prior year expenditures and the current year projected salary base. Actual expenditures generally tend to be lower than the final appropriation. *The Governor's recommendation is \$0.8 million less than requested to reflect the revised projections.*

**School Housing Aid.** Revised FY 2014 school construction aid is \$2.3 million less than the enacted level of \$70.0 million. Reimbursement cannot begin until a project is completed, and several districts did not complete their new projects by June 30, 2013, in order to be eligible for reimbursement to begin in FY 2014. The Department reports that Bristol-Warren, East Providence, Foster-Glocester, North Providence, Pawtucket, and West Warwick did not complete their projects by June 30, 2013. *The Governor recommends funding as requested.*

**Group Home Aid.** The Board requests \$7.4 million to fund beds for communities hosting group homes, which is \$285,000 more than enacted. Current law requires a supplemental payment for any group home beds opened by December 31 of each year. The added beds reflect only 19 of those included in information from the Department of Children, Youth and Families that it was reclassifying 24 Groden Center beds making them eligible for aid under this program. The request reflects 12 beds in Smithfield and 7 in Warwick. There were also 5 beds in Johnston not included in the request as the Department also had information that 5 different beds closed in Johnston. This is contrary to law that provides supplemental appropriation for new beds, but does not reduce funding for closed beds until the next fiscal year.

The 2007 Assembly made statutory changes to align the payment of communities' group home aid to more closely reflect the actual number of group home beds open at the time the budget is in effect. The legislation uses the count of beds that are open as of December 31 for the budget year's aid.

*The Governor recommends the enacted amount and excludes the Groden beds based on a final determination of their classification. Based on a challenge by the Groden Center, the Department of Children, Youth and Families amended its classification, which no longer makes the 24 beds eligible. However, the recommendation fails to include \$60,000 for the four additional beds in Exeter-West Greenwich noted in the December 31<sup>st</sup> report.*

**Statewide Student Transportation.** The Board's request is \$1.6 million less than enacted from restricted receipts for the statewide transportation system to correct a calculation error made by the Department. This adjustment is consistent with the FY 2013 closing. The 2009 Assembly adopted legislation mandating use of a statewide transportation system for all students. Districts reimburse the state for their share of the cost, offsetting this expenditure. Those fees are deposited into a restricted receipt account and used to fund the expenses. *The Governor recommends funding as requested.*

**Race To The Top.** The Board requests \$20.0 million for education reforms funded by the Race to the Top grant, \$5.5 million less than enacted based on planned expenditure activities for FY 2014. The Department's total award of \$75.0 million will be spent from FY 2011 through FY 2015, ending September 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, grant managers, and clerical support. As of October 2013, all of the positions are filled. *The Governor recommends funding as requested.*

**Race to the Top – Early Childhood.** The Department requests \$7.2 million from Race to the Top – Early Childhood grant funds, which is \$2.8 million more than enacted based on planned activities for FY 2014. This increase reflects higher than anticipated carryover funds from 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 recommends funding as requested.*

**Nutrition Grants.** The Board requests authorization to spend \$51.4 million from federal nutrition program funds. This is \$1.6 million more than the enacted level reflecting an increase in school lunch program participation as well as the number of free meals being served. *The Governor recommends \$15,000 more than requested based on available funds.*

**Special Education Grants.** The Board requests authorization to spend \$46.4 million, \$0.9 million less than enacted from federal special education funds to reflect the actual grant award. The funds are distributed to school districts and provide administrative support. Most of the funds must be distributed to local education agencies serving children directly. Federal funds are combined with state and local funds to provide children with disabilities free and appropriate public education, including special education and related services. *The Governor recommends funding as requested.*

**Title I Grants.** The Board requests \$57.8 million in revised federal fund expenditures from Title I funds. This is \$3.9 million more than enacted for FY 2014 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 recommends funding as requested.*

**Vocational Education Grants.** The Board requests \$5.6 million from federal vocational education grants for FY 2014. This is \$0.9 million less than the enacted level to reflect the actual grant award. Funds are used to improve vocational educational programs throughout the state. *The Governor recommends funding as requested.*

**Teacher Quality Grants.** The Board requests \$13.7 million from federal funds that support teacher quality and professional development. This is \$0.4 million less than enacted to reflect a reduction in available federal funds. *The Governor recommends funding as requested.*

**Department of Justice Settlement.** The Department requests \$50,000 from general revenues for a federal monitor as part of a settlement with the United States Department of Justice for violations of Title II of the Americans with Disabilities Act. The Department of Justice discovered that individuals with intellectual and developmental disabilities were being segregated through a "Training Thru Placement" program sheltered at the Harold A. Birch Vocational Program at Mount Pleasant High School. The investigation found that the majority of people receiving state and city-funded employment and daytime services through the segregated program could and wanted to work and receive services in more integrated community settings. Under the Americans with Disabilities Act, people with disabilities have the right to receive services in the most integrated settings appropriate for them. As part of the settlement, the Department of Elementary and Secondary Education must make certain remedial actions. The appropriation request will fund the remedies and the cost of the federal monitor that would validate compliance.

In addition to the Department of Education, the Office of Health and Human Services, the Departments of Human Services, and Behavioral Healthcare, Development Disabilities and Hospitals are included in the investigation. The settlement and monitoring fees will be allocated among these agencies. The allocation methodology has been agreed among the impacted agencies, but the scope and extent of the federal monitor's activities remains unknown as of December, 2013. Therefore, the request is an estimate and a future meeting with the Department of Justice will determine the enforcement phase of the investigation. *The Governor recommends funding as requested.*

**Public Charter Schools.** The revised request reflects \$3.2 million from a federal charter school grants program that began in FY 2011. This is \$1.4 million more than enacted to reflect larger carryover than anticipated as a result of fewer charter schools approved in prior fiscal years. This program provides financial assistance for the planning, program design, and initial implementation of charter schools. These competitive grants are available to states that have charter school laws. The Department makes subgrants to developers of charter schools who have applied for a charter. *The Governor recommends funding as requested.*

**Salaries and Benefits.** The Board requests \$20.9 million for salaries and benefits for the Department's 156.4 administration positions. This is \$54,213 less than enacted and includes \$65,208 less from general revenues. The decrease reflects benefit updates as well as step and other salary increases. *The Governor recommends \$0.2 million less than requested, including \$0.1 million less from general revenues to reflect statewide medical benefit savings.*

**Grants and Programming Revisions.** The Board requests adjustments in general revenues, federal funds and restricted receipts producing an increase of \$0.8 million from all funds. General revenues are \$15,208 more than enacted. Federal funds changes reflect adjustments for actual grant awards and

projected expenditures. Minor adjustments were made in other operating and contracted services. *The Governor recommends \$0.1 million less than requested, including \$0.2 million less from general revenues to align expenditures with historical spending.*

**Met School Capital Projects.** The Board requests an additional \$6.3 million from Rhode Island Capital Plan funds for FY 2014 for Met School capital projects based on a revised construction schedule for the HVAC and East Bay projects. *The Governor recommends \$2.9 million less than requested to reflect lower expenditures for completing the East Bay project. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

**Other Capital Projects.** The Board's request for capital projects funded at state owned career and technical schools from Rhode Island Capital Plan funds is \$1.3 million less than enacted based on a revised construction schedule. *The Governor shifts \$15,152 from FY 2014 to FY 2015 as part of a revised construction schedule. A detailed analysis of these projects is included in the Capital Budget section of this publication.*

**Davies Career and Technical School.** The Board requests an additional \$2.5 million from all funds for FY 2014, of which \$2.2 million is from Rhode Island Capital Plan funds. This includes an additional \$0.3 million for the roof project, \$1.1 million for asset protection projects and \$0.7 million more for the HVAC project. General revenues are consistent with the enacted level. Restricted receipts are \$0.4 million more than enacted. Because the school is now funded through the education funding formula, it gets a single state allocation for the year. *The Governor recommends \$0.5 million less than requested from Rhode Island Capital funds to reflect lower than anticipated expenditures for the replacement of the HVAC system.*

**Rhode Island School for the Deaf.** The Board requests \$362,849 more than enacted for the School for the Deaf for FY 2014. The request for general revenues is consistent with the enacted amount. Federal funds are \$70,220 more than enacted, most of which comes from an increase in special education grants and the Board includes \$0.2 million more from restricted receipts for the fee for service model established at the beginning of FY 2010 reflecting additional services provided to the students at the School.

The Board also includes \$59,000 not included in the enacted budget from Permanent School funds for increased computer and information technology supplies and support. The enacted budget includes \$0.3 million for the Permanent School Fund to support reform efforts for persistently lowest achieving districts. The allocation to the School for the Deaf is consistent with policy. *The Governor recommends \$165,622 less than requested from general revenues to reflect current vacancies.*



## Public Higher Education

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
Board of Governors/Higher Ed.	\$ 9,850,371	\$ 11,184,829	\$ 10,026,717	\$ 10,022,766
University of Rhode Island	687,065,794	729,115,237	742,189,363	733,317,569
Rhode Island College	158,207,700	166,198,139	167,300,828	166,941,105
Community College of RI	153,263,773	151,000,745	154,040,809	152,464,205
<b>Total</b>	<b>\$1,008,387,638</b>	<b>\$1,057,498,950</b>	<b>\$1,073,557,717</b>	<b>\$1,062,745,645</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 438,352,523	\$ 444,339,101	\$ 456,684,037	\$ 444,374,639
Contracted Services	19,223,492	21,615,651	20,795,980	20,795,980
<b>Subtotal</b>	<b>\$ 457,576,015</b>	<b>\$ 465,954,752</b>	<b>\$ 477,480,017</b>	<b>\$ 465,170,619</b>
Other State Operations	183,572,048	198,337,064	195,427,747	194,721,001
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	273,656,498	294,904,940	298,442,309	297,442,356
Capital	39,063,188	45,667,373	44,730,929	51,983,900
Capital Debt Service	51,681,123	52,634,821	51,502,235	53,427,769
Operating Transfers	2,838,766	-	5,974,480	-
<b>Total</b>	<b>\$1,008,387,638</b>	<b>\$1,057,498,950</b>	<b>\$1,073,557,717</b>	<b>\$1,062,745,645</b>
<b>Sources of Funds</b>				
General Revenue	\$ 172,678,735	\$ 180,013,795	\$ 180,013,795	\$ 179,134,843
Federal Aid	4,015,957	6,190,306	5,032,194	5,032,194
Restricted Receipts	596,538	702,583	702,583	702,583
Other	831,096,408	870,592,266	887,809,145	877,876,025
<b>Total</b>	<b>\$1,008,387,638</b>	<b>\$1,057,498,950</b>	<b>\$1,073,557,717</b>	<b>\$1,062,745,645</b>
<b>Uses of Funds</b>				
Unrestricted Use Funds	\$ 580,630,628	\$ 598,175,802	\$ 603,797,169	\$ 592,997,532
Restricted Use Funds	427,757,010	459,323,148	469,760,548	469,748,113
<b>Total</b>	<b>\$1,008,387,638</b>	<b>\$1,057,498,950</b>	<b>\$1,073,557,717</b>	<b>\$1,062,745,645</b>
<b>FTE Authorization</b>	<b>3,464.8</b>	<b>3,471.8</b>	<b>3,471.8</b>	<b>3,585.7</b>
<i>Limited to Third Party Funds</i>	<i>776.2</i>	<i>776.2</i>	<i>776.2</i>	<i>661.3</i>
<b>Total Authorized Positions</b>	<b>4,241.0</b>	<b>4,248.0</b>	<b>4,248.0</b>	<b>4,247.0</b>
<b>FTE Average</b>	<b>3,914.6</b>			

**FY 2014 Revised Request.** The Board of Governors' revised request is \$16.1 million below the FY 2014 enacted level. This includes the enacted level from general revenues, \$4.5 million more tuition and fee revenues, \$1.1 million more from other unrestricted sources, and \$10.4 million more from restricted sources. The request also includes 4,248.0 full-time equivalent positions, which is consistent with the enacted authorization.

*The Governor recommends \$5.2 million more than enacted from all sources, which is \$10.8 million less than requested. General revenues are \$0.9 million less than enacted and requested of which \$0.5 million reflects changes in debt service expenditures on general obligation bonds for the University and College and \$0.4 million reflects statewide medical benefit savings. He also recommends 4,247.0 full-time equivalent positions which is 1.0 less than authorized but includes shifting 114.9 research positions to non-restricted positions, apparently in error.*

**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 2014 unrestricted budget includes spending of \$603.8 million. This is \$5.6 million more than the enacted budget including the enacted level from general revenues.

The revised unrestricted budget includes \$11.2 million more than the enacted budget for all salaries and benefits. The revised budget also includes \$0.1 million less for contracted services, \$3.7 million less for operating expenses, and \$1.1 million more for grants. Capital expenditures are \$2.3 million less than enacted and expenditures for debt service are \$0.6 million less. The total includes \$5.7 million more at the University and \$0.9 million more at the College. The University is projecting FY 2014 enrollment of 14,546, which is an increase of 179 or 1.0 percent compared to the enrollment assumptions in the FY 2014 enacted budget. Expenditures at the Community College are \$0.9 million less to reflect lower enrollment projections than assumed in the enacted budget. The Community College is projecting FY 2014 enrollment of 10,517, which is a decrease of 74 or 1.0 percent compared to the enrollment assumptions in the enacted budget.

In order to align expenditures with revised revenue projections, the University added \$9.7 million more for salaries and benefits and \$1.3 million more for student aid offset by \$5.4 million less for contracted services and all other operating expenses. The College increased turnover savings by \$0.7 million, reduced student aid by \$0.2 million and increased all other operating expenses by \$1.7 million, most of which is for the purchase of new library resources. The Community College added \$2.2 million for salaries and benefits and reduced expenditures for building repairs by \$1.8 million. All other expenditures at the Community College are \$1.3 million less.

*The Governor recommends \$10.8 million less than requested including \$0.9 million less from general revenues of which \$0.5 million reflects changes in debt service expenditures on general obligation bonds for the University and College and \$0.4 million reflects statewide medical benefit savings. The Governor reduces requested expenditures from University tuition and fees by \$8.9 million which would provide a 3.0 percent increase over FY 2013 spent amounts. He also lowers requested expenditures from Community College tuition and fees by \$1.4 million to fund personnel at the FY 2014 enacted level. The Budget Office has indicated that its intention is for the institutions to constrain spending in order for there to be resources available for future years.*

**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 \$3.6 million more general operating expenditures from restricted sources. The revised request includes \$1.1 million more for salaries and benefits, \$0.7 million less for contracted services, \$0.8 million more for operations with \$2.1 million more for grants.

The changes in spending include \$1.2 million or 18.7 percent less for the Office. Expenditures at the University are \$2.1 million or 0.7 percent less than enacted. At the College, restricted expenditures are \$1.2 million or 2.9 percent less. Expenditures at the Community College are \$3.8 million or 9.2 percent more than estimated in the enacted budget. *The Governor recommends funding as requested.*

**Restricted Capital Improvements.** The revised budget includes a \$7.4 million increase, including a \$1.4 million increase from Rhode Island Capital Plan funds based on revised project schedules. *The Governor recommends \$12,435 less than requested to reflect his capital budget recommendations. These projects are described in detail in the Capital Budget section of this analysis.*

**Restricted Debt Service.** The revised budget decreases restricted use debt service costs by \$0.5 million to reflect a decrease in debt service costs for University projects. *The Governor recommends funding as requested.*



## Rhode Island State Council on the Arts

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 568,307	\$ 591,821	\$ 605,569	\$ 573,133
Contracted Services	28,256	25,500	25,500	25,500
<b>Subtotal</b>	<b>\$ 596,563</b>	<b>\$ 617,321</b>	<b>\$ 631,069</b>	<b>\$ 598,633</b>
Other State Operations	46,909	83,981	83,981	83,981
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,644,953	1,461,657	1,461,657	1,461,657
Capital	806,262	602,536	602,536	602,536
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 3,094,687</b>	<b>\$ 2,765,495</b>	<b>\$ 2,779,243</b>	<b>\$ 2,746,807</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,561,217	\$ 1,335,630	\$ 1,342,014	\$ 1,317,591
Federal Aid	713,635	797,329	804,693	796,680
Restricted Receipts	-	-	-	-
Other	819,835	632,536	632,536	632,536
<b>Total</b>	<b>\$ 3,094,687</b>	<b>\$ 2,765,495</b>	<b>\$ 2,779,243</b>	<b>\$ 2,746,807</b>
<b>FTE Authorization</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>
<b>FTE Average</b>	<b>6.0</b>			

**FY 2014 Revised Request.** The Rhode Island Council on the Arts requests \$13,748 more than enacted from all sources including \$6,384 from general revenues and \$7,364 more from federal funds for adjustments to salaries and benefits. The staffing request is 6.0 full-time equivalent positions, consistent with the enacted level. *The Governor recommends \$32,436 less than requested to reflect statewide and turnover savings.*

**Salaries and Benefits.** The Council requests \$13,748 more than enacted for salaries and benefits for 6.0 positions. This includes \$6,384 more from general revenues and \$7,364 more from federal funds. This primarily reflects benefits for a new employee whose predecessor waived them, the reclassification of three positions and accompanying salary increases and benefit adjustments. *The Governor recommends \$32,436 less than requested including \$24,423 less from general revenues for salaries and benefits to reflect funding filled positions at the current classification and \$2,036 from statewide medical benefit savings.*

**Community Service Grants.** The Council requests the enacted amount for community services grants. Information received subsequent to the request suggests two community grants totaling \$7,082 will not be awarded. *The Governor includes the enacted amount.*



## Rhode Island Atomic Energy Commission

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 902,810	\$ 1,022,501	\$ 1,010,601	\$ 1,005,661
Contracted Services	-	12,318	-	-
<b>Subtotal</b>	<b>\$ 902,810</b>	<b>\$ 1,034,819</b>	<b>\$ 1,010,601</b>	<b>\$ 1,005,661</b>
Other State Operations	265,985	320,912	138,810	138,810
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	61,885	81,000	84,914	81,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,230,680</b>	<b>\$ 1,436,731</b>	<b>\$ 1,234,325</b>	<b>\$ 1,225,471</b>
<b>Sources of Funds</b>				
General Revenue	\$ 829,034	\$ 861,710	\$ 861,710	\$ 856,770
Federal Aid	132,451	267,044	60,724	60,724
Restricted Receipts	-	-	-	-
Other	269,195	307,977	311,891	307,977
<b>Total</b>	<b>\$ 1,230,680</b>	<b>\$ 1,436,731</b>	<b>\$ 1,234,325</b>	<b>\$ 1,225,471</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 2014 Revised Request.** The Rhode Island Atomic Energy Commission requests \$1.2 million, \$0.2 million less than enacted from all sources. This includes the enacted amount from general revenues, \$206,467 less from federal funds and \$4,061 more from University of Rhode Island sponsored research funds. The revised request reflects authorized staffing. *The Governor recommends \$1.2 million from all sources, which is \$8,854 less than requested, including \$4,940 less from general revenues and \$3,914 less from Rhode Island Capital Plan funds. He recommends staffing consistent with the authorized level.*

**Salaries and Benefits.** The Commission's revised request is \$11,900 less than enacted including \$4,023 more from general revenues. This reflects slightly less turnover savings offset by savings associated with updated benefit rates. The increase from general revenues reflects the shifting of funding from federal funds to general revenues as a result of the ending of the Nuclear Engineering Education federal grant in FY 2014. The reduction in other funds reflects the current vacant position of the Assistant Director for Radiation and Reactor Safety, partially funded by the University of Rhode Island sources. *The Governor recommends \$4,940 less than requested to reflect statewide medical benefit savings.*

**Federal Grants.** The Commission's revised request for federal grants is \$47,624, which is \$200,276 less than enacted. The Commission does not anticipate receiving any more funds from these grants in FY 2014 or FY 2015 as a result of federal budget reductions and the revised request reflects available carryover funds from FY 2013. *The Governor recommends funding as requested.*

**Capital.** The Commission's revised request includes \$3,914 more than enacted for capital asset protection projects. The Commission spent \$59,257 in FY 2013 and \$49,315 in FY 2012. A detailed analysis of the project is included in the Capital Budget section of this publication. *The Governor recommends \$50,000, consistent with the enacted amount.*

**Other Operating Adjustments.** The Commission's request includes \$5,856 more than enacted from all funds, including \$4,023 less from general revenues for all other operating adjustments. The decrease in general revenues reflects projected contracted costs for fire prevention services and staff training costs. The \$4,023 reduction made to staff training services appears to be an effort to offset the increase in salaries and benefits. *The Governor recommends funding as requested.*

## Rhode Island Higher Education Assistance Authority

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
Scholarship and Grant Program	\$ 11,386,985	\$ 4,281,726	\$ 4,281,726	\$ 4,333,323
Loans Program	10,977,121	13,274,020	12,566,514	12,316,514
Tuition Savings Program	8,384,454	9,207,989	9,130,082	8,330,082
<b>Total</b>	<b>\$ 30,748,560</b>	<b>\$ 26,763,735</b>	<b>\$ 25,978,322</b>	<b>\$ 24,979,919</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 2,248,358	\$ 3,084,563	\$ 2,266,596	\$ 2,266,596
Contracted Services	7,353,872	7,830,000	7,830,000	7,830,000
<b>Subtotal</b>	<b>\$ 9,602,230</b>	<b>\$ 10,914,563</b>	<b>\$ 10,096,596</b>	<b>\$ 10,096,596</b>
Other State Operations	1,650,010	2,767,446	2,150,000	2,550,000
Aid to Local Units of Government	12,405,653	-	800,000	-
Assistance, Grant, and Benefits	1,147,000	13,081,726	12,281,726	12,333,323
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	5,943,667	-	650,000	-
<b>Total</b>	<b>\$ 30,748,560</b>	<b>\$ 26,763,735</b>	<b>\$ 25,978,322</b>	<b>\$ 24,979,919</b>
<b>Sources of Funds</b>				
General Revenue	\$ 5,693,318	\$ 4,281,726	\$ 4,281,726	\$ 4,333,323
Federal Aid	10,977,121	13,274,020	12,566,514	12,316,514
Restricted Receipts	-	-	-	-
Other	14,078,121	9,207,989	9,130,082	8,330,082
<b>Total</b>	<b>\$ 30,748,560</b>	<b>\$ 26,763,735</b>	<b>\$ 25,978,322</b>	<b>\$ 24,979,919</b>
<b>FTE Authorization</b>	<b>36.0</b>	<b>23.0</b>	<b>25.0</b>	<b>23.0</b>
<b>FTE Average</b>	<b>28.0</b>			

**FY 2014 Revised Request.** The Authority requests \$0.8 million less for FY 2014, including expenditures consistent with general revenues, \$0.7 million less from federal funds and \$77,907 less from Tuition Savings program revenues. The Authority requests 25.0 full-time equivalent positions, 2.0 more than the enacted authorization. *The Governor recommends \$1.0 million less than requested, including \$51,597 more from general revenues, \$250,000 less from federal funds, and \$800,000 less from tuition savings funds. He does not recommend the 2.0 new full-time equivalent positions requested.*

**Need Based Scholarships and Grants.** The Authority requests \$4.3 million for scholarships and need-based grants in FY 2014 consistent with the enacted budget. In FY 2014, approximately 24,000 students received state grant offers, up to a maximum of \$750. Some of the Authority's funds come from fees paid by out of state participants of the Tuition Savings Program that the Authority administers through AllianceBernstein. The appropriations bill currently lists expenditures by fund source. *The*

*Governor recommends \$51,597 more from general revenues to meet the federal maintenance of effort required by the College Access Challenge Grant.*

**Academic Promise Scholarship Program.** The Authority requests \$0.8 million from Tuition Savings fees for the Academic Promise Scholarship program for FY 2014, consistent with the enacted budget. In order to be eligible for the scholarships, the student must be a graduating high school senior who is planning to enroll in a postsecondary institution on a full-time basis, demonstrates academic promise and shows financial need. Eligibility is calculated using a formula that takes into account the student's expected family contribution as determined by the Free Application for Federal Student Aid and his/her score on a standardized college admission examination. The student with the highest ranking is offered the first scholarship, and so on. *The Governor's recommendation removes funding for the Academic Promise program, however the Budget Office indicates this is an error. The intent was to fund the program at the enacted level.*

**Enacted Staffing Reduction.** The FY 2014 revised request reflects a \$0.9 million reduction for salary and benefit expenditures to align the budget with the enacted staffing authorization. The FY 2014 enacted budget reduced the Authority's full-time equivalent position cap from 36.0 to 23.0 but did not reduce expenditure authority accordingly. This adjustment corrects that. The Authority currently has 22.0 positions filled. *The Governor recommends funding as requested.*

**New Positions.** The Department requests \$91,000 from federal funds for 2.0 new full-time equivalent positions. The two new positions will be used specifically to assist in training at schools throughout the state in the uses of enhancements already developed for the WaytoGo Rhode Island web portal. The Authority's request assumes a January 1, 2014 start date.

The Authority currently has 1.0 position performing these duties. The Authority has been attempting to use current employees to assist with school training, but according to the Authority, the skill set for trainers does not exist within its current staff. *The Governor recommends the funding, but not the increased staffing authorization.*

**WaytoGo Enhancements.** The Department requests \$650,000 from federal funds carried forward from FY 2013 for WaytoGo Rhode Island web portal enhancements. In FY 2013, the Authority entered into a memorandum of understanding with the Rhode Island Department of Elementary and Secondary Education, whereby certain enhancements to the WaytoGo Rhode Island web portal would be funded with a federal grant obtained by the Rhode Island Department of Elementary and Secondary Education. The original schedule would have had the work completed during FY 2013, and as a result, the FY 2014 enacted budget did not contain these funds. The FY 2014 revised request includes the remaining funds necessary to complete the enhancement work. *The Governor recommends funding as requested.*

**CollegeBoundfund Marketing.** The Authority requests no funding from Tuition Savings funds for advertising and promotion expenses for the CollegeBoundfund in excess of the contract terms. The enacted budget included \$100,000. Since 2010, AllianceBernstein, by contract with the Authority, funds \$750,000 of marketing and promotion costs for the CollegeBoundfund program for the advertising program 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 requests the decrease in funding to align more closely with its recent levels of advertising expenses. The Authority did not request any advertising funds for FY

2014. The Authority spent \$33,105 in FY 2012 and \$15,812 in FY 2013. *The Governor recommends funding as requested.*

**Other Operations.** The Authority's revised request includes \$0.5 million less for all other operations. This includes \$0.5 million less from federal funds and \$21,711 less from Tuition Savings funds. Approximately half of the decrease reflects reductions to general office costs for supplies, postage, and travel to reflect fewer staff and to align these expenditures with FY 2013 spending levels. *The Governor recommends \$250,000 less than requested from federal funds, which reflects the removal of enacted funding for depreciation and amortization costs for the guaranty agency that are reported in financial statements but not required for the budget since it is not an expenditure.*



## Historical Preservation and Heritage Commission

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,555,067	\$ 1,752,731	\$ 1,714,556	\$ 1,669,926
Contracted Services	1,361	4,975	68,100	68,100
<b>Subtotal</b>	<b>\$ 1,556,428</b>	<b>\$ 1,757,706</b>	<b>\$ 1,782,656</b>	<b>\$ 1,738,026</b>
Other State Operations	121,518	110,364	101,104	86,104
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	175,441	623,379	2,212,397	2,177,397
Capital	23,595	1,015,500	513,700	503,700
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,876,982</b>	<b>\$ 3,506,949</b>	<b>\$ 4,609,857</b>	<b>\$ 4,505,227</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,242,950	\$ 1,357,510	\$ 1,445,985	\$ 1,340,796
Federal Aid	538,626	609,949	2,158,303	2,175,422
Restricted Receipts	42,137	454,491	420,320	420,320
Other	53,269	1,084,999	585,249	568,689
<b>Total</b>	<b>\$ 1,876,982</b>	<b>\$ 3,506,949</b>	<b>\$ 4,609,857</b>	<b>\$ 4,505,227</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>15.2</b>			

**FY 2014 Revised Request.** The Historical Preservation and Heritage Commission requests \$1.1 million more than the enacted budget. This includes \$88,475 more from general revenues, \$1.5 million more from federal funds, \$34,171 less from restricted receipts, and \$0.5 million less from other funds. *The Governor recommends \$4.5 million from all sources, which is \$0.1 million less than requested including \$0.1 million less from general revenues, \$17,119 more from federal funds, and \$16,560 less from Department of Transportation reimbursement funds. He recommends the current authorized level of 16.6 full-time equivalent positions.*

**Data Collection Update.** The Commission requests \$65,000 from general revenues for the update of its data collection and database systems, which house data on historic structures, archeological sites easements, construction, and Historic Structures – Tax Credit projects. The existing databases are interfacing poorly with the software currently supported by the Division of Information Technology. The Division advised the Commission that this update should be performed by contracted professionals. *The Governor recommends funding as requested.*

**Salaries and Benefits.** The Commission requests \$1.7 million, which is \$38,175 less than enacted from all sources for salaries and benefits for the authorized level of 16.6 full-time equivalent positions. This includes \$14,650 more from general revenues, offset by \$36,326 less from federal funds and \$16,499 less from restricted receipts. This shift in costs to state sources reflects a decrease in the Commission’s federal Survey and Planning grant award for the current year and increasingly limited use of specific preservation programs funded from restricted receipts. The Commission requests the

enacted amount of \$84,020 from Department of Transportation reimbursement funds for an archeological expert to assist in Department construction projects. The request includes \$17,450 of turnover savings to reflect unanticipated hiring delays for a senior historic preservation specialist position; the enacted budget included none. *The Governor recommends \$44,630 less than requested. This includes \$80,189 less from general revenues and \$16,560 less from Department of Transportation reimbursement funds, offset by \$52,119 more from federal funds. The decrease reflects statewide medical benefit savings and a further reduction in benefit costs to reflect current employee selections. He includes \$17,119 more from the Commission's federal Survey and Planning grant to reflect an updated award and shifts \$35,001 of personnel expenses to federal funds available from the Hurricane Sandy Disaster Relief grant.*

**Historic Preservation – Sandy Disaster Relief.** The Commission requests \$1.6 million from federal funds for a new historic preservation grant program to assist historic property owners with the restoration of historic buildings and archeological sites damaged by Hurricane Sandy in 2012. In May of 2013, the Historic Preservation Fund was created by the National Park Service to provide state preservation agencies with funding to give technical assistance and provide emergency repairs to historic and archeological resources impacted by the storm. Rhode Island was granted a total award of \$3.2 million in the first quarter of FY 2014. The Commission anticipates providing grants through calendar year 2015; the grant is included in its FY 2015 request. *The Governor recommends the requested funding, but, shifts \$35,001 to cover salary and benefit expenditures associated with the grant's administration.*

**Other Grant Adjustments.** The Commission requests \$18,567 less than enacted from federal funds for its Survey and Planning and Preserve America grant programs. This includes \$9,131 less from federal funds to reflect the FY 2014 award received for the Survey and Planning grant program and \$9,436 less than enacted from federal funds for its Preserve America grant program, which has expired and is not anticipated to be revived. *The Governor recommends funding essentially as requested.*

**Preservation Program Adjustments.** Excluding salaries and benefits, the Commission requests \$0.5 million, which is \$8,417 less than enacted from all funds for its preservation programs, including \$9,255 more from general revenues and \$17,672 less from restricted receipts. The request includes \$0.4 million from restricted receipts for the Historic Preservation loan fund and \$57,200 from all funds for preservation operations. This reflects historical expenditures for preservation programs and shifts funding sources due to the increasingly limited use of those programs. *The Governor recommends funding as requested.*

**Eisenhower House Asset Protection.** The Commission requests \$0.5 million, which is \$0.5 million less than enacted from Rhode Island Capital Plan funds for asset protection projects at the Eisenhower House for FY 2014, reflective of an updated schedule. *The Governor recommends funding as requested.*

**All Other Operations.** The Commission requests \$180 less than enacted from all funds for all other operations, including \$430 less from general revenues, consistent with historical expenditures for utilities and office supplies, and \$250 more from Department of Transportation reimbursement funds to support archeological review of Department construction projects. *The Governor recommends \$25,000 less than requested from general revenues to reflect the exclusion of funding for emergency repairs and renovations at the Eisenhower House. This is based on the provision of Rhode Island Capital Plan funds for the house's renovation and reconstruction.*

## Office of the Attorney General

	FY 2013	FY 2014	FY 2014	FY 2014
	Reported	Enacted	Rev. Req.	Revised
<b>Expenditures by Program</b>				
Criminal	\$ 15,560,352	\$ 20,507,020	\$ 32,752,395	\$ 32,449,369
Civil	5,063,030	5,618,395	6,396,827	6,087,829
Bureau of Criminal Identification	1,385,594	1,503,119	1,593,309	1,531,403
General	3,014,791	2,771,567	3,029,186	2,972,763
<b>Total</b>	<b>\$ 25,023,767</b>	<b>\$ 30,400,101</b>	<b>\$ 43,771,717</b>	<b>\$ 43,041,364</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 22,500,176	\$ 23,696,875	\$ 23,943,841	\$ 23,448,604
Contracted Services	454,588	4,595,747	6,731,103	6,497,205
<b>Subtotal</b>	<b>\$ 22,954,764</b>	<b>\$ 28,292,622</b>	<b>\$ 30,674,944</b>	<b>\$ 29,945,809</b>
Other State Operations	1,525,578	1,864,590	6,162,983	6,161,765
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	543,425	242,889	6,933,790	6,933,790
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 25,023,767</b>	<b>\$ 30,400,101</b>	<b>\$ 43,771,717</b>	<b>\$ 43,041,364</b>
<b>Sources of Funds</b>				
General Revenue	\$ 22,301,954	\$ 23,656,979	\$ 24,744,102	\$ 24,013,794
Federal Aid	1,390,205	1,619,532	2,829,128	2,829,090
Restricted Receipts	923,413	5,073,590	15,956,682	15,956,675
Other	408,195	50,000	241,805	241,805
<b>Total</b>	<b>\$ 25,023,767</b>	<b>\$ 30,400,101</b>	<b>\$ 43,771,717</b>	<b>\$ 43,041,364</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>226.8</b>			

**FY 2014 Revised Request.** The Office of the Attorney General requests \$13.4 million more than enacted from all sources, including \$1.1 million from general revenues, \$1.2 million from federal funds, \$10.9 million from restricted receipts and \$0.2 million from other funds. This includes 233.1 full-time equivalent positions, consistent with the enacted authorization. *The Governor recommends \$0.7 million less than requested from general revenues and the enacted level of positions.*

**Tobacco Enforcement Litigation Reappropriation.** The Office requests \$292,610 from general revenues the Governor reappropriated from FY 2013 to FY 2014. This assumes paying for delayed FY 2013 expenses in FY 2014 for tobacco enforcement litigation. The Office ended FY 2013 with a general revenue surplus of \$335,417, including \$292,610 for tobacco litigation expenses. *The Governor recommends \$67,610 less to reflect current year expenditure experience.*

**Unidentified Projects - Google.** The Office's revised budget request includes \$11.0 million, nearly all from restricted receipts for unidentified projects that are expected to be funded from Google settlement funds. The Office is expecting to receive funding approval from the Office of Asset Forfeiture and Money Laundering Section of the United States Department of Justice. The state's share of the settlement is \$100.0 million and the Office is expecting to spend a significant portion in the current year for several projects; however, those projects have to be approved by the United States Department of Justice due to funding restrictions. *The Governor recommends funding as requested.*

**Criminal Division Staffing.** The Office requests \$49,665 less than enacted from all sources, including \$1,057 more from general revenues for salaries and benefits for 148.1 full-time equivalent positions within its Criminal Division. This primarily reflects a reduction of general revenue turnover savings to support a staff attorney position that was previously funded from restricted receipts. The Office indicates that it does not have enough funds available within its restricted receipts forfeiture account to support the staff attorney position. Forfeiture includes property and cash forfeited during the disposition of state drug and gambling matters. *The Governor recommends \$307,173 less than requested, including \$284,440 from general revenues to reflect \$203,194 from additional turnover savings and \$81,246 from statewide medical benefit savings.*

**Other Salary and Benefit Adjustments.** The Office requests \$296,631 more than enacted from all sources, including \$306,157 from general revenues for all other salary and benefit adjustments. This essentially restores the enacted turnover savings to reflect the Office's estimated payroll costs for the remaining 85.0 full-time equivalent positions. The request also includes increased medical costs to reflect employee benefit selection and other benefit adjustments based on Budget Office planning values. As of December 28, 2013, the Office had 228.1 filled positions or 5.0 positions below the authorized level. *The Governor recommends \$188,064 less than requested, including \$179,602 from general revenues to reflect \$126,191 from additional turnover savings and \$53,411 from statewide medical benefit savings.*

**Background Check Grant.** The Office requests \$1.2 million more than enacted from federal funds to reflect a federal grant awarded to perform background checks for health care workers who are providing services to the state's children and elderly. The request assumes \$1.4 million in total grant funds available for the Office to rebuild its automated fingerprint identification system and incorporate the national background check initiative. The Office indicates that it has received a one-year extension, but has not yet received the funds since the grant was funneled through the Executive Office of Health and Human Services. The Office indicates the project has been awarded to Cogent 3M at a cost of \$1.5 million and anticipates the use of Google funds to cover the excess costs. *The Governor recommends funding as requested.*

**Trial Related Expenses.** The Office requests \$290,609 more than enacted, nearly all from general revenues for trial related expenses due to an ongoing and a pending litigation matters. Funds are expected to pay primarily for expert witnesses and court reporters. The ongoing litigation relates to the Department of Children, Youth and Families and witness depositions have been ongoing since the beginning of FY 2013. As of January 9, 2014, the Office has spent \$3,365 from general revenues for expert witnesses. The pending litigation is associated with the Misquamicut Beach located in Westerly and that matter is scheduled for trial, tentatively, April 1, 2014. *The Governor recommends \$134,620 less than requested to reflect reductions primarily for expert witnesses and court reporters based on prior year expenditure experience. His recommendation includes \$175,144 from general revenues for ongoing and pending litigation matters.*

**Technology Services.** The Office requests \$34,582 more than enacted from all sources, including \$44,323 from general revenues to pay for continued technology services for the recently implemented case management information system within the Criminal Division. This reflects projected costs to test and review the system to ensure software and program functionality and compliance with system requirements and agreements. *The Governor recommends funding as requested.*

**Asset Protection.** The Office requests \$191,805 more than enacted from Rhode Island Capital Plan funds to reflect a carried forward balance from FY 2013 for its asset protection projects. This reflects the Office's need for continuous upgrade to its heating ventilation and air conditioning system, as well as other interior renovations, including office spaces. The request is consistent with the approved capital plan. *The Governor recommends funding as requested.*

**All Other Operations.** The Office requests \$141,651 more than enacted from all sources, including \$118,650 from general revenues for all other operations. This includes increases of \$60,826 for parking rental to reflect a recently negotiated contract with a new vendor for additional parking spaces, \$24,644 for records storage based on storage retention policy and \$10,192 for utilities based on updated Office projections. The request also includes increases of \$25,589 for supplies, \$12,243 for snow removal and \$11,313 for membership subscription dues based on FY 2013 experience. For these items, FY 2013 expenses were \$272,952, \$44,996 more than enacted. The Office indicates that its request for funding support for new parking rental expenses under the Google settlement funds were not approved by the United States Department of Justice.

*The Governor recommends \$32,886 less than requested to reflect a further reduction for snow removal and utilities based on prior year expenditures. He includes the requested increase for parking and \$59,768 more than enacted or \$33,801 more than requested for witness protection. His recommendation reduces requested funding for other operating expenses, including travel, computer and office supplies, mileage reimbursements, and janitorial services based on historical spending.*



## Department of Corrections

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 8,014,547	\$ 9,132,903	\$ 10,052,825	\$ 8,810,817
Parole Board	1,204,375	1,392,433	1,548,501	1,315,621
Custody and Security	118,477,955	116,179,933	122,163,121	117,951,716
Institutional Support	18,312,962	33,198,057	35,411,742	30,743,230
Inst. Rehab. & Population Mgmt.	9,683,774	10,018,845	10,047,397	10,015,920
Healthcare Services	19,137,606	19,639,269	20,024,209	19,583,660
Community Corrections	14,675,765	15,141,087	15,151,224	15,024,410
<b>Total</b>	<b>\$ 189,506,984</b>	<b>\$ 204,702,527</b>	<b>\$ 214,399,019</b>	<b>\$ 203,445,374</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 160,271,843	\$ 159,312,987	\$ 164,698,932	\$ 159,446,298
Contracted Services	10,069,351	10,953,542	11,938,463	11,061,936
<b>Subtotal</b>	<b>\$ 170,341,194</b>	<b>\$ 170,266,529</b>	<b>\$ 176,637,395</b>	<b>\$ 170,508,234</b>
Other State Operations	14,156,367	15,453,529	16,650,018	16,462,579
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,195,555	1,193,908	1,211,908	1,211,908
Capital	3,813,868	17,788,561	19,899,698	15,262,653
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 189,506,984</b>	<b>\$ 204,702,527</b>	<b>\$ 214,399,019</b>	<b>\$ 203,445,374</b>
<b>Sources of Funds</b>				
General Revenue	\$ 184,044,974	\$ 185,379,198	\$ 192,725,581	\$ 186,042,042
Federal Aid	1,950,008	1,788,688	2,386,994	2,520,639
Restricted Receipts	52,723	64,890	66,153	66,153
Other	3,459,279	17,469,751	19,220,291	14,816,540
<b>Total</b>	<b>\$ 189,506,984</b>	<b>\$ 204,702,527</b>	<b>\$ 214,399,019</b>	<b>\$ 203,445,374</b>
<b>FTE Authorization</b>	<b>1,419.0</b>	<b>1,419.0</b>	<b>1,421.0</b>	<b>1,419.0</b>
<b>FTE Average</b>	<b>1,348.8</b>			
<b>Prison Population</b>	<b>3,191</b>	<b>3,152</b>	<b>3,192</b>	<b>3,192</b>

**FY 2014 Revised Request.** The Department requests \$9.7 million or 4.7 percent more than enacted from all sources of funds, including \$7.3 million from general revenues. The Department requests 1,421.0 full-time equivalent positions, 2.0 positions above the authorized level. The Department's revised request is based on a population of 3,192, an increase of 40 inmates.

*The Governor recommends \$1.3 million less than enacted from all sources, including \$0.7 million more from general revenues. This is \$11.0 million less than requested, including \$6.7 million from general revenues. His recommendation assumes 1,419.0 full-time equivalent positions, consistent with the enacted authorization, 2.0 fewer positions than requested and a population of 3,192 as requested.*

**FY 2013 Reappropriation.** The Governor reappropriated \$700,835 for several items that were delayed into the current fiscal year. These items include \$334,056 for staff uniforms and inmate clothing and bedding, \$121,456 for new vehicles, \$113,185 for inmate discharge planning services, \$110,126 for ammunition and firing range supplies, \$13,816 for medical services and \$8,196 for Interstate Compact dues for out-of state inmates. It appears that the Department did not receive these invoices in time to pay them in FY 2013. The Department ended FY 2013 with a general revenue surplus of \$1.5 million; the reappropriation reduced that to \$0.8 million. *The Governor recommends funding as reappropriated.*

**Population.** The Department’s original budget request for FY 2014 included a population of 3,152 and the Governor’s recommendation and the FY 2014 enacted budget concurred. The Department contracts with a firm to prepare population estimates, which has revised the enacted population upward to 3,192. That is the population upon which the revised budget request is based. The Department’s current population is tracking above staff estimates for the FY 2014 enacted budget. The House Fiscal Staff uses a simple model using trend data, and population through the second quarter suggests an average population of 3,228, or 36 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 2004 through the FY 2014 revised request. The average population for the first three months of FY 2014 is 3,215. Total cost per inmate including staff, can be expressed by dividing the Institutional Corrections’ budget by the number of inmates. This is \$58,786 for the FY 2014 revised budget. The enacted budget includes \$56,801. FY 2013 reported expenditures suggest a cost of \$52,409.

History	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<i>Request</i>	3,333	3,305	3,299	3,200	2,583	3,803	4,008	3,709	3,416	3,231	3,152
Governor	3,724	3,640	3,244	3,375	3,289	3,848	4,008	3,643	3,416	3,231	3,152
Enacted	3,500	3,575	3,244	3,375	3,289	3,848	3,767	3,450	3,239	3,194	3,152
Revised Request	3,640	3,575	3,375	3,723	4,018	3,869	3,669	3,350	3,264	3,146	3,192
Governor Revised	3,600	3,377	3,375	3,723	3,925	3,869	3,659	3,350	3,265	3,146	3,192
Final	3,600	3,377	3,475	3,755	3,925	3,788	3,551	3,273	3,192	3,146	
<i>Actual</i>	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 3,192 as requested, which is 40 more inmates than enacted.*

**Population: Per Diem Expenditures.** The Department requests \$322,870 more than enacted from general revenues for population related expenditures that are calculated on a per diem basis, excluding staffing. The Department is experiencing increased per diem expenditures, including additional medical costs for increased hospital beds. The request also includes increased expenses for food due to cost fluctuations and supplies and testing based on prior year experience. This request assumes \$3,919 per inmate for items such as food, linen, household supplies and medical services; the enacted budget assumes \$3,817. In FY 2013, the Department’s reported per inmate cost was \$4,026 or \$107 more than the current request. It should be noted, the Department anticipates continued expenditures for increased hospital beds in the current year, and as a result, the requested funding for medical expenses is closer to FY 2013 expenditure experience. It appears this is a conservative request in the event of

some recurring health issues with the inmate population. *The Governor recommends funding as requested.*

**State Criminal Alien Assistance Funds.** The Department requests \$27,245 more than enacted from general revenues to reflect overestimated 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 \$0.7 million, which is \$27,245 higher than the grant funds awarded for FY 2013. The federal award for FY 2014 is expected to be consistent with the grant awarded for FY 2013 and the Department's revised request increases general revenues to offset this potential shortfall. *The Governor recommends \$0.8 million federal funds, which provides for general revenue savings of \$105,679, compared to enacted based on the actual FY 2014 award to reflect use of these funds instead.*

**Weapons Requalification.** The Department requests \$519,224 from general revenues for expenses associated with the annual weapons requalification for correctional officers. This includes overtime and benefit expenses as well as ammunition, transportation and firing range rental costs. The 2008 Assembly adopted legislation to allow for biennial weapons requalification and the FY 2009 enacted budget includes funding reflective of this legislative change. On April 25, 2013, the Rhode Island Supreme Court upheld an arbitration decision to allow for annual weapons requalification for correctional officers. This request reflects estimated costs associated with annual weapons requalification for the Department. *The Governor recommends funding as requested.*

**Correctional Industries Offset.** The FY 2014 enacted budget includes an initiative aimed at reducing general revenue expenses by \$1.0 million from shifting supervision costs for work crews from general revenues to Correctional Industries' internal service fund. The Department requests \$0.5 million from general revenues to reflect partial savings and offset remaining expenses that were not shifted to the internal service fund. The Department maintains that Correctional Industries' internal service fund does not have enough available cash to absorb all of the supervision costs and therefore, cannot realize the entire savings. *The Governor recommends funding as requested.*

**New Officer Class Delay.** The FY 2014 enacted budget includes \$726,698 from general revenues for a new correctional officer class for the current year. This includes enacted savings of \$51,051 from offsetting the need for additional overtime expenses by hiring new officers. The savings were initially proposed by the Department and assumed the hiring of 24.0 new entry-level correctional officers for total costs of \$2.3 million to offset overtime expenses of \$2.3 million for a net savings of \$51,051.

Subsequent to its budget submission, the Department received a letter from the United States Department of Justice which questions the Department's measuring method of knowledge, skills and abilities needed to work as a correctional officer. This federal probe has caused the Department to subsequently request that this be delayed into FY 2015. *The Governor recommends delaying this class from FY 2014 to FY 2015 and includes payroll savings of \$0.7 million in the current year and offsets the enacted savings of \$51,051.*

**Institutional Corrections Staffing.** The Department requests \$4.3 million more than enacted, nearly all from general revenues for staffing costs within its Institutional Corrections program. This primarily reflects increased overtime expenses based on current population. The Department is experiencing an increase in its awaiting trial population, which has resulted in the opening of additional housing modules and the utilization of overtime to pay for additional posts supervision. The request also includes \$0.3 million for unanticipated additional costs for vendor and equipment supervision during

construction within secured facilities, and \$0.5 million for updated benefit rates based on Budget Office planning values.

The enacted budget includes turnover savings of \$6.6 million from general revenues. This suggests that 1,145.2 of the 1,204.0 authorized positions are funded. The Department's revised budget restores \$1.7 million of the savings to reflect filling additional positions. As of December 14, 2013, the Department had 1,171.0 filled positions within Institutional Corrections, or 33.0 below the authorized level.

*The Governor recommends \$3.7 million less than requested, nearly all from general revenues to reflect \$2.0 million in additional turnover savings and \$0.8 million from statewide medical benefit savings. His recommendation also includes the transfer of \$0.8 million from general revenues to Rhode Island Capital Plan funds to reflect supervision costs for outside contractors and inmate work crews working within secured facilities. This is not an allowable use of Rhode Island Capital Plan funds.*

**New Staff - 2.0 Positions.** The Department requests \$140,000 from general revenues to support 2.0 new full-time equivalent positions for the Parole Board. The positions include 1.0 Senior Word Processing Typist and 1.0 Field Investigator which are expected to assist in implementing functions related to recent legislation on Good Conduct Certificate. The Department indicates the positions were included as part of its impact statement prior to the passage of this legislation. The request assumes funding for the positions for a full year. *The Governor does not include the requested funding or positions.*

**All Other Salary and Benefit Adjustments.** The Department requests \$96,680 less than enacted from all funds, including \$129,115 from general revenues for all other salary and benefit adjustments. This includes additional savings from turnover and health benefits based on employee benefit selections. The request also includes updated benefit rates based on Budget Office planning values. The enacted budget includes turnover savings of \$1.0 million from general revenues. This suggests that 206.2 of the 215.0 authorized positions are funded. The Department's revised budget includes \$1.2 million savings from turnover to reflect keeping administrative positions vacant in order to achieve additional savings. As of December 28, 2013, the Department had 193.0 filled positions or 22.0 fewer than the authorized level.

The FY 2014 enacted budget includes salary and benefit costs for Parole Board members, including the state share of employee retirement costs based on the salary paid. Board members do not receive retirement benefits and this was included in error. *The Governor recommends \$0.8 million less than requested from general revenues to reflect \$366,307 in additional turnover savings, \$204,284 for overtime savings, \$70,000 from adjusting retirement benefits to exclude Board members and \$140,808 from statewide medical benefit savings.*

**Electronic Medical Records System Update.** The Department requests \$372,000 from general revenues to update the software licenses for the electronic medical records system and for continuous consultant services for the inmate and probation and parole tracking database. The Department indicates this new upgrade requirement became known over the summer of 2013 and is required in order to continue the processing of medical claims through the Medicaid system. Consultant services are necessary for the maintenance and operation of the Department's system that tracks the inmate population. The Department indicates this request is essential to the operation of the electronic medical records system. *The Governor recommends \$115,000 less than requested to reflect a reduction for consultant services for the Department's database system that tracks the inmate population.*

**Medical Contracts and Equipment.** The Department requests \$319,857 more than enacted from general revenues for medical services as well as new dental equipment based on the needs of the current population. The Department indicates a chief dental position and a physician position are currently vacant and therefore, anticipates additional contract services will be needed until the positions are filled. The request also includes \$150,000 to replace existing dental equipment that are most frequently utilized to provide dental services for inmates. These expenses are partially offset by a reduction of \$57,248 to correctly reflect the expected value of the substance abuse contracts for the current fiscal year. *The Governor does not recommend the requested increase and further reduces medical contracts by \$20,143 based on prior year expenditure experience.*

**Recidivism Reduction Grant.** The Department requests \$536,327 from federal funds to reflect a balance carried forward from prior years for a 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 safe and successful transition from prison or jail to the community. The grant was originally awarded for FY 2012 through the end of the first quarter of FY 2014, but the Department received an extension for funding allocation through the end of the first quarter of FY 2015. 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 recommends funding as requested.*

**Staff Development Grants.** The Department requests \$28,679 more than enacted from federal funds to reflect increased federal grants that support existing staff development programs for the current fiscal year. Grant funds are awarded to enhance numerous staff activities aimed at crime control, 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 recommends funding as requested.*

**Community Corrections Grants.** The Department requests \$30,619 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 victim 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 recommends funding as requested.*

**Capital Projects.** The Department requests \$1.8 million more than enacted from Rhode Island Capital Plan funds, including \$0.4 million carried forward from FY 2013 for its capital projects for FY 2014. This reflects delays caused by the Division of Purchasing as well as inclement weather. The Department notes that three roof projects were awarded in FY 2013 to begin in April, but the work did not start until late May or early June due to contract delays. *The Governor recommends \$4.4 million less than requested to reflect updated project schedules. The overtime costs of \$0.8 million transferred from general revenues to Rhode Island Capital Plan funds are reflected within the asset protection account. A more detailed description of the capital projects is available in the Capital Budget section of this publication.*

**All Other Operations.** The Department requests \$0.2 million more than enacted, nearly all from general revenues for all other operations for the current fiscal year. This includes new expenses for vendors that are providing qualified expert services to the Department, educational testing services for inmates in line to receive their general education diploma and new vehicles. Other requested increases

are primarily for additional supplies for office, kitchen, household and security, as well as storage costs based on storage retention policies. These expenses were partially offset by reductions for training and educational services, and a minor surplus from litter work crews based on revenues achieved in FY 2013. It should be noted, the FY 2014 enacted budget includes \$96,074 from general revenues for court overhead charges for office space and utilities.

*The Governor recommends \$0.8 million less than requested, nearly all from general revenues, to primarily reflect savings of \$350,000 from delaying the time tracking system until FY 2015. He also includes a \$95,183 reduction to contract services for facilities and maintenance, inmate classification and ground maintenance, including tree cutting and filling potholes. Other recommended savings include \$100,244 from snow removal expenses, \$32,188 from office supplies, \$23,426 from court overhead costs based on revised charges issued by the Judiciary, \$22,398 from vehicle lease payments and \$26,753 from legal services and travel expenses.*

## Judicial Department

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
Supreme Court	\$ 31,750,390	\$ 31,365,614	\$ 36,357,403	\$ 31,906,875
Defense of Indigent Persons	3,391,744	3,562,240	3,542,240	3,542,240
Commission on Judicial Tenure & Discipline	113,327	115,627	115,582	115,054
Superior Court	21,804,400	22,695,509	22,463,611	22,371,420
Family Court	19,834,155	21,109,265	21,219,472	20,726,785
District Court	11,825,392	12,843,456	12,471,150	12,415,149
Traffic Tribunal	7,933,583	8,090,350	8,626,061	8,580,578
Workers' Compensation Court	7,359,644	7,842,060	7,834,530	7,834,530
<b>Total</b>	<b>\$ 104,012,635</b>	<b>\$ 107,624,121</b>	<b>\$ 112,630,049</b>	<b>\$ 107,492,631</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 76,130,953	\$ 80,347,055	\$ 80,760,643	\$ 80,074,366
Contracted Services	1,827,175	2,382,741	2,256,696	2,158,246
<b>Subtotal</b>	<b>\$ 77,958,128</b>	<b>\$ 82,729,796</b>	<b>\$ 83,017,339</b>	<b>\$ 82,232,612</b>
Other State Operations	11,416,578	9,877,792	10,869,912	10,317,221
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	10,470,823	11,315,642	11,022,031	11,022,031
Capital	4,167,106	3,700,891	7,720,767	3,920,767
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 104,012,635</b>	<b>\$ 107,624,121</b>	<b>\$ 112,630,049</b>	<b>\$ 107,492,631</b>
<b>Sources of Funds</b>				
General Revenue	\$ 87,871,336	\$ 91,681,359	\$ 93,442,491	\$ 91,405,406
Federal Aid	2,043,111	2,624,248	2,063,760	2,063,760
Restricted Receipts	10,393,917	11,803,514	11,638,515	11,838,182
Other	3,704,271	1,515,000	5,485,283	2,185,283
<b>Total</b>	<b>\$ 104,012,635</b>	<b>\$ 107,624,121</b>	<b>\$ 112,630,049</b>	<b>\$ 107,492,631</b>
<b>FTE Authorization</b>	<b>723.3</b>	<b>726.3</b>	<b>726.3</b>	<b>726.3</b>
<b>FTE Average</b>	<b>669.7</b>			

**FY 2014 Revised Request.** The Judiciary requests an additional \$5.0 million for FY 2014 including \$1.8 million more from general revenues and \$4.0 million more from Rhode Island Capital Plan funds, offset by decreases of \$0.6 million from federal funds and \$0.2 million from restricted receipts. Compared to the Department's original FY 2014 request, the revised request for general revenues of \$93.4 million is \$0.1 million more. Consistent with the enacted authorization, the Department requests 726.3 full-time equivalent positions. *The Governor recommends \$107.5 million, which is \$0.1 million less than enacted and \$5.1 million less than requested. Changes to the enacted budget include \$0.3 million less from general revenues, \$0.5 million less from federal funds and \$0.7 million more from Rhode Island Capital Plan funds. He includes the enacted level of 726.3 positions.*

**Pay-Go Judges Pensions.** The revised request includes a decrease of \$0.2 million from general revenues for retirement costs for judges and magistrates who are not part of the state employee retirement system. This revision reflects actual costs for current retirees. Currently, there are seven judges not in the pension system and they all meet the eligibility threshold to retire at reduced benefits of 75.0 percent. *The Governor recommends funding as requested.*

**Salaries and Benefits.** The Judiciary requests \$80.8 million for salaries and benefits, which is \$0.4 million more than enacted including \$1.3 million more from general revenues offset by \$0.3 million less from federal funds and \$0.6 million less from restricted receipts. The request reflects the restoration of \$0.8 million of turnover included in the enacted budget, as well as shifting \$0.4 million of personnel expenditures from restricted receipts to general revenues, which would increase the amount of available restricted receipts for other uses. The revised request contains \$1.9 million of turnover savings, which, based on the Judiciary's average salary per position of \$72,641 is equivalent to 25.7 positions. As of the final pay period in November, the Judiciary had 42.8 vacant positions.

The Department subsequently submitted a corrective action plan which reduced general revenue funded personnel expenditures by shifting \$0.2 million to federal grants which were not originally used to offset the expenditures. *The Governor recommends \$0.3 million less than enacted, including \$0.2 million less from general revenues, and does not restore the turnover savings requested by the Department. The recommendation includes a reduction of \$0.4 million to reflect statewide benefit savings and also includes the fund shift included in the corrective action plan.*

**Case Management System.** The Judiciary requests \$1.8 million from restricted receipts, \$0.4 million more than enacted to purchase computers, servers and software for the ongoing implementation of its case management system. The 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. It should be noted the revised request shifts \$0.4 million of expenditures budgeted for personnel to general revenues, while using the restricted receipts for capital expenditures related to the system. This essentially reverses the Assembly's decision to fund a portion of personnel costs with restricted receipts, consistent with the Governor's recommendation.

The Department subsequently submitted a corrective action plan which shifts \$0.5 million of general revenue funded operating and personnel expenditures to restricted receipts, which the Judiciary had requested be used for the case management system. The Department has noted that without the restricted receipts, it will require another source of funding for the project. *The Governor recommends funding as requested in the corrective action plan.*

**Court Technology.** The Judiciary requests \$2.6 million from general revenues, \$0.4 million more than enacted to purchase computers, servers and software for information technology throughout the Department. The Judiciary notes that the additional funds are programmed to pay for increased costs for software agreements and maintenance contracts. *The Governor recommends funding as requested.*

**E-Citation Grant.** The Judiciary's revised request removes \$0.2 million from federal funds budgeted for an e-citation program. The Department had originally planned to implement the program, which allows for the immediate transfer of citations from law enforcement officials to the court system; however, due to the availability of staff, the Judiciary has decided not to proceed with the program. The Judiciary has noted that the funding is available for use by other state agencies and local law enforcement agencies. *The Governor recommends funding as requested.*

**Capital Projects.** The Department requests \$4.0 million more than enacted from Rhode Island Capital Plan funds for its capital projects during FY 2014. This includes an additional \$2.8 million for the expansion of the Noel Judicial Complex in Kent County and \$0.5 million more for upgrades to the Licht Judicial Complex in Providence. Funding is consistent with the amounts requested in the Judiciary's capital budget request. A detailed description of these projects is included in the Capital Budget section of this publication. *The Governor recommends \$3.3 million less than requested to reflect delays for the Licht and Noel judicial complexes.*

**All Other Operations.** The Department requests \$0.1 million more than enacted for all other operations. This includes \$0.2 million more from general revenues offset by \$0.1 million less from federal funds. Adjustments include additional funding for general operating expenses, such as office equipment and supplies, along with reductions for temporary services. *The Governor recommends \$0.7 million less than requested to reflect a reduction of \$0.6 million for subscription services at the law library and \$0.1 million less for supervision of court ordered child visits. The reduction to subscription services is being recommended to reflect a downward revision for these costs by the Budget Office, although they were not reduced in the revised request.*



## Military Staff

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
National Guard	\$ 15,387,336	\$ 19,885,343	\$ 22,829,134	\$ 20,214,284
Emergency Management	25,326,212	23,272,171	27,085,427	29,007,391
<b>Total</b>	<b>\$ 40,713,548</b>	<b>\$ 43,157,514</b>	<b>\$ 49,914,561</b>	<b>\$ 49,221,675</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 9,733,657	\$ 10,056,130	\$ 10,515,309	\$ 10,376,164
Contracted Services	2,164,314	2,058,039	2,478,133	2,478,133
<b>Subtotal</b>	<b>\$ 11,897,971</b>	<b>\$ 12,114,169</b>	<b>\$ 12,993,442</b>	<b>\$ 12,854,297</b>
Other State Operations	6,870,662	7,296,414	8,502,561	8,184,139
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	17,785,337	17,821,010	19,079,739	21,334,295
Capital	4,159,578	5,925,921	9,338,819	6,848,944
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 40,713,548</b>	<b>\$ 43,157,514</b>	<b>\$ 49,914,561</b>	<b>\$ 49,221,675</b>
<b>Sources of Funds</b>				
General Revenue	\$ 3,548,304	\$ 3,869,983	\$ 4,028,892	\$ 3,640,037
Federal Aid	34,152,735	34,878,752	39,144,278	41,330,122
Restricted Receipts	359,161	1,000,779	771,058	771,058
Other	2,653,348	3,408,000	5,970,333	3,480,458
<b>Total</b>	<b>\$ 40,713,548</b>	<b>\$ 43,157,514</b>	<b>\$ 49,914,561</b>	<b>\$ 49,221,675</b>
<b>FTE Authorization</b>	<b>112.0</b>	<b>117.0</b>	<b>117.0</b>	<b>117.0</b>
<b>FTE Average</b>	<b>104.0</b>			

**FY 2014 Revised Request.** The Military Staff's request includes \$49.9 million from all sources, including \$4.0 million from general revenues, \$39.1 million from federal funds, \$0.8 million from restricted receipts, \$6.0 million from Rhode Island Capital Plan funds and the enacted level of 117.0 full-time equivalent positions. *The Governor recommends \$49.2 million, \$6.1 million more than enacted primarily due to the inclusion of federally funded disaster reimbursements in the Emergency Management Agency. He also includes the authorized level of 117.0 positions.*

### National Guard

**Reappropriation.** The Governor reappropriated \$100,396 for lease expenses for the airfield at Quonset Airport that were budgeted for FY 2013 but not completed. This reappropriation is included in the revised request. *The Governor's budget includes the reappropriation.*

**Activations.** The Military Staff requests \$0.2 million from general revenues to support the activation of National Guard troops in order for the Agency to provide support to civil authorities during both emergency and non-emergency events. The request reflects a three year average of the amount of

funds the Military Staff has previously spent for these types of activations, which have not been included in previous budgets. It should be noted that this amount appears to reflect the total amount of expenditures for activations, which includes the 25 percent state match in addition to the 75 percent match from federal sources. *The Governor does not recommend the funding.*

**Indirect Cost Recovery.** Indirect cost recoveries are typically available on federal funds at a rate determined by a state agency and its federal sponsor, with the funds deposited as restricted receipts, which can then be used in lieu of general revenues. The Military Staff's enacted budget includes \$0.5 million from restricted receipts that were to be derived from indirect cost recoveries, including \$0.2 million each for the Emergency Management and National Guard programs. The National Guard component was not allowed under the agreement between the Guard and its federal sponsor. The request includes \$0.2 million from general revenues to restore funding to the National Guard program accordingly. *The Governor recommends funding as requested.*

**All Other Salaries and Benefits.** The Military Staff requests \$7.1 million for salaries and benefits for the Rhode Island National Guard. The request includes a total of \$0.4 million from general revenues, with the remainder from federal funds for 84.5 full-time equivalent positions in the Guard. The request is \$0.1 million less than enacted, including \$8,022 less from general revenues and \$64,268 less from federal funds to reflect actual filled positions during FY 2014.

*The Governor recommends \$34,115 more than requested to reflect statewide benefit savings offset by additional funding to reflect six months of funding for a position that has traditionally been 50.0 percent funded by the Emergency Management Agency. Supporting documents note that this is being recommended in anticipation of the separation of the Military Staff and Emergency Management Agency in FY 2015.*

**Counterdrug Asset Forfeiture.** The Military Staff's revised request includes \$0.3 million of restricted receipts that were not included in the enacted budget to reflect funds available from asset forfeitures generated from the Guard's counterdrug activities. The funds are part of the state's overall Google settlement, and would be used for the purchase of equipment and other supplies in support of the Guard's counterdrug operations. *The Governor recommends funding as requested.*

**Firefighting Services.** The National Guard requests \$0.2 million less than enacted from federal funds to support firefighter operations. Actual operating expenditures are approximately \$30,000 per year; however, based on the Governor's recommendation, the enacted budget inadvertently included the higher total. The request removes these funds to reflect anticipated receipts and expenditures for firefighting operations. *The Governor recommends funding as requested.*

**Rhode Island Capital Plan Fund Projects.** The Military Staff requests \$2.6 million more than enacted from Rhode Island Capital Plan funds for 11 separate ongoing projects with total funding of \$6.0 million in FY 2014. Increases above the enacted level include \$1.4 million for the Command Readiness Center building, \$0.4 million for the roof project at Camp Fogarty, \$0.3 million for the roof replacement at the Armory of Mounted Command building and \$0.2 million for asset protection projects. It should be noted that the requested amounts for certain projects are inconsistent with the funding requested in the Military Staff's FY 2015 through FY 2019 capital request. These projects are described in greater detail in the Capital Budget section of this analysis. *The Governor recommends \$2.5 million less than requested, primarily to reflect the removal of funding for the Command Readiness Center addition, for which funding was inadvertently included in the Military Staff's capital request.*

**Military Funeral Honors.** The National Guard requests \$88,830, or \$6,170 less than enacted from general revenues to reflect the projected cost for military funeral honors in FY 2014. 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 Governor recommends \$2,170 more than requested to reflect a revised estimate of stipend expenditures.*

**All Other Operations.** The Military Staff requests \$21,503 more for all other expenses for the National Guard. This includes \$58,049 more from general revenues offset by \$36,546 less from federal funds. The general revenue increase primarily reflects a higher state match for building maintenance expenses, which is a shared expense with the federal sponsor. The decrease in federal funds primarily reflects a lower than enacted cost projection for heating expenses. *The Governor recommends funding as requested.*

### **Emergency Management Agency**

**Statewide Communications Network.** The Agency requests \$0.2 million less from general revenues for the Rhode Island Statewide Communications Network. Funding is used for a contract with Motorola to maintain 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 decrease reflects the actual cost for the contract, which was renegotiated for a lower cost at the beginning of FY 2014. *The Governor recommends \$0.2 million less than requested to reflect additional contractual savings that were excluded from the revised request.*

**Indirect Cost Recovery.** Indirect cost recoveries are typically available on federal funds at a rate determined by a state agency and its federal sponsor, with the funds deposited as restricted receipts, which can then be used in lieu of general revenues. The Military Staff's enacted budget includes \$0.5 million of restricted receipts derived from indirect cost recoveries, including \$0.2 million each for the Emergency Management and National Guard programs. The enacted budget removed \$0.2 million each from general revenues and federal funds, while restricted receipts were added in their place. The restricted receipts included for the Emergency Management Agency were not achievable due to lower than anticipated cost recovery amounts; however, the Agency was able to achieve the general revenue savings elsewhere in its budget. Because the savings were achieved without reducing federal funds to offset additional restricted receipts, the Agency is requesting the federal funds be replaced to properly reflect their anticipated receipt and expenditure. *The Governor recommends funding as requested.*

**Salaries and Benefits.** The Military Staff requests \$0.1 million more from all sources for salary and benefit expenditures for 32.5 positions in the Emergency Management Agency. The request includes reductions of \$0.1 million from general revenues and \$0.6 million from restricted receipts offset by an increase of \$0.8 million from federal funds. The request assumes turnover for 1.0 position. As of the first pay period in October the Agency had 9.0 vacant positions. *The Governor recommends \$12,000 less than requested to reflect the inclusion of an additional \$50,000 for projected overtime costs offset by reductions to reflect statewide benefit savings.*

**Tropical Storm Irene.** In August 2011, Tropical Storm Irene touched down in Rhode Island resulting in flood and wind damage throughout the state. Due to the severity of the damages, state and quasi-

state agencies, hospitals, fire districts, colleges, utilities and municipalities were eligible for federal reimbursement of costs incurred to repair the damage. The enacted budget includes \$5.0 million from federal sources that were to be used for reimbursements. Because the reimbursements were made earlier than anticipated during FY 2013, the Military Staff's revised request removes the funding. *The Governor recommends funding as requested.*

**Emergency Operations and Performance Grants.** The Military Staff requests \$1.1 million more than enacted from federal funds to reflect revised awards and expenditures for emergency operations. Funds are used for construction and renovation of a state or local government's principal emergency management operations center, and also provide support for emergency operations. *The Governor recommends \$700 less than requested to reflect a minor revision to the anticipated award.*

**Disaster Funding.** The Military Staff requests \$3.8 million more than enacted, primarily from federal funds, for reimbursements to entities in the state that have applied for federal disaster relief. The increase reflects actual reimbursements to be made in FY 2014 for entities affected by Hurricane Sandy and the blizzard of 2012. The request also includes \$23,111 more than enacted from general revenues to reflect the increase in the state match for the additional federal funds. *The Governor recommends \$1.4 million more than requested to reflect additional federal funds for reimbursements for damage caused by the blizzard of 2012. The availability of funds was not finalized until after the Agency's request.*

**Other Federal Grants.** The Military Staff requests \$3.6 million more than enacted from federal funds to reflect revised grant awards and expenditures. The request includes numerous changes to multiple grants to reflect carried forward funds from previous years, as well as updated expenditure plans. Increases include \$2.7 million for homeland security funded operations, \$1.3 million for flood mitigation and \$0.5 million for terrorism prevention. The major decrease in grant funding involves the Urban Areas Security Initiatives program, which is being phased out on the federal level. *The Governor recommends \$0.8 million more than requested to reflect carry forward funds from the Urban Areas Security Initiatives grant, which were excluded from the request.*

**All Other Operating.** The Military Staff requests \$30,936 less than enacted from restricted receipts for all other operating expenditures at the Emergency Management Agency. The request includes minor adjustments to operating costs at the Agency, which have been revised to reflect available restricted receipts and planned expenditures. *The Governor recommends \$68,252 less than requested from restricted receipts to reflect reductions to miscellaneous operating costs throughout the Agency.*

## Department of Public Safety

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 5,326,003	\$ 5,347,515	\$ 5,381,695	\$ 6,011,521
E-911	4,953,735	5,488,731	5,514,873	5,444,296
Fire Marshal	2,947,784	4,027,066	3,707,738	3,722,951
Capitol Police	3,463,263	3,987,445	3,615,791	3,641,703
Sheriffs	16,900,730	17,827,108	17,987,885	17,484,637
Municipal Police Training Academy	464,465	562,173	587,849	586,804
State Police	69,811,382	86,237,711	93,909,856	87,517,080
<b>Total</b>	<b>\$ 103,867,362</b>	<b>\$ 123,477,749</b>	<b>\$ 130,705,687</b>	<b>\$ 124,408,992</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 69,263,820	\$ 76,764,459	\$ 76,343,982	\$ 75,360,294
Contracted Services	445,880	263,200	469,038	552,506
<b>Subtotal</b>	<b>\$ 69,709,700</b>	<b>\$ 77,027,659</b>	<b>\$ 76,813,020</b>	<b>\$ 75,912,800</b>
Other State Operations	8,674,584	11,852,455	14,765,715	14,961,180
Aid to Local Units of Government	52,876	-	75,000	-
Assistance, Grants, and Benefits	21,304,075	26,457,620	28,673,079	28,758,079
Capital	4,126,127	8,140,015	10,378,873	4,776,933
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 103,867,362</b>	<b>\$ 123,477,749</b>	<b>\$ 130,705,687</b>	<b>\$ 124,408,992</b>
<b>Sources of Funds</b>				
General Revenue	\$ 90,408,367	\$ 96,361,799	\$ 96,336,290	\$ 94,644,689
Federal Aid	5,960,830	6,155,535	9,311,516	10,448,443
Restricted Receipts	3,076,402	12,753,188	12,810,505	12,853,755
Other	4,421,763	8,207,227	12,247,376	6,462,105
<b>Total</b>	<b>\$ 103,867,362</b>	<b>\$ 123,477,749</b>	<b>\$ 130,705,687</b>	<b>\$ 124,408,992</b>
<b>FTE Authorization</b>	<b>609.2</b>	<b>645.2</b>	<b>641.2</b>	<b>634.2</b>
<b>FTE Average</b>	<b>573.4</b>			

**FY 2014 Revised Request.** The Department of Public Safety requests expenditures of \$7.2 million more than enacted from all sources, including \$25,509 less from general revenues, \$3.2 million more from federal sources, \$57,317 more from restricted receipts, and \$4.0 million more from other fund sources. *The Governor recommends \$0.9 million more than enacted, which is \$6.3 million less than requested. He includes \$1.7 million less from general revenues, \$1.1 million more from federal funds, \$42,250 more from restricted receipts, and \$5.8 million less from other funds.*

**Staffing Authorization.** The Department requests 641.2 full-time equivalent positions, 4.0 fewer than authorized. The request includes 3.0 additional civilian positions in the Office of the State Fire Marshal and 2.0 additional positions in Central Management. It also includes 9.0 fewer positions to reflect State Police retirements from the end of FY 2013 and the first quarter of FY 2014. It should be noted that

the enacted budget includes funding for 36.0 new State Police trooper positions; recruits are scheduled to graduate from the 55<sup>th</sup> State Police Training Academy in December 2013. *The Governor recommends 634.2 positions. This is 11.0 positions less than the authorized level and includes the elimination of a general counsel position and creation of a paralegal position in Central Management, the elimination of 10.0 State Police positions to reflect retirements, and the elimination of the Director of the Municipal Police Training Academy position.*

### **E-911 Telephone System**

**Salaries and Benefits.** The Department requests \$45,721 more than enacted from general revenues for E-911 salaries and benefits. The request reflects funding for the authorized amount of 50.6 full-time equivalent positions, including \$55,722 from general revenues for 3.0 telecommunicator positions assumed vacant in the enacted budget. The request assumes filling these positions as of April 1, 2014. *The Governor recommends \$0.1 million less than requested, including \$45,721 less than requested from maintaining the 3.0 vacant positions for the full fiscal year, and \$21,921 less from statewide medical benefit savings.*

**Telecommunication Systems.** The Department requests \$47,810 less than enacted from general revenues for telecommunication service expenditures related to providing E-911 access. The request reflects the renegotiation of two telecommunication contracts, including the elimination of contracted secondary answering point services, and the extension of support contracts for Division equipment. The Department now maintains a secondary public safety answering point at 88 Smith Street in North Providence. *The Governor recommends funding as requested.*

**Other Operations.** The Department requests \$49,550, which is \$28,231 more than enacted from general revenues for all other E-911 operations. The request includes \$6,000 for the purchase, installation, and service charges associated with an alarm system for the secondary Public Safety Answering Point at 88 Smith Street and \$21,850 from general revenues for E-911 general and office supplies. These expenses appear to have been mistakenly excluded from the Department's FY 2014 request, and were therefore excluded from the enacted budget. *The Governor recommends \$6,000 less than requested, excluding the requested funding for the alarm system.*

### **Fire Marshal**

**Fire Safety Inspectors.** The Department requests \$53,831 from general revenues for the creation of 3.0 new full-time fire safety inspector positions to be filled on April 1, 2014 in the Office of the State Fire Marshal. The request reflects an anticipated significant increase in workload associated with planning and construction in the Interstate 195 Redevelopment District. The Office anticipates that building and architectural plans for approximately \$400 million in development projects will begin the review process in the fourth quarter of FY 2014. Inspection of construction is anticipated to begin in the winter of 2015. *The Governor does not recommend the positions or funding.*

**All Other Salaries and Benefits.** Excluding the new positions, the Department requests \$2.8 million, which is \$8,786 less than enacted from all sources for salaries and benefits for the authorized amount of 36.0 full-time equivalent positions. This includes \$0.1 million less from general revenues, \$0.1 million more from restricted receipts associated with an increase in Fire Training Academy staffing, and \$150 more from Quonset Development Corporation funds for building inspections. The request includes a year's funding for 33.0 positions and 3.0 positions to be filled on April 1, 2014. As of the pay period ending November 16, 2013, the Office reported 5.0 vacancies. The request includes \$0.1 million in additional turnover savings, and \$20,000 more than enacted for overtime in response to increased

workload and unanticipated vacancies. The remaining adjustments are consistent with current planning values and employee benefits selections.

*The Governor recommends \$34,424 less than requested from all sources, including \$67,674 less from general revenues; the recommendation shifts 20.0 percent of funding for the State Fire Marshal from general revenues to Fire Training Academy receipts; collections to date indicate there are funds to support this shift. He recommends maintaining 2.0 positions vacant for the full fiscal year, excludes the requested increase in overtime, and recommends \$8,706 less from general revenues to reflect statewide medical benefit savings.*

**Grant Adjustments.** Excluding salaries and benefits, the Department requests \$0.2 million from federal funds for the purchase of equipment and fire safety supplies in support of the Fire Marshal's Bomb Disposal unit and for hazardous materials training programs held at the State Fire Training Academy. These funds are carried forward from FY 2013. *The Governor recommends \$0.1 million more than enacted to reflect available funds.*

**Fire Training Academy.** Consistent with its capital budget request, the Department requests \$0.6 million less than enacted from Rhode Island Capital Plan funds for the second phase of construction at the Fire Training Academy, reflective of an updated project schedule. *The Governor recommends funding as requested.*

**Other Operations.** The Department requests \$12,127 more than enacted from all sources for all other Fire Marshal operations. This includes \$10,474 more from general revenues, \$1,739 more from restricted receipts, and \$86 less from other fund sources. The revised request includes \$2,000 more than enacted for K9 unit veterinary services, and \$14,023 more for fuel and utilities, consistent with historical expenditures. Also included is \$7,450 less for research and reference materials related to the adoption of the 2012 fire code that were purchased in FY 2013. *The Governor includes \$6,200 less than requested from general revenues, including \$5,000 for staff training and \$1,200 for veterinary services to reflect historical spending.*

### Capitol Police

**Salaries and Benefits.** The Department requests \$376,854 less than enacted from general revenues for Capitol Police salaries and benefits, reflecting a shift in fund sources for these expenses. The request fully funds 37.0 full-time equivalent positions and includes \$41,533 for seven months of funding to fill a currently vacant officer position on December 1, 2013. The request includes \$0.1 million in turnover savings, consistent with maintaining 2.0 officer positions vacant for the fiscal year.

It should be noted that the current staffing authorization for the division is 43.0 full-time equivalent positions funded from general revenues. The enacted budget assumes an additional 8.0 positions are funded through an internal service fund and are not reflected in the expenditure totals. The request includes the total authorization of 51.0 full-time positions; however, it shifts funding for 3.0 positions from general revenues to Capitol Police Rotary funds. It should be noted that the Capitol Police Rotary is funded from payments made by other state departments. The requested decrease in general revenues is not actual state savings.

*The Governor recommends \$25,912 more than requested from general revenues, including \$19,497 less from statewide medical benefit savings and \$45,391 more from adjustments to benefits mistakenly omitted from the Department's request. He recommends the requested shift of 3.0 positions to Capitol Police Rotary funds.*

**All Other Operations.** The Department requests \$5,200 more than enacted from general revenues for all other Capitol Police operations. This includes \$3,400 less for telecommunication expenses, reflective of the use of radios provided to the division in FY 2013. Also included is \$8,300 more for the Capitol Police fleet, consistent with historical expenditures. *The Governor recommends funding as requested.*

### **Sheriffs**

**Salaries and Benefits.** The Department requests \$162,097 more than enacted from general revenues for salary and benefit expenses for the Sheriffs. The request includes funding for the authorized 180.0 full-time equivalent positions. The request reduces turnover savings to \$0.5 million, equivalent to 5.1 vacant positions assuming an average cost of \$97,141. The enacted budget assumes 7.2 positions vacant for the current year. It should be noted that the Department's request is \$1.0 million more than final FY 2013 expenditures. It appears that the revised request exceeds amounts necessary to fill vacancies on the Department's anticipated schedule. *The Governor recommends \$0.5 million less than requested which funds 2.0 deputy sheriff positions as of December 1, 2013, but maintains 8.0 positions vacant for the full fiscal year. He includes \$68,588 less than requested to reflect statewide medical benefit savings.*

**Computer Purchases.** The Department requests \$68,631 more than enacted from general revenues for computer and printers for the Division of Sheriffs, in order to better equip the Division to perform its statutory obligations. Computers, email access, and printers are anticipated to assist the Sheriffs in fulfilling their duties and maintaining communication. It should be noted that the Department could not provide information regarding the number of computers or printers being requested and \$40,000 from Rhode Island Capital Plan funds is included in the Department's capital budget request to purchase 29 computers and 20 printers for the Division. It appears that Google forfeiture funds may be available for the requested purchases, rather than general revenues. *The Governor recommends funding as requested.*

**Supply and Equipment Purchases.** The Department requests \$50,000 more than enacted from general revenues for basic supplies and equipment for the Sheriffs. The Department notes that the Sheriffs are not properly equipped to perform the division's statutory obligations, but did not provide any information regarding specific items to be purchased. Google forfeiture funds available to the Department may be able to be used for supply purchases, rather than general revenues. *The Governor recommends funding as requested.*

**Other Operations.** The Department requests \$119,951 less than enacted from general revenues for all other operations expenses for the Sheriffs program. This includes \$108,015 less for payments made to the Department of Administration for Sheriffs locations in Judicial and Correctional facilities reflective of FY 2013 expenditures, \$58,700 less for staff training reflective of an academy completed in FY 2013, and \$9,643 less for witness payments. Decreases are offset by \$27,900 more than enacted for Sheriffs' uniforms and \$15,543 more than enacted for fleet maintenance. The revised request is consistent with spending for these items for FY 2012 and FY 2013. *The Governor recommends \$24,000 less than requested to reflect an updated cost of leased parking spaces determined after the Department's revised request submission.*

### **Municipal Police Training Academy**

**Personnel and Operations.** The Department requests \$25,676 more than enacted from all funds for personnel and operations expenditures for the Municipal Police Training Academy. This includes

\$55,573 less from general revenues, \$21,249 more from federal funds, and \$60,000 more from restricted receipts. The revised request includes \$57,368 of savings from maintaining the Director of Academy position vacant for the fiscal year. The position is currently filled by a State Police sergeant. The request also includes \$83,044 more than enacted from all funds for Academy operations, reflective of current class schedules. *The Governor recommends \$1,045 less than requested from general revenues to reflect statewide medical benefit savings and eliminates the vacant academy director position. He includes funding for operations expenditures as requested.*

## State Police

**Lead Information System Specialists.** The Department requests \$41,932 from general revenues for the creation of 2.0 new full-time equivalent civilian positions within the State Police. The request includes funding for 2.0 new lead information system specialists, anticipated to be hired on April 1, 2014. The Department reports that its current staff lacks necessary technical support expertise. It is unclear why these positions were omitted from the Department's FY 2014 operating request. The Department is not requesting an increase in its full-time equivalent authorization as it currently has numerous vacancies. *The Governor recommends the creation of 1.0 position, but does not include funding for FY 2014; he includes a full year of funding in his FY 2015 recommendation.*

**Contract Arbitration.** In September 2013, an arbitration panel ruled in favor of a 3.0 percent raise of base salary for all troopers with ranks below Lieutenant. The Department submitted its budget request on October 1, 2013; however, it did not include an increase in salaries and benefits associated with the arbitration ruling. The audited FY 2013 closing report included an additional \$0.6 million for salary and benefit increases retroactive for that fiscal year. *The Governor includes \$0.7 million from general revenues for these expenses for the current year and \$0.8 million for FY 2015.*

**All Other Salaries and Benefits.** The Department requests \$0.3 million less than enacted from all sources for all other State Police salaries and benefits, reflective of savings from the retirement of nine sworn members of the Division in the second half of FY 2013 and in the first quarter of FY 2014. The request does not eliminate the 9.0 positions. Sources for the change include \$0.3 million less from general revenues, \$0.4 million more from federal funds, \$0.2 million more from restricted receipts, and \$0.6 million less from Department of Transportation reimbursement funds.

Consistent with the enacted budget, the request includes salaries for recruits of the 55<sup>th</sup> State Police Training Academy for half of the fiscal year and a half year of salaries and benefits for 36.0 new entry-level troopers. Also included is funding for 220.0 sworn members and 79.0 full-time civilian support positions and the enacted amount of \$1.0 million of turnover savings.

*The Governor recommends \$1.1 million less than requested, including \$1.3 million less from general revenues. He eliminates 10.0 trooper positions to reflect recent retirements and includes \$1.0 million in additional turnover from anticipated further retirements. The Budget includes \$0.2 million less than requested for overtime expenses to reflect historical expenditures and \$0.1 million less for statewide medical benefit savings.*

**Pay-Go Pensions.** The Department requests \$119,820 less than enacted from general revenues for State Police pay-go pension benefits. The request includes 203 regular pensions, 40 widows' pensions, and 15 disability pensions. Following the submission of its revised FY 2014 request, the Department updated its pension projections which showed there may be \$33,000 of additional savings for the current year. *The Governor recommends funding as requested.*

**55<sup>th</sup> Training Academy Operations.** The Department requests \$300,443 more than enacted from general revenues for supplies, equipment, and medical services for the 55<sup>th</sup> State Police Training Academy class. This includes \$0.1 million more than enacted for medical treatment of recruits injured while training and \$0.2 million more for laptops, firearms and ammunition, and portable radios. These expenses appear to have been mistakenly excluded from the Department's FY 2014 operating request and were therefore not included in the enacted budget. The class is scheduled to graduate in December 2013. *The Governor recommends funding as requested.*

**56<sup>th</sup> Training Academy Recruitment.** The Department requests \$63,226 from general revenues for recruitment, screening, and testing of the 56<sup>th</sup> State Police Training Academy class. The Department intends to begin recruitment and testing in the fourth quarter of FY 2014, however no specific timeline is provided for candidate review, physical, or psychological testing. The Academy is requested to begin on March 8, 2015, which is FY 2015. Personnel and operations expenditures for the 56<sup>th</sup> Academy are included in the FY 2015 operating request. It is possible that the request under-funds candidate recruitment and testing. It should be noted that the enacted budget does not include Academy class recruitment, as it was not requested by the Department or recommended by the Governor for the current year. *The Governor does not recommend the funding.*

**Tactical Equipment and Communications.** Excluding expenditures for the 55<sup>th</sup> State Police Training Academy, the Department requests \$1.4 million more than enacted from all sources for State Police supplies and equipment. This includes \$236,530 more from general revenues, \$1.2 million more from federal funds, and \$7,941 less from Department of Transportation reimbursement funds. The enacted budget does not include expenditures for tactical equipment, communications equipment, and firearms deemed necessary for operations undertaken in the fourth quarter of FY 2013 and the first quarter of the current year. It appears that Google forfeiture funds may be able to be used for this purchase, rather than general revenues.

*The Governor recommends \$43,618 more than requested from all funds, including \$160,000 from federal funds granted to the Department following its revised budget submission. He recommends use of \$120,382 from federal funds instead of the general revenues requested for communication systems maintenance.*

**Modernization.** The Department requests \$11.5 million, which is \$0.7 million less than enacted from restricted receipts for State Police modernization programs including fleet purchases and staff training, reflective of anticipated expenses. In 2011, 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 Title 42, Chapter 41, Section 6, all expenditures of federal funds must be first appropriated or reappropriated by the Assembly and the Governor. *The Governor recommends funding as requested.*

**Forfeited Property Sharing.** Consistent with historical and anticipated expenditures, the Department requests \$25,000 less than enacted from restricted receipts for the sharing of forfeited property with other law enforcement agencies. These are funds forfeited to the Division as a result of closed cases. *The Governor recommends funding as requested.*

**Federal Forfeitures.** The Department requests \$0.6 million, which is \$0.4 million more than enacted 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 or property to purchase new equipment, per Department of Justice guidelines. *The Governor recommends funding as requested.*

**State Fleet.** The Department requests \$2.7 million, which is \$0.6 million more than enacted from all funds for costs associated with the Division's fleet of vehicles, including \$15,773 less from general revenues, \$0.6 million more from federal funds, and \$0.1 million more from Department of Transportation reimbursement funds. The request reflects maintenance costs consistent with FY 2013 expenditures and the enacted amount of \$0.3 million from general revenues for fleet replacement costs. The Division has purchased new vehicles in each fiscal year since FY 2011; this includes expenditures from Google forfeiture funds for 151 vehicles in FY 2013. *The Governor recommends \$123,502 less than requested from general revenues to reflect an updated repayment schedule for vehicles purchased in FY 2013.*

**Federal Grant Adjustments.** The Department requests \$0.9 million, which is \$0.8 million more than enacted from federal funds for adjustments to State Police grant programs, the majority of which were carried forward from FY 2013. The Department expended \$1.4 million less than enacted for State Police federal grant programs for FY 2013. Vacancies in the Division prevented grant funding from being expended as anticipated. *The Governor recommends \$24,000 more than requested from federal funds to reflect available funds for the FY 2010 Urban Security program, carried forward from FY 2013.*

**Capital.** Consistent with its capital budget request, the Department requests \$5.1 million more than enacted from Rhode Island Capital Plan funds for repairs to State Police parking facilities, improvements to the State Police Barracks, completion of microwave tower installation, and the expansion and renovation of ancillary buildings at the Department's Headquarters facility in North Scituate. *The Governor recommends \$1.6 million, which is \$5.8 million less than requested to reflect modifications to projects as described in the Capital Budget Section of this analysis.*

**All Other Operations.** The Department requests \$1.9 million, which is \$40,639 more than enacted from all sources for all other State Police operations. This includes \$8,225 less from general revenues, \$5,864 more from federal funds, \$40,000 more from restricted receipts, and \$3,000 more from Department of Transportation reimbursement funds for miscellaneous office supplies and expenses. The request is consistent with historical expenditures. *The Governor recommends \$39,803 less than requested from all funds, including \$22,825 less from general revenues to reflect anticipated expenses for headquarters maintenance.*

### **Central Management**

**General Counsel.** The Department requests \$33,264 from general revenues to fund a full-time equivalent general counsel position within its Central Management division. The transfer of the Sheriffs has increased the Department's responsibilities for labor negotiations and disputes, regarding individual officers and the Sheriffs as a division. This position is requested to relieve some of the burden on the Department's current general counsel and paralegal.

It should be noted that the Department requested the position in its revised FY 2013 request. The Governor recommended the position, but did not recommend funding. The Assembly concurred. The Department anticipates filling this position on April 1, 2014. *The Governor does not recommend the funding and eliminates the position.*

**Paralegal.** The Department requests \$17,816 from general revenues for the creation of a full-time paralegal position within its Central Management division. The transfer of the Sheriffs has increased the Department's responsibilities for labor negotiations and disputes, regarding individual officers and the Sheriffs as a division. This position is requested to relieve some of the burden on the Department's current general counsel and paralegal. It should be noted that the Governor recommended the creation of this position for the current year, though the Department had not included it in its FY 2014 operating request. The Assembly did not concur. *The Governor recommends the position but excludes the funding for FY 2014. He includes the position and requested funding for FY 2015.*

**Public Information Officer.** The Department requests \$30,403 from general revenues for the creation of a public information officer position within its Central Management division to assist State Police staff with media inquiries and public relations. It should be noted that the Governor recommended the creation of this position for the current year, though the Department had not included it in its FY 2014 operating request. The Assembly did not concur. *The Governor does not recommend the position or funding.*

**All Other Salaries and Benefits.** Excluding the new positions, the Department requests \$51,390 less than enacted from all sources for salaries and benefits for 15.6 full-time positions for its Central Management division. This includes \$36,752 less from general revenues and \$14,638 less from federal funds. The request is consistent with current planning values and employee benefits selections.

*The Governor recommends \$139,908 more than enacted from all sources, including \$687 less from general revenues to reflect statewide medical benefit savings. The recommendation includes \$140,595 more from federal funds granted to the Department following submission of its revised request. The Budget Office indicates these funds were recommended for Central Management in error; it is unclear how these funds may be used.*

**Grant Adjustments.** The Department requests \$3.6 million, which is \$5,062 less than enacted from federal funds for federal Department of Justice grant programs administered by the Public Safety Grant Administration Office. The request is reflective of current grant awards and of FY 2013 expenditures. *The Governor recommends \$0.6 million more than requested, including \$0.3 million for the federal National Priority Safety Grant and \$0.2 million for the federal Homeland Security Grant; the funds were awarded following the Department's submission of its revised request.*

**Other Operations.** The Department requests \$9,150 more than enacted from restricted receipts for all other Central Management operations, reflective of anticipated interest from Justice Assistance Grant receipts used to provide grants to municipalities for technology purchases and support for communities' criminal justice programs. The request also includes the enacted amount of \$1,000 from general revenues for records storage and office supplies. *The Governor recommends \$10,000 more than requested to reflect available funds.*

## Office of the Public Defender

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 9,424,313	\$ 9,900,455	\$ 9,859,540	\$ 9,765,812
Contracted Services	182,032	317,802	312,998	305,016
<b>Subtotal</b>	<b>\$ 9,606,345</b>	<b>\$ 10,218,257</b>	<b>\$ 10,172,538</b>	<b>\$ 10,070,828</b>
Other State Operations	933,922	984,258	984,578	962,502
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	57,311	75,000	60,000	60,000
Capital	53,843	49,167	49,167	49,167
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 10,651,421</b>	<b>\$ 11,326,682</b>	<b>\$ 11,266,283</b>	<b>\$ 11,142,497</b>
<b>Sources of Funds</b>				
General Revenue	\$ 10,472,687	\$ 11,034,686	\$ 11,009,197	\$ 10,885,411
Federal Aid	178,734	291,996	257,086	257,086
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 10,651,421</b>	<b>\$ 11,326,682</b>	<b>\$ 11,266,283</b>	<b>\$ 11,142,497</b>
<b>FTE Authorization</b>	<b>92.0</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>
<b>FTE Avenge</b>	<b>90.2</b>			

**FY 2014 Revised Request.** The Office of the Public Defender requests \$60,399 less than enacted from all funds, including \$25,489 less from general revenues and \$34,910 less from federal funds. Consistent with the authorized level, the Office requests 93.0 full-time equivalent positions for FY 2014. *The Governor recommends \$184,185 less than enacted from all sources, including \$149,275 from general revenues. This is \$123,786 less than requested primarily to reflect turnover and statewide benefit savings.*

**Turnover Savings.** The Office requests \$40,915 less than enacted from all sources, including \$13,510 from general revenues and \$27,405 from federal funds for salaries and benefits. This reflects turnover savings achieved when several long-time employees retired. These savings are partially offset by payroll expenses shifted from federal funds to general revenues based on updated federal fund awards. The request also includes increased costs based on employee benefit selections. *The Governor recommends \$134,643 less than enacted, including \$107,238 from general revenues. His recommendation is \$93,728 less than requested, including \$36,517 from statewide medical benefit savings and adjustments based on current staffing.*

**Intake Interviewers and Case Management.** The Office requests \$8,505 less than enacted from all sources, including \$15,930 less from general revenues and \$7,425 more from federal funds reflecting an updated grant award. This includes continued funding for three temporary part-time intake interviewers and additional case management services for the Office's clients. The general revenue

reduction reflects the Office's expected need for temporary part-time interviewers based on FY 2013 expenditure experience. For FY 2013, the Office spent \$29,942 for temporary intake interviewers or \$2,058 less than the \$32,000 requested for FY 2014. FY 2012 expenses were \$13,898. *The Governor recommends \$4,281 less than requested to reflect a further reduction for temporary part-time interviewers based on FY 2012 expenditures.*

**Loan Repayment Federal Grant Award.** The Office requests \$15,000 less than enacted to reflect the grant awarded to support and encourage qualified attorneys to pursue careers as prosecutors and defenders by providing loan repayment assistance to institutions on behalf of eligible beneficiaries. This is a two-year grant awarded for FY 2014 and FY 2015, and renewal is contingent upon federal appropriations. *The Governor recommends funding as requested.*

**All Other Operations.** The Office requests \$4,021 more than enacted from all sources, including \$3,951 from general revenues for all other operations. This includes a new expense of \$3,721 to reflect the statutory 5.5 percent surcharge cost from vendors providing qualified expert services for the Office in accordance with current law but not in the enacted budget. The revised budget also includes an increase for travel expenses for indigent clients represented by the Office based on prior year expenditures. FY 2013 travel expenses were \$8,643, \$4,643 more than requested. *The Governor recommends \$25,777 less than requested to reflect reductions primarily for court overhead charges for office space and utilities based on updated charges issued by the Judiciary.*

## Department of Environmental Management

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditure by Program</b>				
Office of the Director	\$ 7,429,276	\$ 7,688,514	\$ 8,352,740	\$ 8,342,771
Bureau of Natural Resources	33,640,820	74,457,750	74,526,801	68,703,527
Bureau of Environmental Protection	26,502,690	34,033,259	31,715,388	30,446,297
<b>Subtotal</b>	<b>\$ 67,572,786</b>	<b>\$ 116,179,523</b>	<b>\$ 114,594,929</b>	<b>\$ 107,492,595</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 45,570,326	\$ 46,266,520	\$ 46,747,971	\$ 46,273,001
Contracted Services	4,884,598	13,055,301	10,003,032	8,101,527
<b>Subtotal</b>	<b>\$ 50,454,924</b>	<b>\$ 59,321,821</b>	<b>\$ 56,751,003</b>	<b>\$ 54,374,528</b>
Other State Operations	8,876,671	11,970,013	12,636,350	12,732,040
Aid to Local Units of Government	10,879	-	-	-
Assistance, Grants, and Benefits	4,234,093	5,705,816	5,713,016	5,713,016
Capital	3,996,219	39,131,873	39,444,560	34,623,011
Capital Debt Service	-	-	-	-
Operating Transfers	-	50,000	50,000	50,000
<b>Total</b>	<b>\$ 67,572,786</b>	<b>\$ 116,179,523</b>	<b>\$ 114,594,929</b>	<b>\$ 107,492,595</b>
<b>Sources of Funds</b>				
General Revenue	\$ 34,140,929	\$ 34,756,318	\$ 34,756,318	\$ 34,203,202
Federal Aid	18,300,658	38,391,731	37,958,638	36,112,636
Restricted Receipts	12,009,000	18,081,515	18,706,164	18,901,450
Other	3,122,199	24,949,959	23,173,809	18,275,307
<b>Total</b>	<b>\$ 67,572,786</b>	<b>\$ 116,179,523</b>	<b>\$ 114,594,929</b>	<b>\$ 107,492,595</b>
<b>FTE Authorization</b>	<b>399.0</b>	<b>399.0</b>	<b>402.0</b>	<b>399.0</b>
<b>FTE Average</b>	<b>381.7</b>			

**FY 2014 Revised Request.** The Department requests \$1.6 million less than enacted. This includes the enacted level of general revenues, \$0.4 million less from federal funds, \$0.6 million more from restricted receipts, and \$1.8 million less from other funds. The Department requests 402.0 full-time equivalent positions, three more than the enacted authorization.

*The Governor recommends \$107.5 million from all sources, which is \$8.7 million less than enacted and \$7.1 million less than requested. General revenues are \$0.6 million less than enacted and requested. He recommends 399.0 positions, which includes the 3.0 new positions the Department requested, offset by 3.0 vacancy reductions.*

### Office of the Director

**Salaries and Benefits.** The Department requests \$39,492 more than enacted to fully fund the 34.0 positions in the Department's administrative program, including increases of \$509 from general revenues and \$38,983 from restricted receipts. The increase primarily reflects the restoration of

turnover savings to reflect anticipated staffing costs in the office. The Department notes that it is attempting to shift the maximum eligible personnel expenditures to restricted accounts.

A large portion of the restricted receipt funding is generated through the Department's indirect cost recoveries from federal grants. These are generally used to fund administrative expenses.

*The Governor recommends \$9,969 less than requested from general revenues to reflect statewide medical benefit savings as well as benefit savings already assumed in the request.*

**Foundry Lease Payment.** The Department requests \$86,083 less from general revenues for lease related expenses. This includes \$65,160 less for property taxes to reflect its actual payment and \$20,923 less for utilities at its headquarters facility, located at the Foundry building in Providence. In March 2005, the Department entered into a ten-year lease agreement with the Foundry Associates, which is in effect from July 8, 2006 through July 7, 2016. The Department indicates that the reduction in property taxes reflects a revaluation and property tax rate freeze by the City of Providence. *The Governor recommends funding as requested.*

**Bays, Rivers and Watersheds Fund.** The Department requests \$355,817 more from the Bays, Rivers and Watersheds restricted receipt account to more accurately reflect available funding and actual work for the remainder of the year. 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 Governor recommends funding as requested.*

**DEM Renewable Energy Projects.** The Department requests \$355,000 from federal funds, including \$309,515 carried forward from FY 2013. These funds have already been spent 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 recommends funding as requested.*

### **Bureau of Environmental Protection**

**New Position.** The Department's personnel request includes one new position, in the Bureau of Environmental Protection, an air quality specialist, at an estimated annual cost of \$0.1 million from federal funds. The Department indicates that the air quality specialist performs the critical function of reviewing data in forecasting when ozone or particulate matter will exceed air quality standards. The Department further indicates that the air quality specialist is taking over the duties that had been performed by the state meteorologist who was transferred to the Office of Emergency Response. The Department notes that this position was filled in January 2014. *The Governor recommends funding and staffing as requested. He also recommends a vacancy reduction to offset the new position.*

**Other Salaries and Benefits.** The Department requests \$51,513 more than enacted for other salaries and benefits to fully fund 180.0 full-time equivalent positions in the Bureau of Environmental Protection. This includes \$71,698 less than enacted from general revenues and increased funding from restricted receipts. The increase primarily reflects the restoration of turnover savings based on anticipated staffing costs in the Bureau. The Department notes that it is attempting to shift the maximum eligible personnel expenditures to restricted accounts, which includes a shift of \$0.3 million to the Oil Spill Prevention, Administration, and Response Fund. The Department further indicates that it has shifted some positions previously funded from general revenues to this source to reflect that these

employees are performing habitat restoration and other related work. It is not clear why this was not assumed in the enacted budget. *The Governor recommends \$90,091 less than requested from general revenues to reflect statewide medical benefit savings as well as benefit savings already assumed in the request.*

**Rose Hill Landfill.** The Department requests the enacted level of \$0.2 million from general revenues for maintenance and monitoring activities at the state's Superfund site located at the former Rose Hill Landfill in South Kingstown. The Comprehensive Resource Conservation and Liability Act, known as the Superfund law, mandates that for fund-financed remedial actions, the state is required to share a minimum of 10.0 percent and up to 50.0 percent for municipal or state-operated facilities. As part of the regulations, states must agree to assume responsibility for operation and maintenance of the implemented remedial action for the expected life of such action and states must ensure that any institutional controls implemented as part of the remedial action at a site are sustained. *The Governor recommends funding as requested.*

**Brownfields.** The Department requests the enacted level of \$0.7 million 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. Funding is used to both investigate what types of hazardous materials are present, as well as assisting in the remediation of these sites. *The Governor recommends funding as requested.*

**Other Federal Grants.** The Department requests \$49,686 more than enacted from federal funds to more accurately reflect the Department's anticipated award for three grants. The changes primarily include \$40,000 more for former Department of Defense sites cleanup, \$10,000 more for the near-road monitoring program, and \$314 less for dam incidents reporting. The monitoring program reflects an Environmental Protection Agency requirement that state and local air monitoring agencies install near-road nitrogen monitoring stations at locations where peak hourly nitrogen dioxide concentrations are expected to occur.

*The Governor recommends \$1.2 million less than requested. He recommends funding as requested for the Department of Defense and near-road monitoring grants described above. The recommendation includes changes to better reflect the anticipated awards and expenditures for grants related to dam incidents reporting, diesel emissions and other pollution control programs.*

**Oil Spill Prevention, Administration and Response Fund.** The Department requests the enacted level of \$1.3 million 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 Governor recommends funding as requested.*

**Retrofitting Heavy-Duty Diesel Vehicles.** The Department requests \$260,000, or \$2.5 million less than enacted from other funds to better reflect the anticipated work for retrofitting heavy-duty diesel vehicles in FY 2014. The projects are funded by a transfer of funds from the Department of Transportation, and the funding is currently being spent to retrofit diesel school buses with pollution control equipment. The Department indicates that the deadline for spending the funding for this program is September 30, 2014. *The Governor recommends funding as requested.*

**Environmental Protection - All Other.** The Department requests \$2,854 less than enacted from general revenues for all other operating expenditures in the Bureau. This primarily reflects a reduction of the Title V clean air permit program, based on FY 2012 and FY 2013 spending. The restricted receipts requested are primarily for underground storage tank reimbursement to reflect anticipated revenues derived from a \$0.01 motor fuel surcharge and used to reimburse responsible parties for costs associated with the clean-up of leaking underground storage tanks and the Environmental Response Fund II, which reflects anticipated revenues derived from fines which are levied against entities found in violation of the state's environmental regulations and used for expenses related to environmental emergency response and preparedness. *The Governor recommends funding as requested.*

### **Bureau of Natural Resources**

**New Positions.** The Department requests \$0.1 million in FY 2014 for two new positions in the Bureau of Natural Resources. This includes \$58,213 from general revenues and \$64,198 from federal sources to fund a Senior Reconciliation Clerk in the second half of the fiscal year and an Administrative Officer, which has been filled since June 30, 2013.

The Department indicates that the general revenue funded Senior Reconciliation Clerk would be the only clerical/administrative position for the coastal resources office within the Bureau and would be responsible for the monthly slip rentals for the commercial fishing fleet in Galilee and Newport, among other duties. The Department further notes that this position has been vacant for many years, and the work has been absorbed by management services staff in Providence. The Department indicates the work has been increasingly time consuming and filling this position would allow the short-staffed management services unit to focus on their other duties and the Port Manager at Galilee to be at the port more instead of in the office.

Regarding the Administrative Officer, the Department indicates that this position will be funded 80 percent from federal funds and 20 percent from general revenues. The Department further indicates that the Administrative Officer provides direct administrative support to the Assistant Director of Natural Resources as well as coordinates the administration of the State Urban and Community Forestry Program, including fiscal oversight, grants management, technical support and outreach.

*The Governor recommends funding and staffing as requested. The recommendation also reflects two vacancy reductions to offset the new positions.*

**Other Salaries and Benefits.** The Department requests \$0.2 million more than enacted for other salaries and benefits to fund the authorized 185.0 full-time equivalent positions in the Bureau. This includes \$0.3 million more than enacted from general revenues and \$0.1 million less from federal and restricted sources. The increase reflects roughly \$0.1 million for the restoration of turnover savings to reflect anticipated staffing costs for positions in the bureau. This additional funding equates to about one full-time equivalent position. It also includes \$0.1 million more to fund seasonal staff in the Division of Parks and Recreation.

*The Governor's recommendation is \$0.4 million less than requested, including \$0.5 million less from general revenues and \$0.1 million more from restricted receipts. The general revenue reduction reflects \$0.4 million in additional turnover savings and \$0.1 million from statewide medical benefit savings as well as benefit savings already assumed in the request. The restricted receipts increase restores State Forestry Fund personnel expenditures to the enacted level. The Department indicates that it inadvertently excluded these funds from its request.*

**Parks and Recreation.** The Department requests \$0.1 million less than enacted from general revenues for its Division of Parks and Recreation, excluding salaries and benefits. The Department's proposed savings are primarily in building maintenance, insurance, miscellaneous expenses and telephone charges, and it also includes smaller savings in other areas. The proposed savings are, in some cases, based on FY 2012 and FY 2013 spending in those particular accounts.

The Department requests \$2.4 million for FY 2014, which is \$0.5 million less than its FY 2011, FY 2012, and FY 2013 spending levels. The Department notes that its spending in the last three fiscal years was impacted by the extraordinary storm events of the March 2010 floods, Tropical Storm Irene, and Hurricane Sandy. The revised request does not contemplate any such events. *The Governor recommends funding as requested.*

**Federal Grants.** The Department requests \$0.7 million less than enacted from federal funds to reflect changes to 23 separate federal grants throughout the Bureau of Natural Resources. Major changes include \$1.0 million more for Hurricane Sandy expenses, \$0.5 million less for the comprehensive wildlife management plan based on FY 2012 and FY 2013 spending, \$0.6 million less for wildlife development to better reflect the planned work, and \$0.5 million less for North American wetlands conservation, which reflects that the anticipated funds did not materialize.

*The Governor recommends \$0.7 million less than requested. This reflects awards for disaster relief on Prudence Island and animal health programs received after the Department's budget submission as well as reductions to several grants to better reflect the anticipated awards and expenditures. He recommends funding as requested for the Hurricane Sandy relief, wildlife, and wetlands grants described above.*

**Capital Projects.** The Department requests funding as enacted from Rhode Island Capital Plan funds for 11 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, construction of a new office facility for the Natural Resources Division in the Arcadia Management Area, improvements to the state's recreational facilities, maintenance and renovations at Rocky Point Park, and revitalization of the currently closed World War II State Park in Woonsocket.

The operating request is not consistent with the Department's FY 2015 through FY 2019 capital request in that different amounts are requested for the Blackstone Valley Bike Path, Newport Piers, and natural resources offices/visitor's center projects. *The Governor recommends \$16.8 million for 10 capital projects for FY 2014, which is \$4.9 million less than enacted. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

**Payments to Host Beach Communities.** The Department requests \$40,500 less than enacted from general revenues for payments to host beach communities. The request reflects actual payments owed to host beach communities, which totals \$394,500. The Department collects fees for daily and seasonal parking at seven facilities across the state and reimburses the four host communities of Charlestown, Westerly, Narragansett and South Kingstown 16.0 percent of all daily parking fees collected from Memorial Day to Labor Day. *The Governor recommends funding as requested.*

**Department of Transportation Recreational Projects.** The Department requests \$0.7 million more than enacted from other funds to reflect an increase in recreational projects funded by a transfer of federal funds from the Department of Transportation. These include maintenance of state trails, purchases of equipment and materials, and funding for materials for local communities to maintain state

trails. The revised request primarily reflects unspent funds from FY 2013 carried forward into FY 2014 for continuing work on the projects. *The Governor recommends funding as requested.*

**Natural Resources - All Other.** The Department requests \$0.1 million less than enacted from all sources, primarily from general revenues, for all other expenditures in the Bureau of Natural Resources, which primarily reflects anticipated funding from shellfish and marine license receipts. The request includes the enacted level of \$0.1 million from restricted receipts 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 program to promote the marketing of Rhode Island seafood and farm products. *The Governor recommends \$0.1 million more than requested from restricted receipts to restore the State Forestry Fund to the enacted level. The Department indicates that it inadvertently excluded these funds from its request.*

## Coastal Resources Management Council

	FY 2013	FY 2014	FY 2014	FY 2014
	Reported	Enacted	Rev. Req.	Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 3,336,196	\$ 3,440,283	\$ 3,314,026	\$ 3,162,448
Contracted Services	394,039	511,282	400,423	399,383
<b>Subtotal</b>	<b>\$ 3,730,235</b>	<b>\$ 3,951,565</b>	<b>\$ 3,714,449</b>	<b>\$ 3,561,831</b>
Other State Operations	123,202	99,536	269,488	204,988
Assistance, Grants, and Benefits	572,701	401,705	549,200	696,949
Capital	241,812	257,100	1,227,000	330,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 4,667,950</b>	<b>\$ 4,709,906</b>	<b>\$ 5,760,137</b>	<b>\$ 4,793,768</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,205,036	\$ 2,174,331	\$ 2,313,834	\$ 2,158,736
Federal Aid	2,021,633	2,160,593	2,187,303	2,335,032
Restricted Receipts	219,000	374,982	430,000	250,000
Other	222,281	-	829,000	50,000
<b>Total</b>	<b>\$ 4,667,950</b>	<b>\$ 4,709,906</b>	<b>\$ 5,760,137</b>	<b>\$ 4,793,768</b>
<b>FTE Authorization</b>	<b>29.0</b>	<b>29.0</b>	<b>29.0</b>	<b>29.0</b>
<b>FTE Average</b>	<b>28.6</b>			

**FY 2014 Revised Request.** The Coastal Resources Management Council requests \$1.1 million more than enacted from all sources, including increases of \$0.1 million from general revenues, \$26,710 from federal funds, \$0.1 million from restricted receipts and \$0.8 million from other funds. Most of the federal funds requested would be used for ecosystem restoration projects. The Council requests the enacted level of 29.0 full-time equivalent positions. *The Governor recommends \$0.1 million more than enacted and \$1.0 million less than requested. He includes 29.0 positions, consistent with the authorized and requested level.*

**Indirect Cost Recovery.** Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Assembly included general revenue savings of \$124,982 in the FY 2014 enacted budget assuming an indirect cost recovery rate of not less than 5.0 percent and shifted general revenue expenditures to restricted receipts and reduced federal funds accordingly.

The Council indicates that it is currently in discussions with the National Oceanic and Atmospheric Administration regarding an indirect cost recovery rate, but its budget request does not assume the use of an indirect cost rate and it requests \$124,982 to restore the savings.

*The Governor's recommendation provides the general revenues requested.*

**Salaries and Benefits.** The Council requests \$126,257 less than enacted from all sources for salaries and benefits. The Council is authorized for 29.0 full-time equivalent positions and currently has two vacancies, a Supervising Civil Engineer and a Principal Civil Engineer, and the requested reduction primarily reflects additional turnover savings. The Council is requesting to fund the Principal Civil Engineer from general revenues when it had previously used federal sources, and it attributes the shift to potential reductions in federal funds. However, the Council's revised request includes \$26,710 more than enacted from federal sources, suggesting there is actually a shift in use of federal funds from personnel to operating expenditures.

*The Governor's recommends \$0.2 million less than requested from all sources, including \$151,558 less from general revenues. He does not recommend the requested shift from federal sources. The recommendation includes \$0.1 million in additional turnover savings and \$9,354 from statewide medical benefits savings.*

**Narragansett Bay Restoration.** The Council requests \$0.2 million 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 indicates 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 \$52,043 reflects the revised project schedule and its anticipated FY 2014 award. *The Governor recommends funding as requested.*

**Aquatic Invasive Species.** The Council requests \$60,530, or \$6,007 more than enacted from federal funds to reflect the Council's anticipated expenditures 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 Governor recommends funding as requested.*

**River Ecosystem Restoration.** The Council requests \$0.6 million, or \$0.1 million more than enacted from federal funds 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 Council indicates 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 request reflects the Council's anticipated award and further revisions to the project schedule, which was also altered in the FY 2014 budget process. The Council indicates that its request reflects the remaining available funds of \$552,020. *The Governor recommends \$0.7 million, or \$147,749 more than requested in FY 2014, apparently in error.*

**Other Federal Grants.** The Council requests \$121,725, or \$62,920 more than enacted to reflect the revised project schedules for three federal grants awarded by the National Oceanic and Atmospheric Administration. The funding includes \$78,040 for Coastal Ecosystems Adaptation to Sea Level Rise, \$27,625 for Marine Habitat Characterization in the Northeast and \$16,060 for the Northeast Regional Ocean Council Support Project. *The Governor recommends funding as requested.*

**Capital Projects.** The Council requests \$1.0 million, or \$0.8 million more than enacted, including \$0.6 million from Rhode Island Capital Plan funds and \$0.4 million from restricted receipts from the Oil Spill Prevention, Administration and Response Fund to fund four projects in FY 2014. The operating request is not consistent with the Council's FY 2015 through FY 2019 capital request in that different fund sources are requested for the Ninigret Pond Breachway Rock Removal project. *The Governor recommends \$250,000 for the Coastal and Estuary Habitat Restoration Program and Trust*

*Fund as requested; however, excludes the \$0.6 million the Council requested for dredging work and the \$0.2 million for rock removal. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

**Shoreline Change Beach Special Area Management Plan.** The Council requests \$150,000 from Rhode Island Capital Plan funds not included in the enacted budget for a special area management plan to address erosion issues along the Rhode Island shoreline. The Council notes that this shoreline protection initiative was recommended in 2012-S 2922, Substitute A, a resolution passed by the Senate. *The Governor does not recommend the funding.*

**Dredge Boat Equipment.** The Council requests \$62,000 from other funds for dredge boat expenses. The Council indicates that there will be some major repairs to the boat's engine in FY 2014 in addition to the regular maintenance, docking, and fuel costs. It appears the Council's request might be unnecessary since the expenses will be covered by the dredge fund, which is not subject to appropriation or re-appropriation by the General Assembly. *The Governor does not include the funding to reflect proper treatment of dredge fund expenses.*

**All Other Operations.** The Council requests \$151,050 more than enacted, including \$1,147 more from general revenues and \$149,903 more from federal funds for all other expenditures not mentioned above. Also, the request is \$66,991 more than the Council's FY 2013 spending. The federal expenditures primarily reflect changes to operating accounts and also include \$17,000 more 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.

*The Governor recommends \$3,540 less than requested from general revenues, primarily to reflect a \$2,500 reduction in printing expenses based on historical spending.*



## Department of Transportation

	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 6,872,596	\$ 12,763,706	\$ 9,693,699	\$ 9,693,699
Management and Budget	1,705,469	1,549,669	2,165,981	2,165,981
Infrastructure Program	399,468,137	445,936,622	523,918,225	466,332,604
<b>Total</b>	<b>\$ 408,046,202</b>	<b>\$ 460,249,997</b>	<b>\$ 535,777,905</b>	<b>\$ 478,192,284</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 54,680,112	\$ 69,009,214	\$ 72,032,764	\$ 71,856,779
Contracted Services	40,235,639	37,032,100	38,063,048	38,066,048
<b>Subtotal</b>	<b>\$ 94,915,751</b>	<b>\$ 106,041,314</b>	<b>\$ 110,095,812</b>	<b>\$ 109,922,827</b>
Other State Operations	16,807,358	39,750,343	39,095,637	38,818,473
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	21,409,830	39,893,093	37,570,491	37,552,215
Capital	137,035,992	173,374,795	247,825,513	190,726,329
Operating Transfers	137,877,271	101,190,452	101,190,452	101,172,440
<b>Total</b>	<b>\$ 408,046,202</b>	<b>\$ 460,249,997</b>	<b>\$ 535,777,905</b>	<b>\$ 478,192,284</b>
<b>Sources of Funds</b>				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	272,369,503	311,761,586	385,456,209	349,127,537
Restricted Receipts	973,230	8,010,496	6,868,950	6,868,950
Other	134,703,469	140,477,915	143,452,746	122,195,797
<b>Total</b>	<b>\$ 408,046,202</b>	<b>\$ 460,249,997</b>	<b>\$ 535,777,905</b>	<b>\$ 478,192,284</b>
<b>FTE Authorization</b>	<b>772.6</b>	<b>772.6</b>	<b>772.6</b>	<b>752.6</b>
<b>FTE Average</b>	<b>698.6</b>			

**FY 2014 Revised Request.** The Department of Transportation requests \$535.8 million from all sources, including \$385.5 million from federal funds, \$143.5 million from other funds and \$6.9 million from restricted receipts. The request is \$75.5 million more 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, as well as the inclusion of GARVEE bond proceeds that are not typically shown in the Department's operating budget.

*The Governor recommends \$17.9 million more than enacted, including \$37.3 million more from federal funds offset by \$18.3 million less from other sources. The recommendation is \$57.6 million less than requested, primarily to reflect the removal of \$36.3 million of federal funds for capital projects that were inadvertently included in the request, as well as the removal of \$13.4 million of Rhode Island Capital Plan funds to properly account for state matching funds spent in FY 2013. The Governor reduces the position authorization to 752.6, or 20.0 less than enacted.*

**Staffing.** The Department's request includes 772.6 positions, which is the enacted level. As of the first pay period in November, the Department has 687.6 filled positions or 85.0 less than enacted.

Based on the Department's average salary per position of \$57,597, this equates to \$4.9 million of turnover for FY 2014. The revised request includes turnover savings of \$3.6 million, or \$1.3 million less than would be generated based on current vacant positions.

*The Governor recommends 752.6 positions, 20.0 less than enacted to reflect the elimination of vacant positions throughout the Department. The eliminated positions include 6.0 engineering technician I, 5.0 engineering technician II, 2.0 engineering technician III, 1.0 senior real estate specialist, 1 senior auditor, 1 civil engineer, 3 highway maintenance operator I and 1 landscape maintenance technician. It should be noted that the Department's position authorization was increased in FY 2009 by 85.0 positions for work related to federally funded stimulus projects. In 2011, the Department converted these positions to permanent, despite several consecutive years of high vacancies. The recommendation reflects the removal of positions that were never filled or have not been filled in the years following the FY 2009 increase.*

### Fund Sources

The Department of Transportation receives funding through five major sources: federal funds, general obligation bond proceeds, gasoline tax proceeds, restricted receipts and Rhode Island Capital Plan funds. The Department also receives some funding from other departmental revenue, such as funding derived from the sale of Department owned land. This analysis will explain the individual fund sources as well as expenditures from these sources. The following table illustrates the fund sources included in the Governor's revised recommendation.

Source	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
Federal Highway Admin. Funds	\$ 201,301,661	\$ 223,936,187	\$ 256,308,281	\$ 256,308,281
Federal Stimulus Funds	2,078,828	-	1,641,437	1,641,437
Other Federal Funds	74,461,624	95,435,313	135,641,739	98,859,972
Gasoline Tax*	89,995,236	90,708,527	90,708,527	90,675,185
General Obligation Bonds**	[23,575,633]	[13,000,000]	[13,000,000]	[13,000,000]
Motor Fuel Tax Revenue Bond Earnings	-	-	-	-
Land Sale Revenue	2,537,411	2,500,000	2,500,000	2,500,000
Interstate 195 Land Sales	2,501,229	12,309,264	6,600,081	6,600,081
Rhode Island Capital Plan Funds	34,196,983	27,050,210	35,133,890	14,363,378
Restricted Receipts	973,230	1,010,496	1,000,001	1,000,001
Motor Vehicle Surcharges	-	7,000,000	5,868,949	5,868,949
Other Funds	-	300,000	375,000	375,000
<b>Total</b>	<b>\$ 408,046,202</b>	<b>\$ 460,249,997</b>	<b>\$ 535,777,905</b>	<b>\$ 478,192,284</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.

It should also be noted that the proceeds from the GARVEE bonds are included for the first time in the revised request. Typically, these funds are only shown in the Department's capital budget, and are not counted as a fund source in the operating budget. However, in an effort to match total project funding

amounts in both capital and operating budget presentations, the Department has included GARVEE bond proceeds.

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 requests. In the Department's capital plan, funds appear in the project labeled Highway Improvement Program. This plan 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 Governor's revised recommendation.

Program Area	FY 2014 Revised	Share of Total
Administrative Program	\$ 7,704,523	3%
Bike/Pedestrian Program	7,673,973	3%
Bridge Program	35,883,159	14%
CMAQ Program	7,689,248	3%
Highway Program	20,504,662	8%
Interstate Program	12,815,414	5%
GARVEE Projects	38,446,242	15%
Federal Highway Earmark Projects	25,630,828	10%
Pavement Management Program	23,067,745	9%
Traffic Safety Program	28,193,911	11%
Transit	38,446,242	15%
Other Programs	10,252,331	4%
<b>Total</b>	<b>\$ 256,308,281</b>	<b>100%</b>

**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 recommends funding as requested.*

**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 \$135.6 million from this source in FY 2014, which is \$40.2 million more than enacted.

It should be noted that the proceeds from the GARVEE bonds are included for the first time in the revised request. Typically, these funds are only shown in the Department's capital budget, and are not

counted as a fund source in the operating budget. However, in an effort to match total project funding amounts in both capital and operating budget presentations, the Department has included GARVEE bond proceeds, which accounts for \$38.8 million of the increase above the enacted. Excluding this amount, the actual increase above the enacted level from this source is \$1.4 million. *The Governor recommends \$98.9 million, \$36.7 million less than requested, primarily to reflect the removal of GARVEE bond proceeds which were inadvertently included in the revised request.*

**Gasoline Tax Proceeds.** The distribution of proceeds derived from the gasoline tax has remained the same since 2009. The revised request does not change the current disposition of funding, which is illustrated in the following table.

Entity	FY 2013 Actual	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
Department of Transportation	21.75	21.75	21.75	21.75
Rhode Island Public Transit Authority	9.75	9.75	9.75	9.75
Elderly Transportation	1.0	1.0	1.0	1.0
Underground Storage Tank Fund	0.5	0.5	0.5	0.5
<b>Total</b>	<b>33.0</b>	<b>33.0</b>	<b>33.0</b>	<b>33.0</b>

*The Governor's recommendation does not change the gasoline tax amount, or its distribution; however, he reprograms the use of these funds for heavy equipment purchases, drainage improvements and bridge maintenance and repairs. Because the state is gradually assuming payment of the Department's general obligation bond debt service, gasoline tax will become increasingly available, as this is the source the Department uses for debt payments. The Governor includes Article 21 of 2014-H 7133, which describes the amounts and purposes of funding for available gasoline tax proceeds. The following chart illustrates those uses as outlined in the Governor's recommendation.*

Purpose	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Heavy Equipment Purchases	\$ 1,000,000	\$ 2,361,434	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
Drainage Improvements	-	500,000	1,000,000	1,500,000	2,000,000	2,000,000	2,000,000
Bridge Rehabilitation	-	10,000,000	15,000,000	15,000,000	20,000,000	20,000,000	20,000,000
<b>Total</b>	<b>\$ 1,000,000</b>	<b>\$ 12,861,434</b>	<b>\$ 18,500,000</b>	<b>\$ 19,000,000</b>	<b>\$ 24,500,000</b>	<b>\$ 24,500,000</b>	<b>\$ 24,500,000</b>

**General Obligation Bond Proceeds.** The state has utilized general obligation bonds to provide a match totaling \$40.0 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 second consecutive year, 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 does not recommend general obligation bonds for the state match; however, he does recommend \$40.0 million of new general obligation bonds to be presented to the voters on the 2014 ballot for improvements to the state's mass transit hub systems.*

**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 requests \$2.5 million from

this source in FY 2014, which is based on projected land sales and anticipated purchases. *The Governor recommends funding as requested.*

**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 \$12.3 million from this source for FY 2014. 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 completion, 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 anticipates lower land sale proceeds in FY 2014, and includes \$6.6 million in its revised request, which is \$5.7 million less than enacted. 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. Project payments will continue through FY 2016, consistent with the Department's request for these funds. *The Governor recommends funding as requested.*

**Rhode Island Capital Plan Funds.** These funds are appropriated according to the Department's capital budget request, and appear as 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 requests \$35.1 million from this source in its FY 2014 revised request. This is \$8.1 million more than enacted, including \$4.6 million more for heavy equipment purchases, with the remainder of the increases included to reflect revisions to the Department's capital plan.

It should be noted that the FY 2013 expenditures from this source were \$13.4 million more than the final appropriation. The Department noted that this over expenditure amount would be removed from its FY 2014 revised request, and that the remaining funds would be sufficient for the state match in FY 2014. The funds are not removed in the revised request, and it appears the Department is including additional Rhode Island Capital Plan funds in error. *The Governor recommends \$20.8 million less than requested, which includes the removal of the \$13.4 million of over expenditures by the Department for the state match, as well as the exclusion of \$3.6 million for equipment replacement and \$2.3 million for salt storage facilities.*

**Restricted Receipts.** This source is comprised of funds the Department receives when it performs work for municipalities. This source is used to fund personnel costs for employees who perform work on the projects. This source contributes \$1.0 million to the Department and is based on projected municipal work. Beginning in FY 2014, the phased-in Department of Motor Vehicles' surcharges mentioned below begin to be transferred to the Department's trust fund for use as a portion of the state match for federal funds. The enacted budget included \$7.0 million from this source; however, when the Department of Revenue revised the estimate for actual collections from the new surcharges, the

amount of projected revenue was decreased by \$1.9 million to the amount included in the revised request, which is \$5.9 million. *The Governor recommends funding as requested.*

**Motor Vehicle Surcharges.** The Department’s revised request includes \$5.9 million of restricted receipts derived from motor vehicle surcharges collected by the Department of Motor Vehicles and transferred to the Department for use as a portion of the state’s match for Federal Highway Administration funding. The surcharges are being phased in from FY 2014 through FY 2016. As the surcharges are increased, more funding is transferred to the Department.

Fiscal year 2014 was the first year of the phased in vehicle surcharge fees, including a \$10.00 surcharge on biennial vehicle registrations, a \$5.00 surcharge on annual vehicle registrations and a \$10.00 surcharge on operator licenses purchased on a five-year basis. The biennial registration surcharge will increase in \$10.00 increments to a total of \$30.00, the annual registration surcharge will increase in \$5.00 increments to a total of \$15.00 and the license surcharge will increase in \$10.00 increments to a total of \$30.00 beginning in FY 2014 and ending in FY 2016.

The following table summarizes the incremental fee increases:

<b>Fiscal Year</b>	<b>Biennial Registration Fee</b>	<b>Annual Registration Fee</b>	<b>License Fee</b>
2013	\$ 60.00	\$ 30.00	\$ 30.00
2014	\$ 70.00	\$ 35.00	\$ 40.00
2015	\$ 80.00	\$ 40.00	\$ 50.00
2016	\$ 90.00	\$ 45.00	\$ 60.00

These fees will be transferred to the Department for use as a portion of the state match for federal funds. These fees account for \$5.9 million in FY 2014. The following table shows the estimated revenue derived from the surcharge through FY 2016.

<b>Fiscal Year</b>	<b>Biennial Registrations</b>	<b>Annual Registrations</b>	<b>Licenses</b>	<b>Total</b>
2014	\$ 3,817,669	\$ 791,140	\$ 1,260,140	\$ 5,870,963
2015	\$ 7,384,812	\$ 1,530,362	\$ 2,437,586	\$11,354,775
2016	\$10,945,319	\$ 2,268,210	\$ 3,612,842	\$16,828,387

It should be noted the FY 2014 enacted budget inadvertently enacted motor vehicle surcharge collections at the \$7.0 million level. This was the amount projected to be collected before a revision was made by the Department of Revenue. The 2014 revised and FY 2015 requests correctly account for the revised collection of these surcharges. *The Governor recommends funding as requested.*

**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 2014 revised request includes \$0.4 million from this source, \$0.1 million more than enacted. *The Governor recommends funding as requested.*

**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 following table shows the recent history of available gasoline tax proceeds and other funds as included in the Governor's recommendation:

Other Funds	FY 2013 Reported	FY 2014 Enacted	FY 2014 Rev. Req.	FY 2014 Revised
<i>Gas Tax Yield per Cent</i>	4.138	4.171	4.171	4.169
<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	\$ 1,742,455	\$ (12,975)	\$ 355,765	\$ (51,080)
Gas Tax	130,760,785	131,370,971	131,370,971	131,322,681
Motor Vehicle Surcharges	-	7,000,000	5,868,949	5,868,949
Debt Service Transfer**	(34,423,389)	(30,369,820)	(30,369,820)	(30,486,688)
Internal Services Funds Transparency	(2,229,284)	(2,112,644)	(1,973,711)	(2,427,576)
Surplus Property & Outdoor Advertising	-	300,000	375,000	375,000
Interstate 195 Land Sales	2,501,229	12,309,264	6,015,209	6,600,081
Land Sales	2,537,411	2,500,000	2,279,049	2,500,000
Rhode Island Capital Plan Funds	34,196,983	27,050,210	35,133,890	14,363,378
Available	\$ 135,086,190	\$ 148,035,006	\$ 149,055,302	\$ 128,064,745
Expenditures	134,730,425	147,477,915	148,515,872	128,064,745
Surplus/Deficit	\$ 355,765	\$ 557,090	\$ 539,429	\$ -
<b>RIDOT</b>				
Balance Forward	\$ 1,742,455	\$ (12,975)	\$ 355,765	\$ (51,080)
Gas Tax	89,995,236	90,708,527	90,708,527	90,675,185
Motor Vehicle Surcharges	-	7,000,000	5,868,949	5,868,949
Debt Service Transfer**	(34,423,389)	(30,369,820)	(30,369,820)	(30,486,688)
Internal Services Funds Transparency	(2,229,284)	(2,112,644)	(1,973,711)	(2,427,576)
Surplus Property & Outdoor Advertising	-	300,000	375,000	375,000
Interstate 195 Land Sales	2,501,229	12,309,264	6,015,209	6,600,081
Land Sales	2,537,411	2,500,000	2,279,049	2,500,000
Rhode Island Capital Plan Funds	34,196,983	27,050,210	35,133,890	14,363,378
Available	\$ 94,320,641	\$ 107,372,562	\$ 108,392,858	\$ 87,417,249
Gas Tax	54,729,253	57,655,998	58,181,332	58,515,663
Motor Vehicle Surcharges	-	7,000,000	5,868,949	5,868,949
Interstate 195 Land Sales	2,501,229	12,309,264	6,015,209	6,015,209
Land Sales	2,537,411	2,500,000	2,279,049	2,279,049
Surplus Property & Outdoor Advertising	-	300,000	375,000	375,000
Rhode Island Capital Plan Funds	34,196,983	27,050,210	35,133,890	14,363,378
Other Expenditures	93,964,876	106,815,472	107,853,429	87,417,248
Surplus/Deficit	\$ 355,765	\$ 557,090	\$ 539,429	\$ -
<b>RIPTA</b>				
Gas Tax	\$ 40,342,692	\$ 40,662,443	\$ 40,662,443	\$ 40,647,497
Debt Service Transfer	[1,620,472]	[1,659,334]	[1,659,334]	[1,659,020]
Available	40,342,692	40,662,443	40,662,443	40,647,497
Expenditures	\$ 40,342,692	\$ 40,662,443	\$ 40,662,443	\$ 40,647,497

\*Total includes one-half cent transferred from the UST Fund and two additional cents included by the 2009 Assembly.

\*\*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, FY 2014 and FY 2015.

The FY 2014 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.

Rhode Island's gas tax is the second highest in New England, although it is far behind Connecticut's 49.3 cent tax and very close to Vermont and the national and regional averages. The following table shows how the New England states rank.

State	Gas Tax (In cents)
Connecticut*	49.3
<b>Rhode Island</b>	<b>33.0</b>
Vermont**	32.2
New England Average	32.0
Maine	31.5
U.S. Average	31.1
Northeast Average	30.9
Massachusetts***	26.5
New Hampshire	19.6

\*Increased 4.0 cents on 7/1/13

\*\*Increased 5.9 cents on 5/1/13

\*\*\*Increased 3.0 cents on 7/1/13

Despite the recent 3 cent increase, Massachusetts' gas tax is still 6.5 cents cheaper than Rhode Island's. New Hampshire has consistently had the lowest gasoline tax in New England, which remains at 19.6 cents in FY 2014.

### Expenditures

**Federal Highway Administration Projects.** The Department's request includes \$234.7 million from federal funds matched by \$5.9 million from motor vehicle surcharges and \$21.1 million from Rhode Island Capital Plan funds for highway projects in FY 2014. This is \$32.4 million more 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 2014, revised expenditures include \$38.4 million for the five GARVEE funded projects, \$35.9 million for repairs and maintenance on bridges, \$7.7 million for congestion mitigation and road enhancements, \$20.5 million for highways, \$12.8 million for interstate projects, \$23.1 million for pavement and resurfacing and \$28.2 million for traffic safety improvement projects. *The Governor recommends funding as requested, shown in the following table, which includes program expenditures and their proportionate share of total Federal Highway Administration Fund program expenditures.*

Program Area	FY 2014 Revised	Share of Total
Administrative Program	\$ 7,704,523	3%
Bike/Pedestrian Program	7,673,973	3%
Bridge Program	35,883,159	14%
CMAQ Program	7,689,248	3%
Highway Program	20,504,662	8%
Interstate Program	12,815,414	5%
GARVEE Projects	38,446,242	15%
Federal Highway Earmark Projects	25,630,828	10%
Pavement Management Program	23,067,745	9%
Traffic Safety Program	28,193,911	11%
Transit	38,446,242	15%
Other Programs	10,252,331	4%
<b>Total</b>	<b>\$ 256,308,281</b>	<b>100%</b>

**Salaries and Benefits.** The Department requests \$72.0 million, \$4.2 million more from all funds for salaries and benefits. This includes \$5.9 million more from federal funds and \$0.2 million more from gasoline tax revenues offset by a reduction of \$1.9 million from restricted receipts. The Department's request includes 772.6 positions, which is the enacted level. Through November, the Department has averaged 691.3 filled positions or 81.3 less than enacted. Based on the Department's salary per position of \$56,764, this equates to \$4.6 million of turnover for FY 2014, which is \$2.5 million less than enacted and \$1.0 million more than included in the revised request. *The Governor recommends \$1.1 million less than requested and eliminates 20.0 positions. The recommendation includes \$3.2 million of turnover which is equivalent to 50.3 positions. As of the first pay period in January, the Department has 92.0 vacant positions.*

**National Highway Transportation Safety Administration Grants.** The Department's revised request includes \$8.0 million, \$3.2 million less than enacted from the National Highway Transportation Safety Administration for FY 2014. The request is being revised to reflect the actual federal award. Major changes include decreases of \$3.4 million for impaired driving prevention programs and \$0.3 million for children's car restraints, offset by an increase of \$0.2 million for racial profiling and \$0.3 million for primary seatbelt enforcement. *The Governor recommends funding as requested.*

**GARVEE Bond Projects.** The Department requests \$36.3 million from other funds for three large scale capital projects. The 2003 Assembly authorized the State to advance certain projects with GARVEE bonds (Grant Anticipation Revenue Vehicles). GARVEE represents a program approved by Congress that allows states to borrow funds, which are then backed and repaid by the annual allocation of Federal Highway Administration construction funds. These funds were combined with proceeds from the Motor Vehicle Tax Revenue bonds, which are financed through a two-cent dedication of the department's gasoline tax allocation.

It should be noted that the proceeds from the GARVEE bonds are included for the first time in the revised request. Typically, these funds are only shown in the Department's capital budget, and are not counted as a fund source in the operating budget. However, in an effort to match total project funding amounts in both capital and operating budget presentations, the Department has included GARVEE bond proceeds. Because the debt appears in both the operating and capital budgets, it effectively double counts the expenditures. *The Governor recommends \$36.3 million less than requested to reflect the removal of the funds from the Department's operating budget.*

**Commuter Rail.** The Department requests \$18.3 million or \$0.9 million less 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 reflects an updated construction schedule and is consistent with the Department's requested capital plan. *The Governor recommends funding as requested. This project is explained in greater detail in the Capital Budget section of this analysis.*

**Equipment Purchase.** The Department requests \$2.3 million from land sale revenue for equipment purchases in the Infrastructure Engineering Division. The request is \$0.7 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. It should be noted that these land sale revenues are separate and distinct from land sales associated with the relocation of Interstate 95. *The Governor recommends funding as requested.*

**Interstate 195 Relocation.** The Department requests \$6.6 million from other funds in its revised request to reflect an updated timeline for the sale of land parcels made available from the relocation of Interstate 195. Funding will be used to make final payments for the project. The intention of the Department was to sell the parcels of land to finance approximately \$40 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 \$5.5 million less than enacted to reflect anticipated sales during FY 2014. *The Governor recommends funding as requested.*

**Rhode Island Capital Plan Fund Projects.** The Department requests \$14.0 million, \$8.1 million more than enacted from Rhode Island Capital Plan funds for nine ongoing projects at the Department. The largest changes in the revised request include an additional \$4.6 million for maintenance equipment and \$2.5 million more for salt storage facilities. Requested funding is consistent with the Department's capital request. *The Governor recommends \$20.8 million less than requested, which includes the removal of the \$13.4 million of over expenditures by the Department for the state match, as well as the exclusion of \$3.6 million for equipment replacement and \$2.3 million for salt storage facilities. This project is explained in greater detail in the Capital Budget section of this analysis.*

**Maintenance Operations.** The Department requests \$6.0 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. Although the request is \$0.4 million less than enacted to reflect projected decreases for highway lighting costs, it is also \$0.4 million more than recent historical expenditures due to an increase for planned road maintenance activities. *The Governor recommends \$0.1 million less than requested to reflect revised maintenance expenditures.*

**Vehicle Maintenance.** The Department requests \$4.9 million, \$0.4 million less than enacted from gasoline tax proceeds for vehicle maintenance throughout the Department. The Department notes that vehicle maintenance costs have decreased due to new vehicle purchases, which has affected all divisions, and includes vehicles such as dump trucks, pavers, tractors, grading equipment, backhoes and street sweepers. *The Governor recommends \$0.1 million less than requested to reflect lower than anticipated vehicle maintenance costs.*

**Winter Maintenance Operations.** The Department requests \$12.3 million for operating expenses related to the winter maintenance program for FY 2014. 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 2009 through FY 2013 is \$13.0 million, and the current request is \$0.7 million below that. It should 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 gasoline tax funded budget. The current request is \$0.3 million more than enacted to reflect anticipated increases in material costs and vendor contracts. *The Governor recommends \$0.1 million less to reflect a revised estimate for winter maintenance expenditures.*

**All Other Operations.** The Department requests \$3.9 million more than enacted from all sources for all other operating costs. This includes \$3.1 million more from federal funds and \$0.8 million more from restricted receipts, and a decrease of \$0.1 million from gasoline tax proceeds. The requested changes reflect small adjustments to operating expenditures, as well as changes from federal grants for small scale capital improvements as well as disbursements of pass-through gasoline tax funding to the Rhode Island Public Transit Authority. *The Governor recommends \$0.8 million more than requested for all other Departmental operations, which primarily reflects increased federal funding for small scale capital improvements as well as other operating costs such as materials and materials testing.*

