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**Section V**

**FY 2016**

**Revised Budget**

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**FY 2016 Revised Budget  
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## FY 2016 Revised Budget

		FY 2015 Reported		FY 2016 Enacted		FY 2016 Revised		FY 2016 Final
<b>Expenditures by Function*</b>								
General Government	\$	1,411.9	\$	1,432.5	\$	1,526.0	\$	1,523.2
Human Services		3,667.3		3,721.4		3,853.6		3,825.1
Education		2,303.8		2,408.0		2,449.6		2,445.3
Public Safety		500.3		534.7		553.1		560.2
Natural Resources		93.6		105.0		110.0		106.4
Transportation		415.6		463.8		482.9		480.9
<b>Total</b>	<b>\$</b>	<b>8,392.6</b>	<b>\$</b>	<b>8,665.4</b>	<b>\$</b>	<b>8,975.1</b>	<b>\$</b>	<b>8,941.1</b>
<b>Expenditures by Category*</b>								
Salaries and Benefits	\$	1,564.6	\$	1,638.9	\$	1,646.8	\$	1,638.1
Contracted Services		310.5		282.1		397.4		395.3
<b>Subtotal</b>	<b>\$</b>	<b>1,875.1</b>	<b>\$</b>	<b>1,921.0</b>	<b>\$</b>	<b>2,044.2</b>	<b>\$</b>	<b>2,033.4</b>
Other State Operations		805.9		775.9		843.2		843.7
Aid to Local Units of Government		1,188.7		1,248.4		1,240.5		1,240.1
Assistance, Grants, and Benefits		3,843.6		3,963.7		4,034.0		4,023.7
Capital		220.2		335.4		415.1		399.4
Capital Debt Service		218.4		203.5		202.0		201.9
Operating Transfers		240.6		217.5		196.1		198.8
<b>Total</b>	<b>\$</b>	<b>8,392.6</b>	<b>\$</b>	<b>8,665.4</b>	<b>\$</b>	<b>8,975.1</b>	<b>\$</b>	<b>8,941.1</b>
<b>Sources of Funds*</b>								
General Revenue	\$	3,453.9	\$	3,552.0	\$	3,576.5	\$	3,572.6
Federal Aid		2,895.3		2,947.3		3,114.2		3,085.3
Restricted Receipts		236.0		245.5		288.8		309.1
Other		1,807.4		1,920.7		1,995.7		1,974.2
<b>Total</b>	<b>\$</b>	<b>8,392.6</b>	<b>\$</b>	<b>8,665.4</b>	<b>\$</b>	<b>8,975.1</b>	<b>\$</b>	<b>8,941.1</b>
<b>FTE Authorization</b>		<b>15,076.4</b>		<b>15,118.4</b>		<b>15,139.3</b>		<b>15,116.3</b>
<b>FTE Average</b>		<b>13,801.1</b>						

*\*Data in millions*

### Summary

The Governor's revised budget recommendations for FY 2016, along with her recommendations for FY 2017, are contained in 2016-H 7454, introduced on February 3, 2016. The House adopted the budget on June 15 and the Senate on June 18; the Governor signed it into law on June 24.

The Governor recommended total revised expenditures for FY 2016 of \$8,975.1 million, which is \$309.7 million or 3.6 percent more than enacted by the 2015 Assembly. Total expenditures would increase \$582.6 million or 6.9 percent over reported FY 2015 expenditures. General revenue expenditures are \$24.5 million or 0.7 percent more than the FY 2016 budget adopted by the 2015 Assembly and \$122.6 million or 3.6 percent more than actual FY 2015 expenditures. Expenditures from federal funds are \$166.9 million more than enacted and \$218.9 million more than FY 2015. Expenditures from restricted receipts are \$43.3

million more than enacted and \$52.8 million more than FY 2015. Those from other funds, including the gas tax, Rhode Island Capital Plan funds and unemployment trust funds, are \$75.0 million or 3.9 percent more than enacted and \$188.3 million more than FY 2015.

The Assembly's budget decreased general revenue spending recommended by the Governor by \$3.9 million, which is \$20.6 million more than originally enacted. Final enacted expenditures from all sources are \$34.0 million less than recommended primarily reflecting further revision to the revised estimate of the federally funded extension of Medical Assistance benefits to low income adults without dependent children.

FY 2016 Revised	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2015 Final	\$ 3,476.6	\$ 3,051.2	\$ 283.6	\$ 1,919.7	\$ 8,731.2
FY 2015 Actual	3,453.9	2,895.3	236.0	1,807.4	8,392.6
Difference	\$ (22.7)	\$ (155.9)	\$ (47.7)	\$ (112.4)	\$ (338.6)
FY 2016 Enacted	\$ 3,552.0	\$ 2,947.3	\$ 245.5	\$ 1,920.7	\$ 8,665.4
Governor's FY 2016 Revised	3,576.5	3,114.2	288.8	1,995.7	8,975.1
Governor's Change to Enacted	\$ 24.5	\$ 166.9	\$ 43.3	\$ 75.0	\$ 309.7
Percent Change	0.7%	5.7%	17.6%	3.9%	3.6%
<b>Assembly</b>	<b>\$ 3,572.6</b>	<b>\$ 3,085.3</b>	<b>\$ 309.1</b>	<b>\$ 1,974.2</b>	<b>\$ 8,941.1</b>
Change to Enacted	20.6	138.0	63.6	53.6	275.7
Percent Change	0.6%	4.7%	25.9%	2.8%	3.2%
Change to Governor	\$ (3.9)	\$ (28.9)	\$ 20.3	\$ (21.4)	\$ (34.0)
Change to FY 2015	\$ 118.7	\$ 190.0	\$ 73.1	\$ 166.9	\$ 548.6
Percent Change to FY 2015	3.4%	6.6%	31.0%	9.2%	6.5%

The FY 2015 final budget projected \$118.6 million would be available for FY 2016 and was used for that budget. The State Controller finalized the closing statement on January 5, 2016, and it showed a surplus of \$168.0 million, or \$49.5 million more.

FY 2015 Closing		Enacted	Actual	Variance
<i>Open:</i>	Free Surplus	\$ 67,806,737	\$ 67,806,737	\$ -
<i>Plus:</i>	Reappropriated Surplus	7,378,665	7,378,665	-
<i>Equals:</i>	Total Surplus	75,185,402	75,185,402	-
<i>Plus:</i>	Revenues	3,616,745,454	3,641,108,643	24,363,189
<i>Plus:</i>	Reversal of Transfer to Retirement*	14,221,136	-	(14,221,136)
<i>Minus:</i>	Transfer to Budget Stabilization Fund	(110,963,200)	(111,267,461)	(304,261)
<i>Equals:</i>	Total Available	3,595,188,792	3,605,026,584	9,837,792
<i>Minus:</i>	Expenditures	(3,476,623,371)	(3,453,892,741)	22,730,630
<i>Minus:</i>	Transfers from Accelerated Depreciation*	-	10,000,000	10,000,000
<i>Equals:</i>	<b>Closing Surplus</b>	\$ 118,565,420	\$ 161,133,843	\$ 42,568,423
<i>Minus:</i>	Reappropriations	-	(6,890,273)	(6,890,273)
<i>Minus:</i>	Reversal of Transfer to Retirement*	-	13,794,502	13,794,502
<i>Equals:</i>	<b>Free Surplus</b>	\$ 118,565,420	\$ 168,038,072	\$ 49,472,652

\*Treated as revenues in the Enacted; Closing treats as fund transfers not subject to 3% Rainy Day assessment

Revenues were \$24.4 million more than estimated. Taxes were up \$16.7 million with corporate and sales tax gains accounting for most of the increase; personal income was essentially as estimated. All other revenues were up \$7.2 million, with \$3.3 million of that from lottery receipts.

Expenditures were \$22.7 million less than enacted; \$6.9 million must be reappropriated into FY 2016. The total free surplus is \$49.5 million more than the \$118.6 million anticipated in June 2015.

Closing expenses were lower than enacted primarily from Medicaid caseload savings and savings from personnel and utilities. There were areas of overspending that reduced the impact of the savings including in public safety agencies. Many agencies projected overspending in the first quarter, some of which related to overspending in FY 2015, and some related to challenges with managing savings assumed in the enacted budget. Added costs for the state match on the new comprehensive benefits eligibility system were estimated to be \$14.9 million and there was also a \$14.9 million increased caseload expense estimated in November. This over spending was partially offset by some debt service and vacancy savings but still suggested total overspending of roughly \$40 million.

The Governor's revised budget lowered those first quarter projections by over \$23 million. This includes reducing caseload expenses by \$10.0 million, \$8.0 million of which is undefined and contrary to caseload estimating processes. It also reduces the general revenues projected for the eligibility system by shifting \$4.9 million to other sources. Other changes include initiatives to lower costs in other human service agencies and savings from an adjustment to medical benefit costs statewide.

The Assembly further reduced expenditures by \$3.9 million. These adjustments included savings across a number of agencies primarily from not filling positions and were offset by increases consistent with the May Caseload estimates and to account for overspending in some human services agencies.

The pages that follow include full analyses of the expenditure changes by agency.

	<b>Enacted</b>	<b>Final</b>	<b>Difference</b>
<b>Opening Surplus</b>			
Free Surplus	\$ 118,565,420	\$ 168,038,072	\$ 49,472,651
Reappropriated Surplus	-	6,890,273	6,890,273
<b>Subtotal</b>	\$ 118,565,420	\$ 174,928,345	\$ 56,362,924
<b>Revenues</b>	\$ 3,543,756,465	\$ 3,543,756,465	\$ -
November Revenue Conference	-	52,426,535	52,426,535
Governor Changes	-	5,000	5,000
Assembly Changes	-	38,841,000	38,841,000
Total Revenues	\$ 3,543,756,465	\$ 3,635,029,000	\$ 91,272,535
Budget Reserve Fund	<b>(109,869,657)</b>	<b>(114,092,012)</b>	<b>(4,222,355)</b>
<b>Total Available Resources</b>	\$ 3,552,452,228	\$ 3,695,865,333	\$ 143,413,104
<b>Expenditures</b>	3,551,988,738	3,551,988,738	-
Reappropriation	-	6,890,273	6,890,273
November Caseload Conference	-	14,884,287	14,884,287
Governor Changes	-	2,747,183	2,747,183
Assembly Changes	-	(3,928,449)	(3,928,449)
Total Expenditures	\$ 3,551,988,738	\$ 3,572,582,032	\$ 20,593,294
<b>Total Surplus</b>	\$ 463,490	\$ 123,283,301	\$ 122,819,811
<b>Rainy Day Fund</b>	177,615,676	190,153,354	12,537,678
<b>Operating Surplus/(Deficit)</b>	\$ (109,406,167)	\$ 9,191,289	\$ 118,597,456

The revised budget as recommended by the Governor would leave a \$78.2 million surplus for FY 2017. The final FY 2016 budget has a \$123.3 million surplus; the FY 2017 enacted budget has a \$0.4 million ending surplus and is presented as part of the overview of the FY 2017 budget in that section of this publication.



## Department of Administration

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
Central Management	\$ 2,342,584	\$ 3,790,943	\$ 3,681,723	\$ 3,606,723
Accounts & Control	3,716,400	4,080,143	4,036,146	3,966,146
Office of Management & Budget	3,425,493	4,146,713	4,634,737	4,489,737
Purchasing	2,632,493	3,085,408	2,897,430	2,842,430
Auditing	1,294,235	1,476,262	1,426,416	1,426,416
Human Resources	9,577,006	10,371,075	10,032,930	9,977,930
Personnel Appeal Board	101,357	119,874	134,444	134,444
General	45,036,147	61,669,353	54,431,516	51,560,544
Debt Service	194,237,049	150,262,732	165,050,610	165,010,241
Legal Services	1,980,498	2,166,696	2,156,082	1,951,082
Facilities Management	36,013,146	37,681,225	38,414,050	37,491,010
Capital Projects and Prop. Mgt.	1,224,415	3,612,931	1,638,278	1,638,278
Information Technology	35,035,233	39,971,076	46,183,809	46,148,198
Library Programs	1,940,583	2,434,428	2,483,496	2,483,496
Planning	16,360,905	5,644,655	5,317,425	5,151,346
Energy Resources	6,297,720	10,601,458	19,597,078	19,597,078
Construction Permitting, Approvals & Licensing	2,571,152	3,024,913	2,965,466	2,965,466
Statewide Savings	-	(8,225,000)	(2,000,000)	(150,000)
Health Benefits Exchange	50,814,348	30,926,620	31,773,795	31,773,795
Diversity, Equity & Opportunity	847,891	1,190,135	1,158,756	1,018,756
<b>Total</b>	<b>\$ 415,448,655</b>	<b>\$ 368,031,640</b>	<b>\$ 396,014,187</b>	<b>\$ 393,083,116</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 69,152,363	\$ 71,613,868	\$ 74,986,825	\$ 72,548,785
Contracted Services	57,576,385	34,925,561	35,682,246	35,756,635
<b>Subtotal</b>	<b>\$ 126,728,748</b>	<b>\$ 106,539,429</b>	<b>\$ 110,669,071</b>	<b>\$ 108,305,420</b>
Other State Operations	36,300,159	32,575,448	33,047,457	35,447,457
Aid to Local Units of Government	10,385,409	11,436,698	11,436,698	11,436,698
Assistance, Grants, and Benefits	25,669,489	18,159,267	27,807,519	27,751,440
Capital	15,637,548	49,158,066	48,102,832	45,231,860
Capital Debt Service	167,639,381	150,162,732	164,950,610	164,910,241
Operating Transfers	33,087,921	-	-	-
<b>Total</b>	<b>\$ 415,448,655</b>	<b>\$ 368,031,640</b>	<b>\$ 396,014,187</b>	<b>\$ 393,083,116</b>
<b>Sources of Funds</b>				
General Revenue	\$ 244,775,881	\$ 197,494,291	\$ 216,525,887	\$ 216,391,399
Federal Aid	77,782,063	43,302,629	43,989,894	44,009,283
Restricted Receipts	20,553,583	28,853,407	45,364,953	45,419,953
Other	72,337,128	98,381,313	90,133,453	87,262,481
<b>Total</b>	<b>\$ 415,448,655</b>	<b>\$ 368,031,640</b>	<b>\$ 396,014,187</b>	<b>\$ 393,083,116</b>
<b>FTE Authorization</b>	<b>710.7</b>	<b>711.7</b>	<b>723.7</b>	<b>712.7</b>
<b>FTE Average</b>	<b>630.0</b>			

**FY 2016 Revised Request.** The Department requested FY 2016 revised expenditures totaling \$397.3 million from all funds; \$29.3 million more than enacted, including \$3.5 million from general revenues. Major changes from general revenues include the discretionary reappropriation of \$1.0 million and the distribution of \$2.6 million in statewide savings. It also includes a savings of \$1.4 million from utilities offset by costs for snow removal, building maintenance and funding for new positions. The request includes \$0.7 million more from federal funds, \$12.7 million more from restricted receipts primarily from the Information Technology Investment Fund and the Regional Greenhouse Gas Initiative and \$12.5 million more from other funds. The general revenue request is consistent with the enacted budget, adjusted for undistributed statewide savings and the reappropriation.

*The Governor recommended \$396.0 million from all funds including \$216.5 million from general revenues. This is \$28.0 million more than enacted and \$1.3 million less than requested, reflective of \$18.6 million more of distributed savings, \$1.5 million from debt service savings, \$20.7 million less from Rhode Island Capital Plan funds and \$3.8 million more from restricted receipts, of which \$2.5 million is from the Information Technology Investment Fund. The Governor recommended FY 2016 revised staffing of 723.7 full-time equivalent positions, 12.0 more than enacted. She subsequently requested several amendments revising capital projects to reflect further delays or savings, and delaying \$1.9 million of operational savings in the current year to FY 2017.*

**The Assembly concurred, with the exception of reducing general revenues by \$1.9 million to reflect additional turnover savings, as well as adjusting expenditures for building and software maintenance costs based on updated projections.**

**Staffing Authorization.** The Department requested revised staffing of 720.7 full-time equivalent positions. This is 9.0 positions more than the authorized level for Facilities Management, which includes the transfer of 5.0 positions from the Departments of Transportation and Behavioral Healthcare, Developmental Disabilities and Hospitals, as part of the capital consolidation initiative and 4.0 new senior positions. The Department also included new positions in other programs including the Office of Management and Budget, and the Building Code Commission. The 2014 Assembly concurred with Governor Chafee's recommendation to eliminate 8.0 unidentified positions in the Department. The Department did not adjust subsequent budget requests to reflect its priority and retained the unidentified reduction. The current request further increases the number of unidentified positions to be eliminated to 15.7. *The Governor recommended FY 2016 revised staffing of 723.7 full-time equivalent positions, 3.0 more than requested, reflective of 12.7 unidentified positions to be eliminated.*

**The Assembly provided staffing of 712.7 full-time equivalent positions, 1.0 more than the authorized level to reflect only the new position in the Building Code Commission.**

### Statewide

**Distributed Personnel Reform Savings.** The enacted budget included \$5.0 million from general revenues in statewide personnel reform savings in the Department of Administration for later distribution. The request reflects distribution of \$2.5 million from medical benefit savings. The savings are now reflected in agency budgets. The general revenue amount allocated to the Department is \$154,867. The Department indicated that the distribution of the remaining funds from another personnel initiative will be reflected in the Governor's FY 2016 revised budget recommendation. *The recommended budget reflects the distribution of the \$5.0 million, all from medical benefit savings.* **The Assembly concurred.**

**Distributed Telephone Savings.** The revised request reflects the distribution of \$0.1 million from general revenue savings from the Division of Information Technology conducting a review of desk phones to identify and eliminate unused and underused telephone lines. The savings are reflected in agency budgets. The amount

allocated to the Department of Administration is \$18,686. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Distributed Electricity Procurement Savings.** The enacted budget included \$1.0 million in general revenue savings from the Office of Energy Resources establishing a competitive procurement program for the state's electricity supply. Based on the result of the auction that was held in October 2015, the Department's revised request includes an additional \$19,000 in savings. The Department and the Office of Energy Resources are in the process of allocating the savings to agencies. The Department indicated that the distribution of the savings will be reflected in the Governor's FY 2016 revised budget recommendation. *The revised budget reflects the distribution of savings, of which \$0.7 million or 80.1 percent was allocated to the Department of Administration and is noted later in this analysis.* **The Assembly concurred.**

**Distributed Printing Savings.** The enacted budget included \$0.1 million from general revenues in statewide savings from printing; the Division of Information Technology conducted a review of state printing to reduce the number of office printers. *The revised budget reflects the distribution of savings; the savings are reflected in agency budgets.* **The Assembly concurred.**

**Undistributed Operational Savings.** The enacted budget assumes \$2.0 million in statewide operational general revenue savings, based on the Division of Purchasing and Bureau of Audits reviewing recent state commodity and deliverable based contracts to ensure that the state has achieved all attainable savings. The Department will also obtain outside services to identify the savings; it is in the process of obtaining the vendor.

*The recommendation includes the savings in the Department of Administration; they have not yet been achieved or allocated. The Governor requested an amendment to shift \$1.9 million of the savings from FY 2016 to FY 2017, reflective of a delay.* **The Assembly concurred.**

## HealthSource RI

**Contact Center.** The revised request includes \$2.2 million from federal funds for HealthSource's share of the contact center costs. This is \$0.7 million less than enacted, which the Office attributed to savings from the interagency planning document. Effective July 1, 2015, HealthSource's share of the contact center cost decreased to 14.0 percent from 19.0 percent. The contact center provides customer service as well as handles incoming calls. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Communication, Media and Training.** The Department requested \$0.4 million more than enacted from all funds for communications and media, print, outreach, as well as training services. This also includes contracted services from the Rhode Island Health Center Association to provide one-on-one, face-to-face application and enrollment assistance to Rhode Islanders. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Information Technology Services.** The revised request reflects the carry forward of \$1.2 million from federal funds for information technology 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 online 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 Governor recommended funding as requested.* **The Assembly concurred.**

**Staffing and Operations.** The Department requested \$28,543 more than enacted from all funds, including \$48,299 from federal funds and \$19,756 less from restricted receipts for staffing and all other operating expenses. Salary and benefit costs are \$33,876 more than enacted, which reflects savings from medical

benefits and \$0.1 million from turnover, for which the enacted budget did not assume any. These savings were offset by \$155,969 added to fund an appeal officer position in the Executive Office of Health and Human Services. The request includes \$5,333 less for operating costs; this includes a savings of \$0.1 million from rent. In June 2015, HealthSource terminated its lease and moved to state-owned space at the Pastore Center. This savings was offset by increases for office supplies, postage and printing costs. *The Governor recommended funding as requested. The Assembly concurred.*

### **Office of Energy Resources**

**Regional Greenhouse Gas Initiative.** The Department requested \$8.9 million more than enacted for total funding of \$18.0 million from the Regional Greenhouse Gas Initiative restricted receipt fund. The receipts are derived from the sale of carbon emission credits through an auction process. Through January 2016, 30 regional auctions have been held for a total of \$2,371.0 million. Rhode Island's share of that is \$48.0 million. The state was allocated just over 2.6 million tons of emission allowances, which can be sold to energy producers in the state to offset the emissions they produce. The proceeds are to be used to invest in projects that reduce long-term energy demands and costs. The Department reported expenditures for FY 2015 were \$4.5 million or 50.3 percent of the final appropriation. The Office noted that its FY 2015 projected expenditures were based on the Regional Greenhouse Gas Initiative Allocation Plan being approved in May 2015; however, the plan was approved in August 2015. The Office indicated that it does not anticipate any barriers for spending the requested \$18.0 million in the current year since the plan is now approved. The Office further indicated that with the completion of the plan, it is now working on finalizing the memorandum of understanding to transfer the enacted \$3.0 million from the Regional Greenhouse Gas Initiative receipts to the Rhode Island Infrastructure Bank.

At the end of FY 2015, the fund balance was \$21.4 million. The FY 2016 and FY 2017 requests reflect the Office's intent to disburse prior grants for various projects. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Adjustments.** The request includes \$0.1 million more than enacted, including \$30,503 from federal funds and \$73,075 more from restricted receipts for all other expenditures for the Office. This includes \$0.2 million less for salaries and benefits to reflect a shift to the Regional Greenhouse Gas Initiative based on available resources. The request includes \$0.3 million more than enacted for various weatherization grants. *The Governor recommended funding as requested. The Assembly concurred.*

### **Facilities Management and Capital Projects**

**New Senior Staff Positions (4.0 FTE).** The Department requested \$0.4 million from general revenues to fund 4.0 new full-time equivalent positions in the Division of Facilities Management. The positions consist of a chief engineer, a chief planner, a chief of integrated facilities management and a chief of strategic planning, monitoring and evaluation. The request assumes that the positions would be filled in December 2015, and the FY 2017 request assumes \$0.7 million for the annualized costs of the positions. The Department indicated that one of the positions has been filled and it will be in the interviewing process in January 2016 to fill the remaining three positions. The Department indicated that the positions are requested to coincide with the creation of the Division of Capital Asset Management and Maintenance as requested in the Department's FY 2017 budget. The FY 2016 enacted budget reflects the consolidation of construction, property and asset management functions into the Department of Administration. The Department did not request funding for these positions in its FY 2016 budget request. *The Governor recommended funding and positions as requested. The Assembly did not concur with increasing the staffing authorization.*

**All Other Staffing.** The Department requested \$66,540 less from all funds for all other salaries and benefit costs for these Divisions. The request includes \$0.4 million less from federal, restricted receipts and other

funds, primarily from gasoline tax proceeds and an increase of \$0.3 million from general revenues to correct a cost allocation. The enacted budget had assumed full funding from agencies involved in a consolidation of functions; however, based on where certain work is being performed, the Department can only charge the agencies based on an adopted square footage cost of their facilities. Costs that cannot be allocated to the agencies are covered by general revenues.

The revised request also now includes staffing authorization for 5.0 positions to effectuate the consolidation. This includes 3.0 positions from the Department of Transportation and 2.0 positions from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The FY 2016 enacted budget included funding in the Department's budget; however, positions were kept in respective agencies. The positions are now included in the Department of Administration, which it indicated will allow the Division the flexibility to assign specific tasks to the individuals. *The Governor concurred, with the exception of providing \$44,958 less from general revenues, reflective of additional statewide medical benefit savings.* **The Assembly provided \$1.2 million less from general revenues, reflective of turnover savings.**

**Utilities.** The Department projected utility costs of \$18.5 million from all funds for FY 2016, including \$15.8 million from general revenues at state buildings under its jurisdiction, including the Pastore Campus. The projection is 4.1 percent or \$0.7 million more than FY 2015 reported expenditures of \$17.8 million and is \$1.7 million less than the enacted budget based upon decreased consumption. This reflects savings of \$1.5 million from natural gas and \$0.2 million from electricity and \$0.1 million less to purchase woodchips for the Zambarano boiler, which was installed in December 2014. *The Governor recommended \$0.9 million less from all funds than requested, reflecting the allocation of savings from the electricity procurement initiative noted previously.* **The Assembly concurred.**

**Snow Removal.** The Department requested \$0.5 million more than enacted from all funds, including \$0.4 million from general revenues to fund snow removal at average costs for the last three year. The enacted budget includes \$70,548 and was based on the Department's constrained budget request. Due to the severity of the last winter, FY 2015 reported expenditures were \$0.8 million. The Division of Facilities Management is responsible for the snow removal of facilities located on the Capital Center, including the State House, Departments of Administration, Transportation and Health, Chapin Lab, as well as the Washington Government Center and several others buildings. *The Governor recommended \$75,000 less from general revenues than requested to adjust for anomalies in FY 2015.* **The Assembly concurred.**

**Building Maintenance.** The Department requested \$0.3 million more than enacted from all funds; all but \$38,250 is from general revenues for building maintenance expenditures for which the enacted budget included \$1.9 million from all funds. The request is \$158,267 or 7.6 percent more than FY 2015 reported expenditures. The Department indicated that as part of the consolidation of capital assets and facilities management, it will be undertaking a higher level of both preventative and emergency maintenance. The Division is responsible for more than 140 state facilities and receives maintenance requests from several agencies for painting, elevator repair, leaking roofs and heating, ventilating and air conditioning. *The Governor concurred, with the exception of providing \$50,000 less from general revenues than requested; the recommendation is \$84,315 or 4.5 percent more than FY 2015 reported expenditures.* **Based on the Department's third quarter report, the Assembly provided an additional \$0.3 million from general revenues.**

**Staff Training Initiatives.** The Department requested new expenditures of \$147,638 from all funds, including \$129,597 from general revenues to provide training and education of its staff in Facilities Management and Capital Projects, as part of the consolidation initiative. The Department noted that one of the initiatives will include training and certifying staff to use certain machinery equipment. Currently, certain jobs are delayed and/or contracted out, which the Department indicated increases overall operating

costs. Certifying staff will allow it to perform certain functions in-house. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Operating.** The Department requested \$92,763 more than enacted from all funds for all other expenditures for the divisions of Facilities Management and Capital Projects. Reported expenditures for these items were \$5.5 million in FY 2015 and the revised request is \$0.6 million more. Expenditures for the operations of the central power plant account for more than 40.3 percent of the request and are projected to be \$0.3 million less than enacted. The contract for the operations of the power plant has two components: the direct labor paid, which is a fixed amount, and consumables, which depend on repair costs. The Department attributed the savings to a recent renegotiation, which resulted in a 10.0 percent savings.

The request includes \$50,509 more for property insurance costs, for which the enacted budget included \$475,391 and FY 2015 reported expenditures were \$500,838. All other costs are \$0.2 million more than enacted, which the Department indicates is based on ongoing needs. This includes increases for computers, office equipment, janitorial services and grounds maintenance. *The Governor concurred.* **The Assembly concurred.**

### **Information Technology**

**Reappropriation - Electronic Permitting System.** The Governor reappropriated the whole \$527,000 provided from general revenues in FY 2015 for the purchase or lease and operation of a web-accessible plan review management and inspection software system. This would create a standardized system available to the State Building Code Commission and all municipalities and fire districts. A vendor has been selected for the development of the system and the Department hopes to have phase I, which includes permits for building and fire codes of ten municipalities: Cranston, Newport, North Kingstown, North Providence, North Smithfield, Pawtucket, Warwick, West Warwick, Westerly and Woonsocket completed by the first quarter of calendar year 2016 and the remaining municipalities by the end of the fiscal year. The FY 2016 enacted budget also included \$250,000 from the Information Technology Investment Fund for the system, which the Department revised to \$750,000. The Department's five-year plan includes \$2.8 million for the system; this brings total support to \$3.3 million. *The Governor included the reappropriation.* **The Assembly concurred.**

**Information Technology Investment Fund.** The Department requested \$4.1 million more than enacted from the Information Technology Investment Fund, for which the enacted budget included \$9.1 million. This fund was created by the 2011 Assembly for acquiring information technology improvements, including, but not limited to, hardware, software, and ongoing maintenance. The 2012 Assembly transferred \$9.0 million into the fund and the 2014 Assembly adopted legislation to transfer an amount of not less than \$10.0 million from tobacco bond refinancing proceeds into the fund; however, proceeds were \$26.3 million, and the Assembly also adopted legislation to transfer 10.0 percent of the \$1.00 monthly surcharge on wireless and land lines into the fund, effective July 1, 2015, which is estimated to generate \$1.5 million annually.

The Information Technology Investment Fund Review Committee consists of five members: chief information officer, chief digital officer, director of the Office of Management and Budget or designee, a designee from the Department of Administration and the chief financial officer of the Department of Administration approves all the projects. According to the policies and procedures adopted for use of the fund, priority is given to projects that benefit multiple agencies.

Of the \$4.1 million increase, \$2.5 million is for projects under the purview of the Office of Digital Excellence for the Data Center, cyber security upgrades, a new software system for asset management and several other projects. The remaining \$1.6 million is to reflect anticipated costs for the Judiciary's case management system, and the Department of Labor and Training's new unemployment system. The 2015

Assembly provided \$750,000 from the Information Technology Investment Fund new unemployment insurance tax and benefit systems. The revised request increased the expenditures for the system to \$1.9 million; the Department subsequently indicated that increase was inadvertent.

The 2015 Assembly also provided a total project cost of \$6.4 million in FY 2015 for the Unified Health Infrastructure Project. The Department's plan assumes expenditures of \$1.7 million for FY 2015 and \$2.4 million each in FY 2016 and FY 2017, consistent with the 2015 Assembly's intent for use of the fund.

*The Governor recommended \$2.5 million more than requested primarily to reflect adjusted funding for the Unified Health Infrastructure Project. Funding includes \$4.8 million for FY 2016 and none for FY 2017.*  
**The Assembly concurred.**

**Financial Accounting Network System.** The Department requested \$125,902 more than enacted from general revenues for operating expenditures of the state's financial accounting network system, which involves installation of a series of modules for each particular service forming an integrated system. This includes \$42,909 for salaries and benefits for partial year funding for a new database administrator position. The system is currently supported by 3.5 full-time equivalent positions; however, one of the positions is vacant.

Operating costs are \$82,993 more than enacted, primarily for cable, data and sonnet lines, and software and hardware contracts. Excluding salary and benefit costs, the request is \$0.2 million more than FY 2015 reported expenditures, including \$0.1 million each for information technology support and maintenance and repair costs. *The Governor concurred, with the exception of providing \$1,175 less from general revenues, reflective of additional statewide medical benefit savings.*  
**The Assembly concurred.**

**Other Operating.** The Department requested \$114,866 more than enacted from all funds for other expenditures for the Division. This includes \$180,000 more for internet services, for which the enacted budget included \$0.5 million. The Department indicated that it is in the process of moving services from Verizon to Cox Communications; however, due to delays in moving the lines from Verizon, it paid a higher fee. Reported expenditures were \$0.7 million in FY 2015. This increase was offset by various reductions including software maintenance and statewide savings for telephones.

*The Governor recommended \$125,000 less from general revenues than requested for computer maintenance costs; the budget includes \$575,001 for this expense, for which FY 2015 costs were \$687,107. She subsequently requested an amendment to add \$19,389 from federal funds to reflect anticipated expenditures for information technology services for the Victim Assistance Portal.*  
**The Assembly concurred and based on the Department's third quarter report, it provided an additional \$0.3 million from general revenues for software maintenance costs.**

## Human Resources

**Staffing.** The Department requested \$0.4 million less than enacted from all funds to fund salary and benefit costs in the Division of Human Resources. This includes \$341,902 less from general revenues to reflect turnover and statewide medical benefit savings. The Department attributed the turnover savings from delays in hiring for the reorganization of the division. *The Governor concurred, with the exception of providing \$19,085 less from general revenues, reflective of additional statewide medical benefit savings.*  
**The Assembly reduced general revenues by \$0.1 million to reflect additional turnover savings.**

**Reappropriation - Personnel Classification and Compensation Study.** The Governor reappropriated \$450,750 of the \$500,000 included in the FY 2015 budget to obtain outside services to redesign the state's classification and compensation system. The goals of the study are to increase the state's ability to attract and maintain a high quality workforce and increase flexibility within the classification and compensation

systems. The total cost of the study is \$0.8 million. The vendor is currently working on the job descriptions. The FY 2016 enacted budget also includes \$500,000 for the continuation of the study, which is expected to be completed in spring 2016. *The Governor included the reappropriation.* **The Assembly concurred.**

**Online Recruiting Software.** The Department requested new general revenue expenditures of \$0.1 million for annual costs associated with the state's on-line recruiting software subscription. The Department indicated that transitioning to an on-line recruitment system has saved numerous staff hours from collecting and copying of resumes, and has resulted in a user friendly system to apply for jobs. The software was purchased with funds from the Information Technology Investment Fund. *The Governor recommended funding as requested.* **The Assembly concurred.**

## **Debt**

**Historic Structures Tax Credit.** Consistent with the current service estimate, the request includes \$31.3 million from general revenues to fund debt service costs for historic structures tax credits. The debt comes from the 2008 Assembly's legislation, which significantly modified 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 Governor recommended \$0.5 million less than enacted to reflect a lower than budgeted interest rate for the issuance of \$75.0 million in new bonds in May 2015 to cover expected credits.* **The Assembly concurred.**

**School for the Deaf.** The request includes the enacted amount of \$3.5 million for a debt service related payment for the School for the Deaf. *The Governor recommended \$1.0 million less than enacted to account for a principal payment made in FY 2015.* **The Assembly concurred.**

**DMV Computer Modernization Project.** The revised request includes the enacted amount of \$1.8 million from restricted receipts for debt service costs associated with the Division of Motor Vehicles' computer modernization project. The debt service is supported from a \$1.50 surcharge on all transactions. As a result of additional revenues, the state made two advance payments: \$400,000 in October 2014 and \$1.1 million in October 2015. *Based on available receipts, the Governor recommended an additional \$1.3 million in FY 2016 to make the final principal payment, one year earlier than the original schedule.* **The Assembly concurred.**

**Fidelity Job Rent Credits.** The revised request includes the enacted amount of \$3.4 million for required payments under the Fidelity Job Rent Credits agreement. Under the incentive based agreement between the state and Fidelity, the state provides job rent credits for each full-time equivalent employee in excess of a 1,000 employee base. 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 recommended \$3.2 million, or \$120,000 less than requested, reflective of the required amount under the agreement.* **The Assembly concurred.**

**Debt Restructuring.** The Department included the enacted amount of \$40.4 million from all funds for all other debt service payments. Governor Raimondo's FY 2016 budget recommendation included a restructuring of general obligation bond debt, where principal payments are deferred and/or shortened to provide additional savings in particular years. The budget included savings of \$64.5 million in FY 2016, with anticipated FY 2017 savings of \$19.4 million. The Administration indicated that the transaction for the restructuring occurred in July 2015, and the savings are actually \$0.4 million less than assumed for FY 2016 and \$16.8 million more than assumed for FY 2017.

*The Governor recommended \$15.1 million more from general revenues to reflect that \$14.6 million of the debt savings are included in the Public Higher Education's budget, for a net increase of \$0.4 million. The Assembly concurred.*

**Other Debt.** The Department requested the enacted amount of \$69.8 million for all debt service payments, including \$68.4 million from general revenues. *The Governor recommended \$9,344 less than enacted to reflect adjustments from prior refinancing estimates. She subsequently requested an amendment to include general revenue debt service savings of \$40,369. The Assembly concurred.*

### **Overhead Functions**

**Reappropriation - Legal Review of Regulations.** The Governor reappropriated \$45,241 of the \$75,000 provided in FY 2015 for the Office of Regulatory Reform to obtain outside legal services to review current state regulations as part of the regulatory review process. The Department indicated that the reappropriation will be used for a potential legislative package for inclusion in the Governor's budget recommendation, regulatory impact review and other areas as needed. *The Governor recommended the appropriation. The Assembly concurred.*

**Labor Contract Negotiations.** The Department requested \$0.1 million from general revenues in FY 2016 for continued negotiations with unresolved contractual issues with the State Police, which settled in August 2015 and expenditures through the end of December 2015 totaled \$83,562. In April 2014, the Administration reached agreements with its largest unions. The Department indicated that it utilized Adler, Pollack and Sheehan for the State Police negotiation. Another firm is being utilized for final signoff of the agreements that were reached in April. Reported expenditures were \$0.4 million in FY 2014 and \$0.2 million in FY 2015. It should be noted that outside legal costs for the Rhode Island Brotherhood of Correctional Officers negotiations are not reflected in this request; however, arbitration has not started. *The Governor recommended funding as requested. The Assembly concurred.*

**Big River Student Tuition Reimbursement.** The request includes \$20,000 from general revenues to pay tuition to the Exeter/West Greenwich Regional School District for a student living in the Big River Management Area. The Water Resources Board is responsible for paying the tuition costs for students living in the Big River Management Area who attend surrounding schools. The request is based on the 2012-2013 school year per pupil cost calculation. The Department indicated that this is the first request for reimbursement it has received since the Water Resources Board was merged into the Department in FY 2012. *The Governor recommended funding as requested. The Assembly concurred.*

**Land Use Planning Grants.** The Department indicated that as part of the general obligation debt refinancing in 2015, it was discovered that some bonds had been issued but not used. This includes the 1989 bond authorization for Land Use Planning Grants, which was intended to reimburse municipalities for the costs of developing municipal comprehensive plans. The issued general obligation bonds were used to defease debt; however, the refinancing resulted in savings of \$56,079. *The Governor included \$56,079 from general revenues for municipalities that seek reimbursements; municipalities have up to June 30, 2016 to request reimbursements. The Assembly removed the funding, based on the Department's third quarter report, which did not project any expenditures.*

**Interlibrary Delivery System.** The Department requested \$17,400 more from general revenues than enacted for the interlibrary loan system, which includes the delivery of books, audio/visual materials and other resources, which are shared between and among more than 180 public libraries, academic libraries, state institution libraries, school libraries and other special libraries, such as the Rhode Island Historical Society. The enacted budget includes \$0.8 million from general revenues and federal funds to fund the contract costs for delivery services, which increased from \$6.90 to \$24.53 per stop, effective May 1, 2015.

The increase represents the shifting of personnel savings to this expense. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Office of Diversity, Equity and Opportunity - Outreach Advertising.** The Department requested new expenditures of \$53,500 from general revenues to centralize outreach advertising expenditures in the Office of Diversity, Equity and Opportunity. The Department noted that this centralization will maximize outreach efforts. In May 2013, Governor Chafee issued Executive Order 13-05 entitled “Promotion of Diversity, Equal Opportunity and Minority Business Enterprises in Rhode Island.” The Executive Order requires that the Department of Administration reviews all divisions and offices within the Department that are charged with facilitating equal opportunity employment and to make recommendations to improve collaboration between these offices. The Department noted that this centralization is consistent with its strategic plan. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Office of Diversity, Equity and Opportunity - Implementation.** The request includes \$55,000 from general revenues to reimburse the Commerce Corporation for use of its staff to help implement the Office of Diversity, Equity and Opportunity program. The Department indicated this is through a memorandum of understanding that started in FY 2015 and expired on December 31, 2015. Reported expenditures in FY 2015 were \$123,448; the final budget included \$64,960. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Office of Regulatory Reform - Staffing.** The Department requested \$0.1 million more than enacted from general revenues for staffing costs of the Office of Regulatory Reform. The Department indicated that \$76,148 would be used to fund two temporary positions for the whole year; however, pursuant to Section 10 of the FY 2016 Appropriations Act, a seasonal or intermittent position cannot exceed 26 consecutive weeks or 925 hours. Subsequently, the Department indicated that the funds will be used to fill a current vacancy as well as for funding an intern. The request includes \$55,567 to upgrade three positions for the Office. The enacted budget assumed staffing of six positions; the request appears to have shifted a position to the Office of Performance Management. The request reduces turnover savings by \$25,779. *The Governor concurred, with the exception of providing \$1,893 less general revenues, reflective of additional statewide medical benefit savings.* **The Assembly concurred.**

**Office of Performance Management 3.0 New Positions.** The Department requested \$230,519 from general revenues to fund 3.0 new positions in the Office of Performance Management. The request assumes that positions would be filled in December 2015, and the FY 2017 request includes \$0.4 million for the annualized costs of the positions. The Department indicated that the positions are requested in order to increase the scope and frequency of performance management. The additional staff will analyze departmental performance data and provide management support to agencies. *The Governor recommended funding and staffing authorization as requested.* **The Assembly did not concur with increasing the staffing authorization.**

**Lean Government Initiatives.** The request includes the enacted amount of \$0.1 million from general revenues for the Statewide Lean Processing Grant Program, which will be administered by the Office of Management and Budget. Agencies will submit applications to the Office and the agencies will be able to use these funds to conduct Lean Processing activities. As of December 2015, 11 lean initiatives have been completed, including banking licensure and architect and engineer licensure for the Department of Business Regulation, hearing process for the Division of Motor Vehicles and pothole claims for the Department of Transportation. The Department also conducts training sessions for state employees on lean tools.

*The Governor recommended funding as requested. She subsequently requested amendment to include expenditures of \$55,000 from restricted receipts in both FY 2016 and FY 2017 to reflect a new \$110,000 grant that the Department received from the Rhode Island Foundation.* **The Assembly concurred.**

**Other Salaries and Benefits.** Excluding the items previously mentioned, the Department requested \$1.7 million less than enacted from all sources, including \$1.2 million from general revenues to reflect additional turnover and statewide medical benefit savings. Of the savings, \$0.4 million is from Central Management, consisting of \$0.3 million in turnover savings and \$0.1 million from allocating half the cost of the chief digital officer's position to the Division of Information Technology. Other programs achieving additional turnover savings include the Budget Office, Division of Purchasing, Legal Services, Office of Diversity, Equity and Opportunity and the Division of Information Technology. The request includes partial year funding for an administrative assistant in the Division of Purchasing, a billing specialist in Central Management and a programming services officer for the Building Code Commission to process permits and compliance reports for building, plumbing, electrical and mechanical construction.

*The Governor recommended \$0.3 million less than requested, including \$0.4 million less from general revenues, consisting of \$0.2 million in turnover savings in the Division of Information Technology and \$0.1 million from statewide medical benefit savings. The recommendation also shifts \$45,000 from general revenues to other sources based on staff time dedicated to procurements for higher education projects. **The Assembly provided \$1.2 million less from general revenues, reflective of turnover savings.***

**Capital - William Powers Building.** The Department requested \$2.4 million more than enacted from Rhode Island Capital Plan funds for repairs and renovations, such as window replacement and cooling tower upgrades at the William Powers Building. Adjusting for \$0.9 million in reappropriation, which will be used for the kitchen in the cafeterias and other projects, the request is \$1.5 million more than the approved plan to reflect new expenditures of \$350,000 for an asset management system, \$250,000 for parking lot improvements and several other smaller scale projects. *The Governor recommended \$0.9 million, reflective of the reappropriation. **The Assembly concurred.***

**Capital - Zambarano Buildings.** The Department requested \$3.7 million more than enacted from Rhode Island Capital Plan funds for repairs to various buildings and equipment at the Zambarano Campus of the Eleanor Slater Hospital in Burrillville. The Zambarano Campus includes buildings totaling 307,000 square feet on 460 acres of land. Adjusting for \$1.1 million in reappropriation, the request is \$2.5 million more than the available amount and is \$1.1 million more than the capital budget request, which was substantially revised from the approved plan to include several new components, including new windows for the Wallum Lake house, demolition of an old incinerator that used to burn medical waste and several others.

*The Governor recommended \$1.5 million less than requested for FY 2016, but funding in the five-year plan is \$0.1 million less than requested. She subsequently requested an amendment to shift \$0.8 million from FY 2016 to FY 2017 to reflect anticipated expenditures. **The Assembly concurred.***

**Capital - All Other Projects.** The Department requested \$7.4 million more than enacted to primarily reflect funds carried forward from FY 2015. Adjusting for the carry forward balances, the request is \$0.1 million more than the approved plan to primarily reflect new expenditures for the development of a strategic plan for the Pastore Center. The purpose is to provide a detailed physical and financial plan for rehabilitating the buildings as well as a plan for relocating state agencies that are currently leasing space to the campus.

*The Governor recommended capital expenditures of \$27.7 million from Rhode Island Capital Plan funds. This is \$8.9 million less than enacted and is \$16.3 million less than requested. Subsequently, she requested several amendments to reflect revised project costs or delays. **The Assembly provided total project costs of \$25.6 million essentially as recommended. A detailed analysis of the projects is included in the Capital Budget section of this publication.***



## Department of Business Regulation

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
Central Management	\$ 1,234,445	\$ 1,326,772	\$ 1,404,483	\$ 1,364,483
Banking Regulation	1,584,765	1,711,773	1,857,824	1,732,824
Securities Regulation	898,519	966,197	984,696	984,696
Commercial Licensing, Racing & Athletics	1,093,425	1,220,883	1,288,144	1,288,144
Insurance Regulation	4,961,419	5,763,467	5,314,577	5,139,577
Office of the Health Insurance Commissioner	2,640,165	3,341,757	3,273,824	3,273,824
Board of Accountancy	4,487	16,654	6,000	6,000
Boards for Design Professionals	258,827	273,009	263,547	263,547
<b>Total</b>	<b>\$ 12,676,052</b>	<b>\$ 14,620,512</b>	<b>\$ 14,393,095</b>	<b>\$ 14,053,095</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 10,060,782	\$ 11,045,169	\$ 10,791,750	\$ 10,491,750
Contracted Services	2,094,136	2,960,317	2,918,332	2,878,332
<b>Subtotal</b>	<b>\$ 12,154,918</b>	<b>\$ 14,005,486</b>	<b>\$ 13,710,082</b>	<b>\$ 13,370,082</b>
Other State Operations	509,266	521,288	589,275	589,275
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	-	80,000	80,000	80,000
Capital	11,868	13,738	13,738	13,738
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 12,676,052</b>	<b>\$ 14,620,512</b>	<b>\$ 14,393,095</b>	<b>\$ 14,053,095</b>
<b>Sources of Funds</b>				
General Revenue	\$ 8,556,174	\$ 9,236,495	\$ 9,135,640	\$ 8,795,640
Federal Aid	2,216,757	2,795,240	2,768,904	2,768,904
Restricted Receipts	1,903,121	2,588,777	2,488,551	2,488,551
Other	-	-	-	-
<b>Total</b>	<b>\$ 12,676,052</b>	<b>\$ 14,620,512</b>	<b>\$ 14,393,095</b>	<b>\$ 14,053,095</b>
<b>FTE Authorization</b>	<b>98.0</b>	<b>98.0</b>	<b>98.0</b>	<b>98.0</b>
<b>FTE Average</b>	<b>84.5</b>			

**FY 2016 Revised Request.** The Department of Business Regulation requested \$0.1 million less than enacted from all fund sources, including \$13,920 more from general revenues, \$26,336 less from federal funds, and \$0.1 million less from restricted receipts. The general revenue request is \$36,030 more than the enacted budget adjusted for undistributed statewide savings. The request includes 100.0 full-time equivalent positions, 2.0 more than the authorized level.

*The Governor recommended \$0.1 million less than requested from general revenues. She did not recommend the increased full-time position authorization. The Assembly provided \$0.3 million less than recommended from general revenues.*

**Reappropriation - Lean Process Training.** The request includes \$54,900 reappropriated by the Governor in support of Lean process training for Department staff. This includes \$27,450 for the Banking Regulation division, \$13,725 for the Securities Regulation division, and \$13,725 for the Insurance Regulation division. Training efforts were to begin in FY 2015; however, the vendor was unavailable to complete the program within the fiscal year and no funds were spent. *The Governor recommended funding as requested. The Assembly concurred.*

**Professional Development and Information Technology.** The Department requested \$80,000 from general revenues for professional development and information technology purchases, including \$40,000 for Department administration professional development and training and \$40,000 for unspecified technology purchases associated with new departmental initiatives not included in the Department's FY 2016 operating request or funded in enacted budget. It should be noted that the Department's request appears to be based on internal estimates. Additionally, its FY 2017 operating request includes funding for the same expenditure items at the same levels, which would likely be unnecessary if hardware purchases were to be made in the current year. *The Governor recommended funding as requested. The Assembly provided \$40,000 less to reflect the Department's third quarter report and anticipated spending through the end of the fiscal year.*

**Office of the Health Insurance Commissioner Staffing and Operations.** The Department requested \$67,317 less than enacted from all sources for staffing and operations of the Office of the Health Insurance Commissioner. This includes \$40,981 less from general revenues and \$26,226 less from federal funds.

The request includes \$67,298 less from all sources for salaries and benefits for the authorized level of 13.0 full-time equivalent positions, including \$40,962 less from general revenues and \$26,336 less from federal funds, reflective of current staffing, statewide medical benefit savings, and updated Budget Office planning values. As of the pay period ending November 14, 2015, the Office reported one vacant position; the request assumes the position will be filled as of January 1, 2016.

The Department requested \$19 less from general revenues for statewide telecommunications savings. *The Governor recommended \$616 less than requested from general revenues to reflect additional statewide medical benefit savings. The Assembly concurred.*

**Pari-Mutuel Operations Specialist (1.0 FTE).** The Department requested \$0.1 million from restricted receipts and authorization for 1.0 new full-time equivalent position for the creation of a new pari-mutuel operations specialist position to assist in the regulation of Twin River and Newport Grand casinos. The enacted budget authorizes 2.0 pari-mutuel operations specialists in the Commercial Licensing, Racing, and Athletics division. The Department reported that the third position is necessary for it to remain responsive to the needs of the two casinos and to fulfill its statutory obligations. The state is reimbursed 150 percent of Department staff salary and benefit costs associated with casino regulation. *The Governor recommended funding as requested; however, the recommendation does not increase the Department's full-time equivalent position authorization, as it assumes the Department will use a vacant position from another division. The Assembly concurred.*

**Other Staffing and Operations.** The Department requested \$0.3 million less than enacted from all sources for all other staffing and operations expenditures, including \$0.1 million less from general revenues and \$0.2 million less from restricted receipts.

This includes \$0.1 million less than enacted for salaries and benefits for the remaining 86.0 full-time equivalent positions. The request reflects a salary increase for the Department Director, which was approved at a public hearing in July 2015, the elimination of the administrator of financial management position assumed in the enacted budget, and the creation of an assistant director of financial and contract management position, as approved by the Department of Administration in May 2015. The revised request also adds a full-time position for the Commercial Licensing, Racing, and Athletics division in anticipation of an administrative action that did not occur at the start of the current year; the position is not included in the FY 2017 request.

The request is consistent with statewide medical benefit savings and updated Budget Office planning values. It includes a total of \$0.9 million of turnover savings, \$0.1 million more than assumed in the enacted budget. The Department reported 16.0 vacancies not related to the Office of the Health Insurance Commissioner as of the pay period ending November 14, 2015.

The Department also requested \$0.1 million less than enacted from all sources for all other operations expenses, including \$5,621 more from general revenues and \$114,500 less from restricted receipts. The requested restricted receipts reduction is predominantly to reflect the anticipated cost of contracted actuarial services for the Insurance program. Reductions are slightly offset by the requested increase from general revenues, which is essentially consistent with FY 2015 expenditures for general office expenses for the Commercial Licensing, Racing, and Athletics division.

*The Governor recommended \$0.1 million less than requested from general revenues and no additional positions, reflecting turnover consistent with current staffing and additional statewide medical benefit savings. **The Assembly included \$0.3 million of additional turnover savings to reflect the Department's third quarter report and updated staffing projections.***



## Executive Office of Commerce

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
Executive Office of Commerce	\$ 203,145	\$ 956,254	\$ 952,964	\$ 702,964
Housing & Community Dev.	-	14,376,885	15,664,351	18,319,351
Quasi-Public Appropriations	-	16,133,206	16,303,511	16,577,751
Economic Dev. Initiatives Funds	-	43,458,000	43,458,000	42,958,000
<b>Total</b>	<b>\$ 203,145</b>	<b>\$ 74,924,345</b>	<b>\$ 76,378,826</b>	<b>\$ 78,558,066</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 134,648	\$ 2,137,602	\$ 2,037,670	\$ 1,787,670
Contracted Services	-	-	-	-
<b>Subtotal</b>	<b>\$ 134,648</b>	<b>\$ 2,137,602</b>	<b>\$ 2,037,670</b>	<b>\$ 1,787,670</b>
Other State Operations	100	98,558	307,835	316,240
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	15,268,471	16,443,302	18,861,302
Capital	-	305,000	305,000	307,835
Capital Debt Service	-	-	-	-
Operating Transfers	68,397	57,114,714	57,285,019	57,285,019
<b>Total</b>	<b>\$ 203,145</b>	<b>\$ 74,924,345</b>	<b>\$ 76,378,826</b>	<b>\$ 78,558,066</b>
<b>Sources of Funds</b>				
General Revenue	\$ 203,145	\$ 60,840,542	\$ 61,014,948	\$ 60,527,948
Federal Aid	-	10,983,803	11,063,878	13,718,878
Restricted Receipts	-	2,800,000	4,000,000	4,000,000
Other	-	300,000	300,000	311,240
<b>Total</b>	<b>\$ 203,145</b>	<b>\$ 74,924,345</b>	<b>\$ 76,378,826</b>	<b>\$ 78,558,066</b>
<b>FTE Authorization</b>	<b>5.0</b>	<b>16.0</b>	<b>16.0</b>	<b>16.0</b>
<b>FTE Average</b>	-			

**FY 2016 Revised Request.** The Executive Office of Commerce requested \$1.4 million more than enacted from all sources for FY 2016. This includes \$3,499 less from general revenues, \$0.2 million more from federal funds, and \$1.2 million more from restricted receipts. The general revenue request is consistent with the enacted budget adjusted for undistributed statewide savings.

*The Governor recommended \$0.1 million more than requested, including \$0.2 million more from general revenues and \$0.1 million less from federal funds. She included the authorized level of 16.0 full-time equivalent positions. She subsequently requested an amendment to add \$2.7 million from federal funds and \$11,240 from other funds. The Assembly provided \$78.6 million, which is \$2.2 million more than recommended from all funds. This includes \$0.5 million less than recommended from general revenues. The Assembly concurred with the amended recommendation for funding levels from federal funds and other sources.*

**Anchor Institution Tax Credit.** The Office requested the enacted amount of \$1.8 million from general revenues for the Anchor Institution Tax Credit program, which establishes a credit of an unspecified amount that may be applied against corporate income tax liability for up to five years. The credit is available to qualifying businesses that have successfully solicited the relocation of a separate business to the state or the relocation of at least ten employees of that separate business on a permanent basis. No more than 75.0 percent of the total funds allowed for the program in a fiscal year may be assigned to a single recipient. The program will sunset on December 31, 2018; no credits will be assigned to any projects after that date.

Final rules and regulations for this program were filed with the Office of the Secretary of State on November 5, 2015 and the application became available to the public two weeks later. This program is more subjective than the other economic development programs, in that it allows for the Commerce Corporation to solicit applications and provide a credit of an unspecified amount to a business of its choosing; no applications have been received as of December 2015.

*The Governor recommended reducing funds by \$1.0 million, leaving \$0.8 million for this program. She also proposed legislation that would allow the Commerce Corporation to use funds allocated for this program to assign credits under the Rebuild Rhode Island tax credit program and did not include funding for this program in her FY 2017 recommendation. **The Assembly provided funding as recommended, but rejected the Governor’s proposed change to current law.***

**Innovation Initiative - Vouchers.** The Office requested the enacted amount of \$0.5 million for the Innovation Initiative voucher program. As enacted by the 2015 Assembly, the Innovation Initiative for small businesses is for companies with less than 500 employees. Its purpose is to facilitate the purchase of research and development support from the state’s institutions of higher education and other providers through vouchers of between \$5,000 and \$50,000 per business. At its January 25, 2016 board meeting, the Commerce Corporation approved vouchers totaling \$451,897 for 11 businesses and reported that it received 34 applications for vouchers totaling over \$1.4 million. The program ends on December 31, 2018; no vouchers may be assigned after that date. *The Governor recommended \$0.5 million more than enacted for this program, bringing total funding for FY 2016 to \$1.0 million. **The Assembly concurred.***

**Innovation Initiative – Network Grants.** The Office requested the enacted amount of \$450,000 from general revenues for the Innovation Initiative Network Grants program, which empowers the Commerce Corporation to provide innovation grants to organizations, including non-profit organizations, for-profit organizations, universities, and co-working space operators, that offer technical assistance and access to capital to businesses in advanced or targeted industries. The Corporation may not provide a grant to an organization unless the grant total is matched by a private sector or non-profit partner. *The Governor recommended \$0.5 million more than enacted for this program, bringing total funding for FY 2016 to \$950,000. **The Assembly concurred.***

**Other Economic Development Initiatives.** The Office requested the enacted amount of \$43.9 million from general revenues, including those available from general obligation bond debt restructuring, for economic development initiatives, as enacted by the 2015 Assembly.

This includes \$25.0 million for the I-195 Redevelopment Fund; \$5.5 million for small business assistance; \$5.0 million for the First Wave Closing Fund; \$1.8 million for the Anchor Institution Tax Credit program; \$0.8 million for the Industry Cluster Grants program; \$1.8 million for Wavemaker fellowships for higher education graduates working in science, math, or engineering fields; \$1.0 million for the Main Street RI Streetscape grant program; \$1.0 million for the Rebuild Rhode Island Tax Credit program; and \$0.9 million for the High School, College, and Employer Partnership program. The I-195 Redevelopment Fund is administered by the I-195 Redevelopment District Commission. The other programs are administered by the Commerce Corporation.

Total funding requested for each initiative is consistent with the enacted budget for the current year. However, it should be noted that the Office and Commerce Corporation reported that up to \$0.2 million of the \$1.8 million enacted for Wavemaker Fellowships and up to \$0.1 million of the \$0.9 million enacted for the P-Tech Initiative will be spent on staff costs associated with the programs, which the enacted budget does not assume. Funding provided to the Commerce Corporation as part of its base allocation, discussed separately in this analysis, is assumed sufficient by the enacted budget to fund any staff or overhead costs associated with implementation of the economic development programs through the Corporation. The Corporation noted its intent to record hours spent on program administration and expend only that amount from program funds. *The Governor recommended funding as requested. The Assembly concurred.*

**Commerce Corporation Operations.** The Office requested the enacted amount of \$7.5 million from general revenues to support the general operations of the Commerce Corporation. The Corporation's approved FY 2016 budget includes a total of \$5.9 million to support salary and benefit costs for 47 full-time positions, including \$0.1 million for a 3.0 percent cost-of-living adjustment for current employees. As of December 2015, the Corporation reported it had four positions vacant. The Corporation's approved FY 2016 budget also includes \$5.0 million from redirected hotel tax proceeds to fund a state tourism and marketing campaign, consistent with legislation enacted by the 2015 Assembly. Corporation and Office staff report that they anticipate campaign materials to be made public in March 2016.

Excluding funding for economic development initiatives, tourism and marketing, and other pass-through initiatives discussed separately, the Corporation's budget assumes \$13.2 million of revenues for the current year, of which the \$7.5 million general revenue appropriation comprises 55.9 percent. The FY 2016 Corporation budget assumes the use of \$3.0 million of unrestricted funds carried forward from the prior year.

It should be noted that the enacted budget assumes that the level of funding provided to the Corporation for its general operations is sufficient to provide for staff and administrative costs associated with its ongoing operations as well as the economic development initiatives enacted by the 2015 Assembly. The Corporation reported that up to \$0.1 million of funds appropriated for the P-Tech Initiative and up to \$0.2 million of funds appropriated for the Wavemaker Fellowships program will be utilized for staff salary and benefit costs. *The Governor recommended funding as requested. The Assembly concurred.*

**Reappropriation - I-195 Redevelopment District Commission.** The Governor reappropriated \$170,305 of unspent funds for the I-195 Redevelopment District Commission's operations. The Office inadvertently excluded the reappropriation from its request. *The Governor included the reappropriation. The Assembly concurred.*

**Other Pass-Through Initiatives.** The Office requested the enacted amount of \$5.6 million from all sources for several pass-through initiatives that are part of the Commerce Corporation's budget but are not part of its core operations, including \$5.3 million from general revenues and \$0.3 million from Rhode Island Capital Plan funds.

The request includes \$1.1 million from all sources for operating and capital support for the I-195 Redevelopment District Commission; \$1.2 million for participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research; \$1.0 million for Innovative Matching Grants and Internships; \$1.0 million for Airport Impact Aid payments; \$1.0 million for community service grants; and \$0.4 million for the Chafee Center at Bryant University.

*The Governor recommended funding as requested. She subsequently requested an amendment to include an additional \$11,240 from Rhode Island Capital Plan funds for the I-195 Commission, reflective of unspent funds from FY 2015. The Assembly provided \$0.2 million less than recommended from general revenues to reflect the elimination of two community service grants, including a grant of \$187,000*

**that could not be accepted by the Small Business Administration and \$50,000 for OSHEAN, which declined its grant. It concurred with the remainder of the recommendation and the requested amendment.**

**Lead Abatement and Housing Rental Subsidies.** The 2014 Assembly adopted legislation to increase the real estate conveyance tax from \$2.00 to \$2.30 per \$500 or fractional part paid for the purchase of property conveyed for more than \$100. The fee increase will provide a permanent stream of funding to be used by the Housing Resources Commission for lead hazard abatement, rental subsidy and shelter operations. The 2015 Assembly further amended the statutes to essentially extend the real estate conveyance tax and its existing distribution of proceeds to the sale of a controlling interest in a business entity that holds interest in the property.

The request includes \$4.0 million, which is \$1.2 million more than enacted from restricted receipts available from the real estate conveyance tax, consistent with estimates provided to the Office by the Budget Office following the May 2015 Revenue Estimating Conference.

Based on the November 2015 Revenue Estimating Conference results, it can be estimated that \$3.3 million will be available in the current year and \$3.4 million will be available in FY 2017. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Housing and Community Development Staffing and Operations.** The Office requested \$0.2 million more than enacted for other Housing and Community Development staffing and operations, including \$1,211 less from general revenues and \$0.2 million more from federal funds.

The Office requested \$1,196 less than enacted from general revenues for salaries and benefits for the authorized level of 11.0 full-time equivalent positions. The request includes savings from general revenues reflective of medical benefit savings for current employees. However, savings from federal funds are not included; nor did the Office utilize updated Budget Office planning values. The division also has a vacancy, not reflected as turnover, suggesting an overstatement in requested expenditures.

The Office also requested \$0.2 million more than enacted from all sources for other Housing and Community Development operations, including \$15 less from general revenues for statewide telecommunications savings and \$173,867 more federal funds for Housing and Community Development disaster assistance, community development, and shelter grant programs, reflective of available and anticipated funding.

*The Governor recommended \$0.1 million less than requested from all sources, including \$8,602 more from general revenues and \$85,190 less from federal funds; the recommendation reflects updated planning values and additional statewide benefit savings and includes turnover savings consistent with current staffing. The Governor subsequently requested an amendment to include \$2.7 million from federal Community Development Block Grant funds for FY 2016 to reflect anticipated expenditures from existing grants as well as the award of a new 2015 block grant. The Assembly concurred.*

**Reappropriation - Executive Office Furniture and Supplies.** The Governor reappropriated \$18,169 from general revenues for the purchase of office equipment and furniture for Office staff. Hiring delays postponed logistical set-up of the Office; funds are needed in FY 2016 for room 110 of the State House. The Office inadvertently excluded the reappropriation from its request. *The Governor included the reappropriation. The Assembly concurred.*

**Other Executive Office Operations.** The Office requested \$2,288 less than enacted from general revenues for all other staffing and operations. This includes \$5,625 more than enacted for salary and benefit costs for the authorized level of 5.0 full-time equivalent positions. Although the request is consistent with

statewide benefit savings and updated Budget Office planning values, it is inconsistent with current staffing. As of the pay period ending December 12, 2015, the Executive Office reported 4.0 vacancies. Through December 2015, the Office averaged 1.8 filled positions, that of the Secretary and the implementation aide.

On December 12, 2015, a public hearing was held regarding the creation of a deputy secretary position, a chief of staff position, and a general counsel position in the Office. Article 15 of the FY 2016 Appropriations Act permits a secretary, deputy secretary, chief of staff, communications director, legislative director, and a policy director as unclassified positions within the Office. Legal counsels for state agencies are also permitted under current law. As of January 2016, two of the positions included in the request continue to be functionally filled by current employees of the Commerce Corporation. Assuming the approved positions had been filled as of the first pay period in January, the Office would require up to \$241,934 less for salary and benefit costs.

The Office reported that a portion of the funds included in the request for staff salaries and benefits would be transferred to the Commerce Corporation as reimbursement for its staff. The budget request does not reflect these plans. The Office anticipated the positions approved at the December 2015 hearing would be filled by March of the current year, and reported its intent to not fill the deputy chief of staff position in documents supporting its request. No hearing was held regarding this position and it would not be permitted under current law; the request is likely overstated.

The Office included \$7,913 less for all other expenses, including \$538 less for statewide telecommunications savings and \$7,375 less for staff travel expenses to reflect historical expenditures.

*The Governor recommended \$19,171 less than requested for staff salaries and benefits, including turnover savings to reflect the implementation aide position remaining vacant for five pay periods, offset by the position's upgrade to an unclassified executive assistant as of the pay period ending February 6, 2016. The Assembly included an additional \$0.3 million of turnover savings to reflect the Office's third quarter report and anticipated expenditures for the remainder of the fiscal year.*



## Department of Labor and Training

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
Central Management	\$ 679,226	\$ 2,236,803	\$ 3,646,830	\$ 3,646,830
Workforce Development Services	30,527,203	30,519,841	56,107,453	56,159,045
Workforce Regulation and Safety	2,792,826	2,925,633	2,942,475	2,851,797
Income Support	386,704,180	399,156,134	377,624,865	380,428,364
Injured Workers Services	8,128,507	8,501,946	8,719,425	8,632,714
Labor Relations Board	381,678	389,651	400,005	400,005
<b>Total</b>	<b>\$ 429,213,620</b>	<b>\$ 443,730,008</b>	<b>\$ 449,441,053</b>	<b>\$ 452,118,755</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 38,368,946	\$ 38,810,888	\$ 40,962,072	\$ 40,659,472
Contracted Services	3,839,058	7,158,685	9,706,104	9,706,104
<b>Subtotal</b>	<b>\$ 42,208,004</b>	<b>\$ 45,969,573</b>	<b>\$ 50,668,176</b>	<b>\$ 50,365,576</b>
Other State Operations	5,288,429	4,294,723	4,836,096	5,124,595
Aid to Local Units of Government	76,960	-	-	-
Assistance, Grants, and Benefits	358,778,871	383,255,728	374,709,020	374,709,020
Capital	839,163	1,953,242	3,840,217	3,840,217
Capital Debt Service	350,259	-	35,000	35,000
Operating Transfers	21,671,934	8,256,742	15,352,544	18,044,347
<b>Total</b>	<b>\$ 429,213,620</b>	<b>\$ 443,730,008</b>	<b>\$ 449,441,053</b>	<b>\$ 452,118,755</b>
<b>Sources of Funds</b>				
General Revenue	\$ 8,553,272	\$ 8,324,769	\$ 8,472,717	\$ 8,382,039
Federal Aid	35,913,567	38,164,061	56,691,604	56,903,951
Restricted Receipts	35,172,518	21,495,150	39,298,684	39,121,229
Other	349,574,263	375,746,028	344,978,048	347,711,536
<b>Total</b>	<b>\$ 429,213,620</b>	<b>\$ 443,730,008</b>	<b>\$ 449,441,053</b>	<b>\$ 452,118,755</b>
<b>FTE Authorization</b>	<b>410.0</b>	<b>410.0</b>	<b>416.5</b>	<b>409.5</b>
<b>FTE Average</b>	<b>385.2</b>			

**FY 2016 Revised Request.** The Department of Labor and Training requested \$450.0 million from all fund sources, which is \$6.3 million more than enacted. This includes \$0.2 million more from general revenues reappropriated by the Governor, increases of \$18.5 million from federal funds, \$17.8 million from restricted receipts and \$30.2 million less from other funds, primarily for unemployment and temporary disability insurance benefits. The general revenue request is \$47,041 more than the enacted budget, adjusted for undistributed statewide savings and the reappropriation. The Department did not submit a corrective action plan. The request includes 416.5 full-time equivalent positions, 6.5 positions above the enacted authorization.

*The Governor recommended \$0.6 million less than requested including \$54,959 less from general revenues. This primarily reflects a reduction to Rhode Island Capital Plan funds for the asset protection project and*

*the correction to personnel costs for the Labor Relations Board. She recommended the additional 6.5 full-time equivalent positions as requested.*

*The Governor subsequently requested an amendment to add \$3.1 million to reflect additional federal funds and unemployment insurance expenditures. **The Assembly concurred with the amendment and the rest of the recommendation except for \$0.4 million and 7.0 new full-time equivalent positions.***

**Reappropriation - Job Development Programs.** The Department requested \$0.9 million from general revenues for the work immersion program and non-trade apprenticeships. This includes the enacted \$0.7 million in addition to \$0.2 million of unspent FY 2015 funds the Governor reappropriated to FY 2016. The request assumes \$0.7 million for the 10-week work immersion program, which reimburses employers up to 75 percent of the cost to train an individual, and \$150,000 for a non-trade apprenticeship program where grants are awarded by the Governor's Workforce Board on a competitive basis. *The Governor recommended funding as requested. **The Assembly concurred.***

**Real Jobs RI.** The request includes \$8.1 million, including \$6.8 million from federal funds and \$1.3 million from restricted receipts for the new Real Jobs RI program. Requested funding for FY 2016 includes: \$4.3 million of a \$5.3 million federal award, with the remaining \$1.0 million being used in FY 2017; \$2.6 million from federal Workforce Investment Act funding from both traditional awards and incentive awards; and \$1.3 million in restricted receipt funding from employer contributions into the Job Development Fund, awarded through the Governor's Workforce Board.

The program aims to develop job partnerships connecting industry employers and key stakeholders to build alliances and address business workforce demands. It is designed to ensure that Rhode Island employers have the talent they need to compete and grow while providing targeted education and skills training for resident workers for jobs that exist now. The funding will support 3.0 positions shifted from other programs in the Department and portions of other staff members as needed, providing budget and oversight related functions. The vast majority of the funding is for implementation grants to companies to support the creation of strategic industry partnerships and develop training, education, and human resources solutions needed to address their business and talent needs. *The Governor recommended funding as requested. **The Assembly concurred.***

**Misclassification Task Force Positions (3.0 FTEs).** The Department requested \$0.2 million from all sources, including \$0.1 million from both general revenues and restricted receipts for 3.0 new positions for the Task Force on the Underground Economy and Employee Misclassification. These new Labor Standards Examiners will assist the Task Force in enforcing the compliance of labor standard laws, conducting extensive in-depth investigations and audits, preparing detailed reports upon completion of investigations and audits, determining potential litigation cases and developing such cases for litigation, and promoting an effective public relations program. Funding is split between restricted receipts from the workers' compensation program and general revenues within the workforce regulation and safety program. *The Governor recommended the new positions and funding as requested. **The Assembly did not concur and excluded the funding and positions.***

**State Workforce and Education Alignment Project (1.0 FTE).** The Department requested \$75,958 from other funds for a new two-year project called State Workforce and Education Alignment Project (SWEAP). This National Skills Coalition initiative seeks to demonstrate and create system-wide use of workforce education and training program information to better align programs with each other and with employers' skills needs.

Requested funding includes \$70,011 for 1.0 new Principal Research Technician to administer this program and \$5,947 for administrative expenses. The state was awarded \$180,000 over two years for this project,

along with three other states. *The Governor recommended the new positions and funding as requested.* **The Assembly did not concur and excluded the funding and positions.**

**Grant Monitoring and Evaluation (3.0 FTEs).** The Department requested \$151,242, including \$90,744 from restricted receipt job development funds and \$60,497 from federal workforce development funds for 3.0 new positions to audit, monitor, and evaluate job services and workforce development related federal grants and awards. This team will review both the financial and programmatic aspects and outcomes of grant awards. The positions include 1.0 Principal Auditor and 2.0 Senior Employment and Training Monitoring and Evaluations Specialists; the request assumes that the positions will remain vacant for half of the year. Although there is some monitoring and auditing that occurs regularly, there has been an increased focus on performance accountability, which requires greater scrutiny of programs and expenditures. *The Governor recommended the new positions and funding as requested.* **The Assembly did not concur and excluded the funding and positions.**

**Governor's Workforce Board - Grants and Operations.** The Department requested \$4.3 million, or 48.6 percent more than enacted from restricted receipts to support initiatives of the Governor's Workforce Board and the Human Resource Investment Council, excluding salaries and benefits. This primarily reflects \$5.2 million in awards granted but not expended in FY 2015 and \$0.4 million in additional available funding offset by shifting \$1.3 million to the Real Jobs RI program, discussed previously.

The Board 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 Board's funding is from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Workforce Development Grants and Operations.** The Department requested \$31.8 million or \$11.5 million more than enacted, primarily from federal funds for all other workforce development program grants and operations, including salaries and benefits. This includes \$8.8 million in unspent funds carried forward from FY 2015 in addition to increased awards, primarily for dislocated workers and the long-term unemployed. This increase is almost entirely for grants and awards for job services, training and placement programs. The request includes \$0.2 million less for salaries and benefits to reflect higher than anticipated vacancies as staff members move among and between the various job development programs. The request totals \$11.0 million more than FY 2015 expenditures. *The Governor recommended funding as requested.*

*The Governor subsequently requested an amendment to add \$0.3 million from available federal funds from a new Workforce Innovation and Opportunity Act and from a Women's Paid Leave grants. The Workforce Innovation and Opportunity Act is designed to help job seekers access employment, education, training, and support service to succeed in the labor market and to match employers with skilled workers. Funding from the Women's Paid Leave grant is passed through to the University of Rhode Island for research around expanding access to the Department's temporary caregiver insurance program.* **The Assembly concurred.**

**Trust Fund Solvency.** The Department requested expenditures of \$9.2 million to finalize the unemployment loan repayment and restore solvency of the Trust Fund. This includes the final interest payment of \$35,000, made in September 2015, on the state's unemployment insurance loans, which were paid off on November 5, 2014. It also includes the transfer of \$9.2 million to the state's Employment Security Trust Fund, which reflects the balance of the employer's contributions related to the 0.3 percent assessment, which has ended. According to state statute, once the state's loan was repaid, any remaining balance in the 0.3 percent assessment account is required to be transferred to the Trust Fund for the payment of benefits; the request reflects this action. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Unemployment Insurance Benefits.** The Department requested \$154.2 million from the Employment Security Trust Fund for the payment of up to 26 weeks of unemployment insurance benefits. This is \$21.3 million less than enacted, primarily from traditional benefit payments; there have been both fewer individuals collecting benefits overall and lower total benefit payments per individual, primarily from individuals finding employment before exhausting their 26 weeks of benefits. The request also includes \$1.5 million less from the expiration of time-limited federal funding for the WorkShare program; these benefits will revert to being paid from the Trust Fund, as they were paid prior to the federal award. *The Governor recommended funding as requested.*

*The Governor subsequently requested an amendment to add \$2.8 million. Of this amount, \$2.2 million represents an increase in unemployment insurance benefit payments to other states and \$0.6 million represents additional grant availability for short time compensation improvements. The Assembly concurred.*

**Unemployment Insurance IT System.** The request includes \$8.5 million from federal funds for expenses related to the replacement of the unemployment benefit and tax systems. This is \$3.6 million more than enacted to reflect expenditures delayed from FY 2015 that will be made in FY 2016 and an additional \$1.5 million grant for staffing expenses that are no longer allowed under the state's \$10 million award for the development of the new system. The requested increase includes \$2.7 million for contracted staff and information technology services, \$0.6 million from the second federal award to bring staffing expenditures closer to the FY 2015 experience, and \$0.2 million for operations.

Rhode Island joined into a consortium with Maine and Mississippi to develop new automated unemployment insurance tax and benefit systems, based on Mississippi's systems. The U.S. Department of Labor awarded the consortium \$90.0 million for the project, \$60.0 million for the centralized program development and \$10.0 million to each state to develop the program to its specific needs. The Department was able to secure \$1.5 million in additional federal funds to support staffing expenses related to developing the system, which expired September 30, 2015; however, the Department was able to secure a second grant, a portion of which is included in the revised request. *The Governor recommended funding as requested. The Assembly concurred.*

**Unemployment Insurance Administration.** The Department requested \$15.1 million, or \$0.2 million more than enacted for the administration and operations of the unemployment insurance program, including salaries and benefits. The request reduces expenditures from federal funds by \$2.1 million to reflect less available funds specifically for administration of the state's unemployment insurance system and increases restricted receipts by \$2.3 million to reflect utilization of alternate funding sources that the Department has available to replace the reduced federal funding. The request adds \$0.5 million for salaries and benefits, to reflect use of the non-federal sources for the additional costs related to the cost-of-living adjustment and realigning of staff in different ways. The request includes 145.4 positions for the unemployment insurance division, including the elimination of a 0.5 full-time equivalent legal position and also reduces contracted legal services as the number of disputed claims has decreased. The request also includes reductions for postage from having to mail notices to fewer claimants and utilization of new technology meant to reduce mailings, and also for computer and information technology expenditures and general operating costs. *The Governor recommended funding as requested. The Assembly concurred.*

**Police and Fire Relief Fund.** The Department requested \$4.0 million, or \$103,760 less 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 \$86,671 less for pension benefits and \$17,089 less for education benefits based on updated utilization trends through September 2015. *The Governor recommended funding as requested. The Assembly concurred.*

**Temporary Disability Insurance Benefits.** The Department requested \$165.0 million or \$10.0 million less than enacted from the Temporary Disability Insurance Fund for benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. Benefit payments totaled \$159.4 million in FY 2014 and \$163.7 million in FY 2015; benefit claims have begun increasing again as the economy is improving and employees feel more secure, thus no longer postponing the treatment of certain health issues, though not at the rate originally anticipated. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Temporary Disability Insurance Administration.** The Department requested \$6.7 million, or \$0.7 million more than enacted from the Temporary Disability Insurance Fund for administration of the temporary disability insurance program, including salaries and benefits for 60.4 positions. This includes \$0.8 million more for salaries and benefits from shifting 8.0 positions from other programs, reflecting the increased utilization of staff from FY 2015 and from increasing benefit payments. It also includes \$0.1 million less for administration, primarily for computer and information technology costs. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Temporary Caregiver Benefits.** The Department requested \$9.0 million from temporary disability insurance funds for benefit payments for the new Temporary Caregiver program, which is \$1.0 million less than enacted. Benefit expenditures were \$8.7 million for the first full year of the program and the Department anticipates that benefit payments will continue to increase slightly as more workers become aware of the program and feel more confident in their employment status to access the time off. The program began on January 1, 2014 and allows 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 recommended funding as requested.* **The Assembly concurred.**

**Temporary Caregiver Administration.** The Department requested \$0.8 million, including \$0.7 million from temporary disability insurance funds and \$0.1 million from federal funds for administration of the Temporary Caregiver program. This is \$0.2 million less than enacted, including \$0.3 million less from the Temporary Disability Insurance Fund and \$0.1 million more from a new federal award to study program utilization and access in addition to the barriers preventing potentially eligible individuals from utilizing and accessing this benefit. The full amount of the federal award for the study was not known when the budget request was submitted; the Department anticipates requiring the remaining \$96,083 from the federal grant in FY 2016.

The revised request includes \$0.3 million less from shifting 2.8 positions to other divisions, going from 10.0 positions to 7.2 positions, based on FY 2015 expenditures along with statewide benefit savings. The request also includes \$1,370 less for various administrative expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Workers' Compensation.** The Department requested \$0.3 million more than enacted from workers' compensation restricted receipts for administration of the workers' compensation program, including salaries and benefits for 40.4 positions. The request includes \$0.2 million more for staffing costs and includes 1.3 positions above the assumptions in the enacted budget, shifted from elsewhere in the Department. It also includes increases of \$0.1 million to complete upgrades of computer programming and information technology services for claims processing. Requested expenses are \$0.7 million above FY 2015 reported expenditures, primarily for salaries and benefits. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital Improvements.** The Department requested \$4.2 million or \$2.4 million more from all fund sources for the replacement of the roof on three of the buildings at the Center General Complex and numerous asset

protection projects. The request is \$0.5 million more than enacted for asset protection projects to account for carry forward funding that was not included in the Department's capital budget request.

*The Governor recommended \$0.5 million less than requested from Rhode Island Capital Plan funds for asset protection projects. **The Assembly concurred. A detailed analysis is included in the Capital Budget section of this publication.***

**Operating Transfers.** Excluding items mentioned previously, the Department's revised request includes \$6.1 million for expenditures classified as "operating transfers," which is \$2.1 million less than enacted. The reductions include \$2.0 million for the payment of unemployment insurance benefits to other states, \$0.2 million for reimbursements to the three state institutions of higher education, and \$0.1 million from Temporary Disability Insurance funds to support the employer tax unit in the Department of Revenue. It also includes \$0.2 million more for the WorkShare unemployment insurance program. 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. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies. *The Governor recommended funding as requested. **The Assembly concurred.***

**Other Salaries and Benefits.** The Department requested \$0.1 million less than enacted from general revenues for all other salary and benefit expenses for the remaining 41.1 authorized positions. The revised request shifts the remaining authorized positions among programs and funding sources. The request includes increasing the police and fire relief program from 0.7 positions to 1.0 position, and assumes additional turnover in central management and the workforce regulation and safety divisions, despite increasing the number of positions allocated to those programs.

The revised request is \$30,418 more than FY 2015 expenditures, primarily from the cost-of-living increase and additional funding requested for the Labor Relations Board. The request includes \$40,758 more than enacted for the Labor Relations Board; however, it appears that benefits related to retirement for the Board's members are included, which overstates the request by \$25,069 since Board members do not receive these benefits, in addition to the inclusion of full stipends for all Board members, although one member does not accept the stipend, which is \$13,460 in FY 2016.

*The Governor's recommendation is \$36,753 less from general revenues than requested. This includes \$29,420 to correct the benefit overstatement for members of the Labor Relations Board and \$7,333 in additional statewide medical benefit savings. **The Assembly concurred.***

**Other Operating.** The Department requested \$153,390 or 76.5 percent more than enacted from general revenues for all other operations. The increase is primarily in the Workforce Regulation and Safety program which experienced increased expenditures in FY 2015 that have carried forward into FY 2016. These include expanding the assessment of the statewide, centralized fees and expenses to non-federal sources, and increases for a review of the program's computer and information technology needs. In addition, there appears to be approximately \$25,000 in added one-time payments to some employees of a company that violated labor laws and owed wages to some of its employees, but the expected offsetting revenue, which has been or will be received, did not offset this expenditure in the request. *The Governor's recommendation is \$18,206 less from general revenues than requested based on the availability of indirect cost recovery funds. **The Assembly concurred.***

## Department of Revenue

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
Office of Director	\$ 1,072,834	\$ 1,144,238	\$ 787,580	\$ 787,580
Office of Revenue Analysis	466,468	574,490	553,232	553,232
Lottery Division	334,734,573	303,850,780	356,454,202	348,269,314
Division of Municipal Finance	2,375,374	2,186,998	2,462,726	2,462,726
Taxation	23,013,542	22,819,933	22,831,280	23,510,980
Registry of Motor Vehicles	20,253,731	24,465,170	26,837,251	26,837,251
State Aid	67,092,799	68,165,640	68,302,182	67,907,568
<b>Total</b>	<b>\$ 449,009,321</b>	<b>\$ 423,207,249</b>	<b>\$ 478,228,453</b>	<b>\$ 470,328,651</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 44,341,329	\$ 47,430,708	\$ 47,519,733	\$ 47,679,733
Contracted Services	2,837,942	1,882,007	5,703,146	5,703,146
<b>Subtotal</b>	<b>\$ 47,179,271</b>	<b>\$ 49,312,715</b>	<b>\$ 53,222,879</b>	<b>\$ 53,382,879</b>
Other State Operations	333,066,531	302,661,838	353,127,808	344,736,617
Aid to Local Units of Government	66,299,608	68,321,548	68,431,221	68,036,607
Assistance, Grants, and Benefits	1,479,494	108,923	108,623	628,323
Capital	917,497	2,734,124	3,269,821	3,476,124
Operating Transfers	66,920	68,101	68,101	68,101
<b>Total</b>	<b>\$ 449,009,321</b>	<b>\$ 423,207,249</b>	<b>\$ 478,228,453</b>	<b>\$ 470,328,651</b>
<b>Sources of Funds</b>				
General Revenue	\$ 106,969,845	\$ 113,198,446	\$ 110,571,771	\$ 110,177,157
Federal Aid	4,306,672	1,315,154	5,288,759	5,808,459
Restricted Receipts	1,718,666	3,894,326	4,935,486	4,935,486
Other	336,014,138	304,799,323	357,432,437	349,407,549
<b>Total</b>	<b>\$ 449,009,321</b>	<b>\$ 423,207,249</b>	<b>\$ 478,228,453</b>	<b>\$ 470,328,651</b>
<b>FTE Authorization</b>	<b>505.0</b>	<b>514.5</b>	<b>514.5</b>	<b>514.5</b>
<b>FTE Average</b>	<b>470.1</b>			

**FY 2016 Revised Request.** The Department of Revenue requested \$57.2 million more than enacted from all sources for FY 2016. This includes \$0.5 million more from general revenues, \$4.0 million more from federal funds, \$41,160 more from restricted receipts, and \$52.7 million more from other sources, the majority of which are Lottery funds. The general revenue request is \$621,110 more than the enacted budget adjusted for undistributed statewide savings.

*The Governor recommended \$2.2 million less than requested from all sources, including \$3.1 million less from general revenues, \$1.0 million more from restricted receipts, and \$61,032 less from Lottery funds. The Assembly provided \$7.9 million less than recommended from all funds, including \$0.4 million less from general revenues, \$0.5 million more from federal funds, and \$8.0 million less from other funds, primarily Lottery funds.*

**Gaming Study.** The Department requested \$32,500 from general revenues for a second update to the Christiansen Capital Advisor study and forecast of potential revenue impacts resulting from the introduction of gaming in Massachusetts. The study was first issued in FY 2012 and was subsequently updated in FY 2015. The second update was issued in October 2015 and reflects the observed impacts of Massachusetts slot machine gaming in Plainville; the delayed issuance of licenses in Massachusetts; recent statutory changes allowing a hotel at Twin River Casino; and the potential relocation of Newport Grand Casino to Tiverton. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Director and Revenue Analysis Staffing and Operations.** The request includes \$0.3 million less than enacted from general revenues for all other staffing and operations in the Offices of the Director and Revenue Analysis. This includes \$314,168 less for salaries and benefits, primarily from unanticipated turnover savings, including the vacant director position. The Department also requested \$4,352 less for operations costs for both offices, reflecting historical expenditures for staff travel and training, information technology hardware purchases in FY 2015, and statewide telecommunications savings. *The Governor recommended \$0.1 million less than requested. She included turnover savings consistent with current staffing and additional statewide medical benefit savings.* **The Assembly concurred.**

### Lottery Division

**Commission Payments.** The request includes \$50.9 million more than enacted from Lottery funds for commission payments to reflect revised estimates, including \$7.0 million more for table gaming payments and \$43.9 million more for traditional Lottery games. The appropriations act historically includes language authorizing the Lottery to pay winning prize funds and commission payments to Twin River and Newport Grand casinos for the fiscal year. *The Governor recommended funding as requested.* **The Assembly provided \$8.4 million less than recommended to reflect sales estimated by the May 2016 Revenue Estimating Conference.**

**Network Security Audits.** The Department requested \$0.1 million from Lottery funds for contracted network security audits to ensure the Division's information technology policies, procedures, documentation, and implementation are in line with industry best practices and to safeguard Lottery funds. Funding to perform the audits was included in the Department's FY 2016 operating budget request. The Governor did not recommend the funding and the Assembly concurred. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Lottery Building Renovations.** The Department's request includes \$0.2 million from Lottery 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 request excludes the \$0.3 million from Rhode Island Capital Plan funds unspent in FY 2015 that were included in the Department's capital budget request. The project is scheduled to be completed in FY 2016 at a total cost of \$0.8 million, \$0.2 million more than approved. However, the Department reported that it inadvertently requested Lottery funds for the current year; its intent was to request all project funding from Rhode Island Capital Plan funds.

*The Governor recommended funding from Lottery funds consistent with the incorrect revised request and includes the \$0.3 million from unspent Rhode Island Capital Plan funds. She subsequently requested an amendment to provide an additional \$0.2 million from Rhode Island Capital Plan funds to provide sufficient funding to complete the project.* **The Assembly concurred.**

**Casino Facilities Marketing.** The Department requested \$0.9 million more than enacted from Lottery funds for the state's share of casino facilities marketing expenditures. The request is consistent with the statutory change enacted by the 2015 Assembly, providing an additional 1.9 percent of annual net terminal income from Newport Grand Casino to UTGR, Inc., owner of the facility, for both FY 2016 and FY 2017. The Budget recognized the revenue loss, but did not adjust Lottery expenditures to reflect the change. The

additional funds may only be spent on marketing expenditures, which must be approved by the Division. *The Governor recommended funding as requested. The Assembly concurred.*

**Turnover Reduction.** The Department's request includes \$461,898 more than enacted from Lottery funds to restore all of the turnover savings included in the enacted budget and to fully fund the authorized level of 84.0 full-time equivalent positions. The request is consistent with statewide medical benefit savings and updated Budget Office planning values. It should be noted that final FY 2015 expenditures for staff salaries and benefits were \$0.2 million less than enacted, reflective of unanticipated vacancies in the second half of the fiscal year. As of the pay period ending December 12, 2015, the Division reported 5.0 vacancies. *The Governor recommended \$0.3 million less than requested to reflect current staffing and additional statewide medical benefit savings. The Assembly concurred.*

**Other Lottery Operations.** The Department requested \$150,167 more than enacted from Lottery funds for all other Lottery operations. This includes \$10,000 for payments to students performing the weekly drawing winning Lottery numbers, reflective of historical expenditures, \$9,065 more than enacted for the Lottery's fleet of vehicles and \$7,550 more for fuel and utility costs, reflective of FY 2015 expenditures. The Department also included \$0.1 million more than enacted for general office supplies. For FY 2015, the Division expended \$122,214, which is \$68,829 more than included in the enacted budget for these items. While the request appears to better reflect historical expenditures than the enacted level of funding, it is \$26,225 more than FY 2015 expenditures. *The Governor recommended funding as requested. The Assembly concurred.*

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

**Legal Services for Receiverships.** The Department requested \$321,388 more than enacted from general revenues for contracted legal services associated with receiverships established under the Fiscal Stability Act. The request includes \$303,243 more than enacted for legal costs associated with the Central Coventry Fire District receivership, which was dissolved as of October 1, 2015. The request also includes \$18,147 for legal costs associated with the Central Falls receivership, dissolved on April 15, 2013. Any additional fees incurred by the state with regard to the officials' new filing in Superior Court will not be added to the \$3.3 million Central Falls must repay the state. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Staffing and Operations.** The request includes \$13,194 less than enacted from general revenues for all other Municipal Finance staffing and operations. This includes \$5 less for statewide telecommunications savings and \$13,189 less for salaries and benefits for 17.0 full-time equivalent positions, reflective of current staffing, statewide medical benefit savings, and updated planning values. Consistent with the enacted budget, the request assumes \$0.1 million of turnover savings, equivalent to 0.7 of a full-time equivalent position. As of the pay period ending December 12, 2015, the Division reported two vacancies. *The Governor recommended \$32,466 less than requested, including \$26,869 for financial oversight reimbursement, reflective of historical expenditures and consistent with her FY 2017 recommendation, and \$5,597 for additional statewide medical benefit savings. The Assembly concurred.*

#### **Local Aid**

**Reappropriation – Municipal Incentive Aid.** The Governor reappropriated the \$136,542 for Johnston's FY 2015 share of the Municipal Incentive Aid program total; however, the request does not include the reappropriated funds, which the Department reported was an inadvertent error. The reappropriation is consistent with current law, which establishes that if a municipality fails meet the funding requirements for any of the three years of the program, the Governor shall reappropriate its share to the following year. It should be noted that the reappropriation is \$104 more than the unspent funds representing Johnston's proportional share of \$136,438 for FY 2015, apparently in error.

For FY 2015 and FY 2016, a municipality qualified to receive aid if its pension plans were in the state-administered Municipal Employee Retirement System by June 30, 2014; if it implemented the original or an amended Funding Improvement Plan that has been approved by the plan sponsor and local governing body for every locally administered pension plan within 18 months of an actuary's determination of critical status; or, if it was not required to submit a Funding Improvement Plan and made 100 percent of its annually required contribution.

*The Governor recommended the reappropriated funds; the recommendation overfunds the program by \$104. The Assembly corrected the \$104 error. Johnston failed to meet eligibility requirements for FY 2015 and FY 2016 by the end of the third quarter. Consistent with current law, its FY 2015 share was distributed amongst the 37 qualifying municipalities in May 2016. Its FY 2016 share will be reappropriated to FY 2017.*

**Property Valuation Reimbursements.** The Department requested the enacted amount of \$1.8 million from general revenues to reimburse municipalities conducting property valuation updates. For FY 2016, 15 communities are required to conduct assessments and qualify for reimbursements, including Burrillville, Central Falls, Jamestown, Johnston, Lincoln, Little Compton, New Shoreham, North Kingstown, North Smithfield, Providence, Scituate, Smithfield, South Kingstown, West Warwick, and Westerly. For FY 2017, the communities that qualify for reimbursement are Charlestown, Cumberland, Gloucester, Hopkinton, North Providence, Richmond, and West Greenwich. *The Governor recommended funding as requested. The Assembly provided \$1.4 million to reflect actual expenditures.*

### **Division of Taxation**

**New Revenue Initiatives Staff.** The Department's request includes the enacted amount of \$0.3 million for three revenue agent positions associated with the implementation of two compliance and collection initiatives, including \$0.2 million for 2.0 revenue agent positions to implement contingency fee contracts and \$0.1 million for 1.0 principal revenue agent to implement a managed audit program for FY 2016. The Department reported that all three positions were filled in the first quarter of the current year.

The FY 2016 enacted budget includes legislation permitting the Division to enter into contingency fee contracts with third party contractors to review Division tax and collections data to assess additional taxes, interest, or penalties owed and reductions in claimed refunds and permitting the establishment of a managed self-audit program enabling filers to review their own records, under the administration of the Division, to determine any additional tax liability owed, typically sales and use taxes. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Salaries and Benefits.** The Department requested \$0.1 million more than enacted from all sources for salaries and benefits for the remaining 222.0 full-time equivalent positions for the Division of Taxation, including \$16,667 less from general revenues, \$40,308 more from federal funds, \$41,160 more from restricted receipts, and \$29,692 more from Temporary Disability Insurance funds. The request reflects statewide medical benefit savings and updated Budget Office planning values.

The request assumes 4.0 percent or \$0.8 million in turnover savings, equivalent to 8.5 vacant positions. The enacted budget includes \$1.2 million of turnover savings, equivalent to 12.4 vacancies. The revised request reflects the Department's timeline to fill Division of Taxation vacancies and appears to shift turnover assumed in the enacted budget to fund increases for Division of Motor Vehicles salary and benefit costs. As of the pay period ending December 12, 2015, the Division reported 209.0 filled full-time equivalent positions, 15.0 positions less than authorized. *The Governor recommended \$57,256 less than requested to reflect current staffing and additional statewide medical benefit savings. She subsequently requested an amendment to add \$160,000 from available Motor Fuel Tax Evasion funds to support audits performed by Division staff. The Assembly concurred.*

**Other Operations.** The Department requested \$25,000 less than enacted from general revenues for all other Division expenses; the request is consistent with historical expenditures and reflects anticipated savings for postage costs. The Department reported that several consecutive years of enhanced compliance and collection efforts' inclusion in enacted budgets has resulted in a smaller number of delinquent filers and a recent trend of more delinquent filers being responsive to mailings. *The Governor recommended \$890 less than requested to reflect statewide telecommunications savings. She subsequently requested an amendment to add \$0.5 million from federal funds for a grant program from the National Oceanic and Atmospheric Administration to provide financial assistance to fishermen affected by the 2013 Northeastern groundfish natural disaster.* **The Assembly concurred.**

### **Division of Motor Vehicles**

**License Plate Reissuance.** Consistent with the enacted budget, the Department requested \$3.0 million from general revenues to begin production of license plates in FY 2016. The 2015 Assembly enacted legislation postponing the reissuance of the plates from September 2015 to July 2016. Each plate set is anticipated to cost up to \$12.50 to produce and the Department anticipated producing approximately 36,500 plate sets per month over a period of 24 months. Current law allows a \$6 per plate fee. License plate design was anticipated to be finalized by January 2016 in concurrence with the state tourism and marketing campaign administered by the Executive Office of Commerce. The Department reported that production of the plates will likely commence in the third quarter of FY 2016. *The Governor shifted the enacted funds to FY 2017 and included legislation to delay the reissuance of license plates from July 2016 to April 2017.* **The Assembly concurred.**

**Information Technology Modernization.** The request includes \$3.8 million more than enacted from all funds for registry information technology hardware and software modernization. This includes \$0.1 million less from general revenues, \$3.9 million more from federal funds, and the enacted amount of \$2.1 million from restricted receipts. The project is intended to expand available online functions and reduce overall registry wait times. The revised request is consistent with the Department's capital budget request and reflects the new contract amendment between the state and Hewlett Packard for system design and development, which was agreed to in November 2015. Vital modules of the project are anticipated to be usable in early FY 2017 with the remainder of the system deployed in December 2016. *The Governor recommended \$1.0 million more than requested from restricted receipts to reflect an updated project scope to make more user modules available earlier in FY 2017.* **The Assembly concurred.**

**Driver's License Imaging.** The Department requested \$0.1 million from general revenues for software licensing costs associated with an upgrade to the cameras used by the registry branches for photo imaging for driver's licenses and other credentials, such as state identification cards. In the first quarter of FY 2016, the Division of Information Technology and Department of Administration approved the purchase of new cameras from the Information Technology Investment Fund. The cameras and an associated software upgrade are anticipated to assist the Division with lowering wait times for licenses and other forms of identification as well as meet standards associated with the federal Real ID program. The funds are also included in the Department's FY 2017 operating request. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Extended Hours.** The Department requested \$0.1 million from general revenues for staffing costs associated with opening branch offices for extended hours. The request includes salary and benefit costs for three customer service representatives and one supervisor position, as well as an additional capitol police officer, per branch. The Department reported it was researching possible locations for extended hours, with likely offerings at a branch location in the north of the state and a branch location in the south.

The request assumes extended hours would begin in November 2015; however, as of December 2015, no branch had been determined to pilot the program and no formal staffing plan had been established. No

operations costs are included in the request, as those costs are contingent upon the location or locations chosen. The Department reported that its request was based on preliminary internal estimates.

*The Governor recommended \$39,829, which is \$30,412 less than requested to reflect delayed implementation of the initiative. The recommendation assumes that extended hours will begin at two branch locations in March 2016. **The Assembly concurred.***

**Satellite Office.** The Department requested \$0.2 million from general revenues for staffing costs and limited operations costs associated with opening an additional registry satellite office for up to 40 hours per week. The request funds salaries and benefits for three customer service representatives and one supervisor position and assumes the new branch will open as of February 1, 2016. As of December 2015, no location had been determined and no formal staffing plan had been established. No lease costs were included in the request, as those costs are contingent upon the location or locations of the new branch office. Additionally, it should be noted that the request does not include the cost of capitol police, who currently staff each of the Division's registry branches. *The Governor did not recommend this initiative. **The Assembly concurred.***

**Other Salaries and Benefits.** The Department requested \$0.2 million more than enacted from general revenues for all other Division salaries and benefits. The request restores \$0.1 million of the \$0.6 million of turnover savings assumed in the enacted budget; it assumes savings equivalent to 5.8 vacancies, 2.4 less than the enacted budget. Also included is \$7,437 more for staff overtime costs. The Department reported that the request reflects FY 2015 over-expenditures and an attempt to decrease wait times, which had begun to steadily climb. The remainder of the request reflects statewide benefit savings and updated Budget Office planning values. *The Governor recommended \$0.1 million more than requested to facilitate the hiring of additional customer service staff to reduce wait times. **The Assembly concurred.***

**Other Operations.** The Department requested \$0.1 million more than enacted from general revenues for all other expenses for the Division of Motor Vehicles. The request reflects maintenance costs for existing Registry information and database systems and FY 2015 expenditures for postage, office supplies, lease costs, and printing costs. *The Governor recommended \$6,800 more than requested to restore enacted funds for utility expenses that were inadvertently omitted from the Department's request. **The Assembly concurred.***

## Legislature

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
General Assembly	\$ 5,100,489	\$ 5,526,121	\$ 6,727,584	\$ 6,727,584
Fiscal Advisory Staff	1,464,798	1,846,092	1,899,935	1,899,935
Legislative Council	3,692,521	5,018,501	4,916,064	4,916,064
Joint Comm. on Legislative Affairs	21,485,556	23,170,750	25,171,175	25,171,175
Office of the Auditor General	4,439,628	5,579,580	5,377,177	5,377,177
Special Legislative Commissions	7,430	13,900	13,900	13,900
<b>Total</b>	<b>\$ 36,190,422</b>	<b>\$ 41,154,944</b>	<b>\$ 44,105,835</b>	<b>\$ 44,105,835</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 30,973,043	\$ 35,293,497	\$ 34,005,488	\$ 34,005,488
Contracted Services	226,826	421,350	625,350	625,350
<b>Subtotal</b>	<b>\$ 31,199,869</b>	<b>\$ 35,714,847</b>	<b>\$ 34,630,838</b>	<b>\$ 34,630,838</b>
Other State Operations	2,589,008	2,876,597	5,813,497	5,813,497
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,165,230	2,300,000	2,300,000	2,300,000
Capital	236,315	263,500	1,361,500	1,361,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 36,190,422</b>	<b>\$ 41,154,944</b>	<b>\$ 44,105,835</b>	<b>\$ 44,105,835</b>
<b>Sources of Funds</b>				
General Revenue	\$ 34,865,422	\$ 39,474,071	\$ 42,490,012	\$ 42,490,012
Federal Aid	-	-	-	-
Restricted Receipts	1,325,000	1,680,873	1,615,823	1,615,823
Other	-	-	-	-
<b>Total</b>	<b>\$ 36,190,422</b>	<b>\$ 41,154,944</b>	<b>\$ 44,105,835</b>	<b>\$ 44,105,835</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>258.0</b>			

**FY 2016 Revised Request.** The Legislature’s revised budget of \$44.2 million includes \$3.1 million from the \$4.4 million reappropriation and 298.5 full-time equivalent positions. *The Governor recommended \$125,801 less from general revenues than requested to reflect additional statewide medical benefit savings. The Assembly concurred.*



## Office of the Lieutenant Governor

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 890,265	\$ 1,063,157	\$ 948,604	\$ 948,604
Contracted Services	15,691	40,750	60,750	60,750
<b>Subtotal</b>	<b>\$ 905,956</b>	<b>\$ 1,103,907</b>	<b>\$ 1,009,354</b>	<b>\$ 1,009,354</b>
Other State Operations	48,041	87,964	32,964	32,964
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	12,000	-	-	-
Capital	5,876	750	750	750
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 971,873</b>	<b>\$ 1,192,621</b>	<b>\$ 1,043,068</b>	<b>\$ 1,043,068</b>
<b>Sources of Funds</b>				
General Revenue	\$ 959,864	\$ 1,127,621	\$ 1,043,068	\$ 1,043,068
Federal Aid	9	65,000	-	-
Restricted Receipts	12,000	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 971,873</b>	<b>\$ 1,192,621</b>	<b>\$ 1,043,068</b>	<b>\$ 1,043,068</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>7.4</b>			

**FY 2016 Revised Request.** The Office of the Lieutenant Governor's revised request is \$134,674 less than enacted, including \$69,674 less from general revenues and \$65,000 less from federal funds. The general revenue request is \$66,879 less than the enacted budget adjusted for undistributed statewide savings. *The Governor recommended \$149,553 less than enacted from all sources, which is \$14,879 less than requested.* **The Assembly concurred.**

**State Innovation Model Grant.** The Office's revised request excludes the \$65,000 from federal funds for the State Innovation Model Grant programmed in the enacted budget. The Office received these federal funds in FY 2013 and FY 2014, which 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 payments. The Office indicated that the current administration has no involvement with this initiative. *The Governor's recommendation excludes funding for the State Innovation Model Grant as requested.* **The Assembly concurred.**

**All Other Staffing and Operations.** The Office's revised request includes \$69,674 less than enacted from general revenues for all other staffing and operations. The changes reflect statewide savings on medical insurance costs and turnover savings from 2.0 unfilled positions that are expected to be filled by late November 2015. At the time of the budget submission in October, the Office indicated that it had not yet decided which 2.0 positions it would fill; possibilities included a 1.0 staff attorney, a 1.0 policy and administrative aide, and a 1.0 senior policy director. There are also shifts among categories of expenditures to align with planned spending. The request shifts \$40,000 from expenses for communications and media

relations to other parts of its budget based upon its planned spending, primarily \$30,000 for outside legal services related to ongoing Public Utilities Commission hearings regarding National Grid utility rate increases. The legal funds reflect an initiative begun by the new administration to intervene on behalf of consumers facing unexpected rate hikes.

*The Governor recommended \$84,553 less than enacted from general revenues, which is \$14,879 less than requested. Her recommendation includes \$44,879 less for salaries and benefits reflecting additional turnover savings from filling the vacant positions later than was assumed in the request and additional statewide medical benefit savings. She also added \$30,000 for outside legal services for general legal work unrelated to the Public Utilities Commission hearings based upon a request made by the Office subsequent to its budget submission. **The Assembly concurred.***

## Secretary of State

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
Administration	\$ 2,282,219	\$ 2,553,390	\$ 2,576,437	\$ 2,576,437
Corporations	2,070,630	2,302,691	2,214,793	2,214,793
State Archives	625,384	653,374	575,551	575,551
Elections and Civics	1,628,706	1,017,899	892,316	927,316
State Library	535,336	551,744	555,903	555,903
Office of Public Information	549,228	907,786	949,433	949,433
<b>Total</b>	<b>\$ 7,691,503</b>	<b>\$ 7,986,884</b>	<b>\$ 7,764,433</b>	<b>\$ 7,799,433</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 5,169,361	\$ 5,680,095	\$ 5,483,037	\$ 5,483,037
Contracted Services	196,522	330,000	341,360	341,360
<b>Subtotal</b>	<b>\$ 5,365,883</b>	<b>\$ 6,010,095</b>	<b>\$ 5,824,397</b>	<b>\$ 5,824,397</b>
Other State Operations	2,106,765	1,288,931	1,285,695	1,320,695
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	134,635	150,611	150,611	150,611
Capital	84,220	537,247	503,730	503,730
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 7,691,503</b>	<b>\$ 7,986,884</b>	<b>\$ 7,764,433</b>	<b>\$ 7,799,433</b>
<b>Sources of Funds</b>				
General Revenue	\$ 7,164,977	\$ 6,951,530	\$ 6,747,368	\$ 6,747,368
Federal Aid	11,264	-	22,859	22,859
Restricted Receipts	478,183	599,108	531,285	566,285
Other	37,079	436,246	462,921	462,921
<b>Total</b>	<b>\$ 7,691,503</b>	<b>\$ 7,986,884</b>	<b>\$ 7,764,433</b>	<b>\$ 7,799,433</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>53.0</b>			

**FY 2016 Revised Request.** The Office of the Secretary of State requested revised FY 2016 expenditures of \$8.0 million from all sources, which is \$60,024 more than the enacted budget. This includes \$21,491 less from general revenues and increases of \$22,859 from federal funds, \$31,981 from restricted receipts, and \$26,675 from other fund sources. The general revenue request is \$3,417 less than the enacted budget adjusted for undistributed statewide savings.

*The Governor recommended \$0.2 million less than enacted from all funds, which is \$0.3 million less than requested. General revenues are \$0.2 million less than enacted and requested.*

*The Governor subsequently requested an amendment to add \$35,000 from restricted receipts from a grant from Pew Charitable Trusts to help the Secretary of State improve the accuracy of Rhode Island's voter rolls. **The Assembly concurred.***

**Information Technology Reconfiguration.** The Office requested \$34,762 or 11.1 percent less than enacted for information technology expenditures. After the new Secretary was sworn in, a new Chief Innovation Officer was hired, an agency-wide information technology review was conducted, and subsequently, priorities and projects were rearranged, resulting in the need for less funding in FY 2016 and additional funding in FY 2017. The reductions primarily reflect the purchase of alternate equipment or less expensive products when possible; it also includes \$3,600 less for the lobby tracker module and \$8,098 more for the cost of internet services. *The Governor recommended shifting \$6,965 requested from general revenues for computer maintenance from FY 2016 to FY 2017.* **The Assembly concurred.**

**Online Voter Registration.** The Office requested \$50,000 in FY 2016 and \$80,000 in FY 2017 from general revenues for the implementation of an online voter registration portal. This would allow residents to register to vote and/or change their voter registration information online, which is intended to improve the accuracy of the voter rolls. This funding would be used to purchase the system software and integrate the voter verification process into the state's registration database. Statutory changes are required to allow such online voter registration activities. *The Governor did not recommend funding for FY 2016. Her FY 2017 recommendation includes a total of \$130,000 for this initiative.* **The Assembly concurred.**

**Street and Voter Verification.** The Office requested \$50,000 from general revenues for updating its street files to ensure that all voters are registered within the proper jurisdictions. This involves geocoding the streets within each jurisdiction and ensuring all voters are in the correct precincts. The Office estimates the project will cost \$50,000 and plans to issue a request for proposals in early 2016 for this project; however, the Office indicated the project must be completed before the voter registration deadline for candidates, which is usually at the end of May. The last time this update was done was in 2012; there does not appear to be a federal requirement to perform this update, but is considered best practices by the federal Election Assistance Commission to update this data prior to each national election. *The Governor did not recommend funding.* **The Assembly concurred.**

**Elections and Civics Personnel.** The Office requested \$0.3 million from general revenues, or \$0.1 million less than enacted for salaries and benefits for 3.0 positions in the Elections and Civics Division. The Director of Elections position was filled in FY 2015; the Deputy Director and administrative assistant positions were filled in October 2015 and the request reflects turnover for these two positions for eight months in addition to annualizing the most recent cost-of-living adjustment for the Director and \$1,382 less from statewide savings.

*The Governor recommended \$25,211 less from general revenues than requested to reflect additional statewide medical benefit and turnover savings based on an additional 1.7 pay period of turnover savings associated with the deputy director of elections position and, based on a request by the Office subsequent to its budget submission, changing the administrative assistant position to an additional deputy director of elections position with a January start date.* **The Assembly concurred.**

**Other Election Expenses.** The Office requested \$0.3 million, primarily from general revenues for expenses directly related to elections, excluding the personnel noted previously, which is \$5,492 more than enacted. The general revenue changes include reduced lease costs from the newly signed lease to continue occupying space at the West River Street location along with reduced advertising expenses; it includes increases for utilities, which are no longer included in the lease costs and additional legal expenses. The requested federal funds reflect an unspent award from FY 2015, which will be spent on computer and information technology programs to aid in elections. Fiscal year 2016 is an off-year in the two-year election cycle. *The Governor recommended \$7,384 less than requested for electricity based on a Department of Administration electricity procurement initiative.*

*The Governor subsequently requested an amendment to add \$35,000 from restricted receipts from a grant from Pew Charitable Trusts to help the Secretary of State improve the accuracy of Rhode Island's voter rolls. **The Assembly concurred.***

**State Archives Relocation.** The Office requested \$5,500 in FY 2016 and \$68,297 in FY 2017 to move over 10,000 cubic feet of archival records and related equipment out of the leased office space on Westminster Street in Providence into leased space on West River Street in Providence. The funding in FY 2016 reflects the cost of moving all the documents and equipment from the basement storage area while the FY 2017 funding reflects the moving of the main floor of the current State Archives. This is in anticipation of finding an alternative location for the state archives, which is part of the Department's FY 2017 request. *The Governor did not recommend funding pending the finalization of relocation plans. The Capital Budget includes \$100,000 from Rhode Island Capital Plan funds for FY 2017 for a feasibility study on the new location. **The Assembly concurred.***

**Records Center.** The Records Center is an internal service program that does not appear in the Appropriations Act. Its expenses are budgeted in user agencies that pay a portion of their operating costs into this fund for record storage and retrieval. The Center requested \$21,155 less than the enacted appropriation including \$7,255 less from shifting 0.75 positions to the Administration division and statewide benefit adjustments. The revised request also includes \$13,900 less for operating expenditures.

*The Governor recommended \$0.1 million more than enacted and requested for salaries and benefits to reflect shifting approximately \$0.1 million from Historical Records Trust restricted receipts to Record Center internal service funds, in an effort to more closely align projected collections with actual expenditures based on FY 2015 experience. She recommended operating expenditures as requested. **The Assembly concurred.***

**Other Salaries and Benefits.** The revised request includes \$50,334 more than enacted, including \$30,462 more from general revenues and \$19,872 more from restricted receipts for salary and benefit expenses for the 50.0 remaining full-time equivalent positions, excluding the Records Center and the Elections and Civics division. This includes a general revenue reduction of \$17,083 for statewide medical benefit savings and additional turnover savings of approximately \$30,000, while it adds funding for step increases for 12 employees hired by the new Secretary and reallocates positions within the Office, including 1.75 additional positions shifted from the Records Center and the Elections and Civics division.

*The Governor recommended \$0.1 million less than requested from all funds, including \$30,428 less than requested from general revenues to reflect additional statewide medical benefit and turnover savings and the shifting of approximately \$0.1 million from Historical Records Trust restricted receipts to Record Center internal service funds in an effort to more closely align projected collections with actual expenditures based on FY 2015 experience. **The Assembly concurred.***

**RI Charter Encasement.** The Office requested \$462,921 from Rhode Island Capital Plan funds to complete the restoration and other work associated with the encasement of the Rhode Island Charter in FY 2016. The request adds \$26,675 not spent in FY 2015. The funds will be primarily used to replace the encasement and HVAC and cooling systems that protect the charter. *The Governor recommended funding as requested. **The Assembly concurred.***

**Visitor's Center.** The Office requested \$10,000 more than enacted to fund the State House Visitor's Center and Gift Shop, which opened in December 2013. Staffing is provided by unpaid interns from Johnson & Wales University and merchandise sales are used to fund the restricted receipt account. The receipts will in turn be used to replenish the merchandise, and the Office anticipates \$25,000 will be available and needed for purchases in FY 2016. *The Governor recommended funding as requested. **The Assembly concurred.***

**All Other Operations.** The Office requested \$11,266 less than enacted, including \$13,375 less from general revenues and \$2,109 more from restricted receipts for all other operations. This includes reductions for lease costs at the West River Street location, partially offset by increased utility costs since they are no longer included in the new lease contract, plus additional office supplies and printing costs. *The Governor recommended \$7,183 less than requested for electricity based on a Department of Administration electricity procurement initiative.* **The Assembly concurred.**

## Office of the General Treasurer

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
General Treasurer	\$ 2,663,634	\$ 2,979,865	\$ 3,080,280	\$ 2,925,260
Unclaimed Property	25,371,922	22,350,267	22,011,476	25,847,488
Employees' Retirement System	11,857,000	11,782,495	12,733,555	12,613,069
Crime Victim Compensation	1,639,638	1,982,066	2,067,133	2,067,133
<b>Subtotal</b>	<b>\$ 41,532,194</b>	<b>\$ 39,094,693</b>	<b>\$ 39,892,444</b>	<b>\$ 43,452,950</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 8,257,722	\$ 9,103,112	\$ 9,255,189	\$ 9,079,683
Contracted Services	6,980,681	5,990,039	6,886,094	6,886,094
<b>Subtotal</b>	<b>\$ 15,238,403</b>	<b>\$ 15,093,151</b>	<b>\$ 16,141,283</b>	<b>\$ 15,965,777</b>
Other State Operations	24,805,844	22,200,267	21,952,886	25,688,898
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,456,810	1,755,000	1,755,000	1,755,000
Capital	31,137	46,275	43,275	43,275
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 41,532,194</b>	<b>\$ 39,094,693</b>	<b>\$ 39,892,444</b>	<b>\$ 43,452,950</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,400,368	\$ 2,420,250	\$ 2,407,642	\$ 2,307,642
Federal Aid	649,120	891,955	1,019,884	1,019,884
Restricted Receipts	38,279,369	35,263,670	35,875,484	39,591,010
Other	203,337	518,818	589,434	534,414
<b>Total</b>	<b>\$ 41,532,194</b>	<b>\$ 39,094,693</b>	<b>\$ 39,892,444</b>	<b>\$ 43,452,950</b>
<b>FTE Authorization</b>	<b>83.0</b>	<b>84.0</b>	<b>87.0</b>	<b>84.0</b>
<b>FTE Average</b>	<b>73.8</b>			

**FY 2016 Revised Request.** The Office of the General Treasurer requested \$0.7 million more than enacted from all sources including \$7,926 less from general revenues and 87.0 full-time equivalent positions, which is 3.0 more than the authorized level. The general revenue request is \$2,834 less than the enacted budget adjusted for undistributed statewide savings.

*The Governor recommended \$39.9 million from all funds, which is \$82,973 more than requested to reflect additional security service expenses for the Retirement System and federal funding to update the Crime Victim Compensation computer system. General revenues are \$12,608 less than enacted and \$4,682 less than requested to reflect additional medical benefit savings. She recommended the three new full-time equivalent positions as requested.*

**The Assembly provided \$3.6 million more than recommended largely to reflect the May unclaimed property estimate of the Revenue Estimating Conference. General revenues are \$0.1 million less than**

**recommended based on the Office's third quarter report and the Assembly provided the authorized level of 84.0 full-time equivalent positions.**

**CollegeBoundfund.** The Office requested \$55,020 and 1.0 new full-time equivalent position for a new program director for the CollegeBoundfund, the state's tuition savings program. The request assumes the position is filled for six months of the year. Consistent with the Governor's recommendation, the 2015 Assembly enacted legislation to transfer administrative responsibility of the tuition savings program to the Office of the General Treasurer from the Rhode Island Higher Education Assistance Authority. The enacted budget includes 1.0 full-time equivalent position and \$300,000 for costs associated with administering the Fund consistent with what had historically been expended annually for operations. The program director was requested to assist with monitoring the investments of the Fund, ensuring proper management, and assisting in developing a strategy to grow the program. The current position is responsible for customer service and promotion of the Fund to potential customers.

The investments are managed by AllianceBernstein, the Fund manager and oversight and plan selection is under the purview of the State Investment Commission. Prior to FY 2016, the Rhode Island Higher Education Assistance Authority had administrative responsibility for the CollegeBoundfund; 0.5 of a position was dedicated to maintaining the relationship with AllianceBernstein and fixed overhead costs were also allocated to this funding source. It would appear that of the duties of the requested new position, the State Investment Commission is responsible for ensuring proper management and monitoring the investments and developing a strategy to grow the program could be done by the person currently responsible for customer service and Fund promotion. *The Governor recommended the new staff and funding as requested.* **The Assembly did not include the funding or staffing authorization.**

**Unclaimed Property.** The Office requested \$11.5 million for payment of unpaid property claims, which is \$0.1 million more than enacted. The Office also requested a decrease of \$0.5 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 recommended funding as requested, which is \$1.1 million less than the adopted November estimate. The Conference adopted a transfer of \$10.1 million, which is \$0.1 million more than recommended and claims of \$12.5 million, which is \$1.0 million more than recommended.*

**The Assembly added \$3.8 million from restricted receipts to reflect the estimate of the May Revenue Estimating Conference. This includes an additional \$2.1 million in transfer to the state General Fund for an FY 2016 transfer of \$12.1 million.**

**Retirement System Legal.** The revised request reflects a decrease of \$0.8 million from Retirement System restricted receipts for legal expenses associated with the legal challenges to the changes made during the 2009 and 2011 legislative sessions. A pension settlement agreement was signed by all the parties (except municipal police and Cranston fire) in April 2015 and determined by the Court to be fair, adequate and reasonable in May 2015. The 2015 Assembly enacted legislation to codify the pension settlement agreement. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Retirement System Computer System.** The revised request includes an additional \$1.7 million from Retirement System restricted receipts to make revisions to the original contract for a new computer system based on pension settlement changes and a delay in full implementation. Because the pension settlement agreement made changes to benefits and contribution rates for certain employees, the Office needs to make modifications to the original contract. This will also cause a delay in full implementation of the new system and require that the Retirement System continue to run parallel computer systems for an additional three months. *The Governor recommended funding as requested.* **The Assembly concurred.**

**New Retirement System Positions.** The Office requested \$120,486 and 2.0 new full-time equivalent positions for the System: a junior accountant and a customer experience manager. The request assumes the positions are filled for six months of the fiscal year. The customer experience manager will assist in the implementation of the new computer system and will develop strategies to assess and improve member interactions with the System and the junior accountant will work on financial reporting capabilities of the System as required by new Governmental Accounting Standards Board requirements. *The Governor recommended the new positions and funding as requested.* **The Assembly did not include the funding or staffing authorization.**

**Other Retirement System Adjustments.** The Office requested \$0.1 million less from Retirement System restricted receipts for all other expenses for the Retirement System. The request includes an additional \$0.1 million in turnover savings in order to fund the 2.0 new positions requested and some additional expenses. This includes an additional \$50,000 to implement an electronic board book system to improve the efficiency of production and review of the monthly State Investment Commission and Retirement System board books, which are distributed to Board members prior to each monthly meeting. Travel and training also increase by \$12,000 for staff attendance at conferences related to changing Governmental Accounting Standards Board accounting rules. *The Governor recommended \$32,055 more than requested for Capitol Police security, based on FY 2015 spending.* **The Assembly concurred.**

**All Other Adjustments.** The Office requested \$0.1 million more than enacted for all other operations including \$7,926 less from general revenues. The majority of the increase is for salary and benefit expenses based on current staffing and reflects revisions to some salaries, increased overtime and changes in cost allocations.

*The Governor recommended \$55,600 more than requested from available federal funds for updates to the Crime Victim Compensation program's software and reduced requested general revenues by \$4,682 to reflect additional statewide medical benefit savings.*

**The Assembly reduced general revenue banking services expenditures by \$0.1 million based on the Office's third quarter report. The Office pointed to the state's improved cash position, rising interest rates and cash management techniques as the reason for the reduced costs.**



## Rhode Island Board of Elections

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,275,692	\$ 1,196,343	\$ 1,132,527	\$ 1,132,527
Contracted Services	80,423	73,488	79,883	79,883
<b>Subtotal</b>	<b>\$ 1,356,115</b>	<b>\$ 1,269,831</b>	<b>\$ 1,212,410</b>	<b>\$ 1,212,410</b>
Other State Operations	618,193	526,784	492,458	492,458
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,620,273	-	85,000	85,000
Capital	61,555	21,690	8,000	8,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 4,656,136</b>	<b>\$ 1,818,305</b>	<b>\$ 1,797,868</b>	<b>\$ 1,797,868</b>
<b>Sources of Funds</b>				
General Revenue	\$ 4,656,136	\$ 1,818,305	\$ 1,797,868	\$ 1,797,868
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 4,656,136</b>	<b>\$ 1,818,305</b>	<b>\$ 1,797,868</b>	<b>\$ 1,797,868</b>
<b>FTE Authorization</b>	<b>11.0</b>	<b>11.0</b>	<b>11.0</b>	<b>11.0</b>

**FY 2016 Revised Request.** The Rhode Island Board of Elections requested \$89,126 more from general revenues than enacted and 1.0 new full-time equivalent position. The request is \$93,385 more than the enacted budget adjusted for statewide savings. *The Governor recommended \$20,437 less than enacted, which is \$0.1 million less than requested and did not fund the new position.* **The Assembly concurred.**

**New Campaign Finance Position (1.0 FTE).** The Rhode Island Board of Elections requested \$43,248 from general revenues and 1.0 new full-time equivalent position for the agency to enforce compliance with new campaign finance laws enacted by the 2015 Assembly. *The Governor did not include the position or funding for the current year but did provide it for FY 2017.* **The Assembly concurred.**

**Seasonal Staff.** The Board of Elections requested \$60,000 for seasonal staff for the 2016 Presidential Preference Primary. The Board spent \$11,952 on seasonal staff for the last Presidential Preference Primary in FY 2012. The enacted budget included no funding for this purpose, though the Board of Elections had requested \$35,000 in its original FY 2016 budget, and at the time indicated that funding level was needed for additional technicians and retaining seasonal staff for longer periods of time. The added work would be consistent with recommendations in the House Oversight Committee's *Review of the 2012 Elections* report that the Board hire and train more technicians to repair machines on Election Day and have a more timely reconciliation of the ballot following the election. The requested increase also reflects additional seasonal staff to process mail ballots, which are expected to increase over the 2012 level. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Salaries and Benefits.** The Board's request includes \$4,096 less than enacted for the existing salaries and benefits for 11.0 full-time equivalent positions to adjust for the distribution of statewide savings. It does not appear to adjust for turnover savings from two positions that have been vacant since the beginning of the fiscal year.

*The Governor recommended \$123,816 less than enacted to account for turnover savings from current vacancies as well as additional statewide medical benefit savings. The Assembly concurred.*

**Legal Settlement.** After submitting its budget, the Board of Elections requested an additional \$85,000 for a legal settlement with a former employee of the Board of Elections. The settlement was executed by the state on January 15, 2016. *The Governor included the \$85,000. The Assembly concurred.*

**Warehouse Rental Space.** The Board of Elections stores voting equipment at its location at 50 Branch Avenue and, because of limited storage capacity there, also occupies 10,350 square feet at the Cranston Street Armory. The enacted budget assumes the Board would find alternative storage space in FY 2016 for its voting equipment currently stored at the Armory and includes \$60,000 for this purpose, but the Board requested no funding for the current year or FY 2017. It appears the current plan is to continue using the Armory. *The Governor concurred. The Assembly concurred.*

**Legal Services.** The Board requested \$84,000 from general revenues for legal services, or \$24,000 more than the enacted level. The Board spent an average of \$46,961 for legal services from FY 2012 through FY 2014, but spent \$77,712 in FY 2015, and anticipated its need to continue to exceed previously budgeted funding levels. *The Governor recommended \$66,095, which is \$17,905 less than requested. The Assembly concurred.*

**All Other Operations.** The Board of Elections requested \$25,974 more than enacted from general revenues for all other operations. Increased expenditures include \$23,035 for software and system maintenance related to elections and campaign finance. *The Governor recommended the requested increases, but also included a \$13,690 reduction based on an updated plan for information technology improvements authorized in the enacted budget. The Assembly concurred.*

## Rhode Island Ethics Commission

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,393,024	\$ 1,438,149	\$ 1,410,533	\$ 1,410,533
Contracted Services	22,067	25,000	29,100	29,100
<b>Subtotal</b>	<b>\$ 1,415,091</b>	<b>\$ 1,463,149</b>	<b>\$ 1,439,633</b>	<b>\$ 1,439,633</b>
Other State Operations	152,916	175,609	167,160	167,160
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	11,031	6,118	4,326	4,326
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,579,038</b>	<b>\$ 1,644,876</b>	<b>\$ 1,611,119</b>	<b>\$ 1,611,119</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,579,038	\$ 1,644,876	\$ 1,611,119	\$ 1,611,119
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,579,038</b>	<b>\$ 1,644,876</b>	<b>\$ 1,611,119</b>	<b>\$ 1,611,119</b>
<b>FTE Authorization</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>
<b>FTE Average</b>	<b>11.9</b>			

**FY 2016 Revised Request.** The Commission requested \$34 less than enacted from general revenues in its revised request. The request is \$2,491 more than the enacted budget, adjusted for undistributed statewide savings. *The Governor further reduced expenses by \$33,723.* **The Assembly concurred.**

**Legal and Other Contracted Services.** The Commission added \$4,100 from general revenues for legal and all other contracted services in its revised request. This includes \$3,000 more for legal services, \$600 more for transcription services and \$500 more for information technology services and is \$7,033 more than FY 2015 actual expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Operating.** The Commission requested \$4,134 less than enacted for all other expenses. This includes \$565 more for updated benefit costs, \$2,907 less for operations and \$1,792 less for capital purchases including computers and leased office equipment. The request includes the enacted level of \$107,000 for its leased office space, which is \$5,542 more than spent in FY 2015. *The Governor's recommendation is \$33,723 less than requested, including \$4,971 from statewide medical benefit savings, \$23,210 from a recent retirement and the \$5,542 adjustment to reflect actual rental expenses.* **The Assembly concurred.**



## Office of the Governor

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 3,980,430	\$ 4,365,317	\$ 4,441,764	\$ 4,350,134
Contracted Services	59,766	500	500	500
<b>Subtotal</b>	<b>\$ 4,040,196</b>	<b>\$ 4,365,817</b>	<b>\$ 4,442,264</b>	<b>\$ 4,350,634</b>
Other State Operations	342,678	267,750	427,425	427,425
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	250,000	250,000	250,000
Capital	19,019	19,900	19,900	19,900
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 4,401,893</b>	<b>\$ 4,903,467</b>	<b>\$ 5,139,589</b>	<b>\$ 5,047,959</b>
<b>Sources of Funds</b>				
General Revenue	\$ 4,401,893	\$ 4,903,467	\$ 5,139,589	\$ 5,047,959
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 4,401,893</b>	<b>\$ 4,903,467</b>	<b>\$ 5,139,589</b>	<b>\$ 5,047,959</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>38.1</b>			

**FY 2016 Revised Request.** The Office requested \$243,189 more from general revenues than enacted, including \$252,430 to reflect the discretionary reappropriation offset by \$9,241 of statewide savings. The general revenue request is consistent with the enacted budget adjusted for undistributed statewide savings and the reappropriation. *The Governor concurred, with the exception of providing \$7,067 less from general revenues to reflect statewide medical benefit savings.* **The Assembly provided \$91,630 less from general revenues.**

**Contingency Fund.** The Office's request includes \$160,800 from FY 2015 unexpended general revenues from the contingency fund for which the FY 2015 final budget included \$250,000. The contingency 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. The FY 2016 enacted budget also includes \$250,000 from the contingency fund. Expenditures through January 2016 totaled \$9,314. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Adjustments.** The remaining \$91,630 from the reappropriation will be used for salary and benefit costs. According to the Budget Office, all expenses incurred in FY 2015 were paid. A supplemental appropriation is more appropriate than the reappropriation of the remaining funds. The Office also reduced funding by \$9,241 to reflect distributed statewide savings. *The Governor provided \$7,067 less from general revenues to reflect statewide medical benefit savings.* **The Assembly did not provide this discretionary reappropriation.**



## Rhode Island Commission for Human Rights

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,270,385	\$ 1,310,285	\$ 1,283,126	\$ 1,283,126
Contracted Services	27,741	2,760	8,550	8,550
<b>Subtotal</b>	<b>\$ 1,298,126</b>	<b>\$ 1,313,045</b>	<b>\$ 1,291,676</b>	<b>\$ 1,291,676</b>
Other State Operations	258,112	234,965	263,090	263,090
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	500	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,556,738</b>	<b>\$ 1,548,010</b>	<b>\$ 1,554,766</b>	<b>\$ 1,554,766</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,225,335	\$ 1,252,174	\$ 1,243,892	\$ 1,243,892
Federal Aid	331,403	295,836	310,874	310,874
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,556,738</b>	<b>\$ 1,548,010</b>	<b>\$ 1,554,766</b>	<b>\$ 1,554,766</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 2016 Revised Request.** The Commission requested \$10,426 more than enacted, including \$4,612 less from general revenues and \$15,038 more from federal funds. The general revenue request is \$329 less than the enacted budget adjusted for undistributed statewide savings. *The Governor recommended \$6,756 more than enacted, which is \$3,670 less than requested, reflecting additional statewide savings.* **The Assembly concurred.**

**Federal Receipts.** The enacted budget assumes that federal receipts available to be spent in FY 2015 would be \$295,836. The Commission's revised budget includes expenses totaling \$310,874 to reflect federal funds carried forward from FY 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Information Technology Improvements.** The Commission requested \$6,954 from general revenues for information technology upgrades, for which no funding is included in the enacted budget. The funding includes \$1,194 for licensing costs associated with Microsoft Office 365 and \$5,760 for increasing the Commission's bandwidth. The Commission indicated that the Division of Information Technology recommended the upgrades. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Operations.** The Commission requested \$3,472 more than enacted from all funds for all other operations, including \$11,566 less from general revenues and \$15,038 more from federal funds. This primarily reflects statewide medical benefits savings, employee medical benefits selection, benefit rate changes consistent with FY 2016 revised planning values, and an increase in travel and training costs associated with a national fair housing training conference, for which the Department of Housing and Urban

Development has provided additional funds. *The Governor recommended \$3,670 less than requested from general revenues to reflect additional statewide medical benefit savings.* **The Assembly concurred.**

## Public Utilities Commission

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 5,550,032	\$ 6,015,293	\$ 6,002,957	\$ 6,002,957
Contracted Services	585,264	1,673,525	1,658,525	1,658,525
<b>Subtotal</b>	<b>\$ 6,135,296</b>	<b>\$ 7,688,818</b>	<b>\$ 7,661,482</b>	<b>\$ 7,661,482</b>
Other State Operations	570,316	936,530	951,530	951,530
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	337	337	337
Capital	56,753	59,000	59,000	59,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 6,762,365</b>	<b>\$ 8,684,685</b>	<b>\$ 8,672,349</b>	<b>\$ 8,672,349</b>
<b>Sources of Funds</b>				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	81,792	90,000	90,000	90,000
Restricted Receipts	6,680,573	8,594,685	8,582,349	8,582,349
Other	-	-	-	-
<b>Total</b>	<b>\$ 6,762,365</b>	<b>\$ 8,684,685</b>	<b>\$ 8,672,349</b>	<b>\$ 8,672,349</b>
<b>FTE Authorization</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>
<b>FTE Average</b>	<b>44.6</b>			

**FY 2016 Revised Request.** The Public Utilities Commission requested \$12,336 less than enacted from restricted receipts. This reflects current staffing, statewide medical benefit savings, and updated Budget Office planning values. As of October 31, 2015, the Commission reported 46.0 filled full-time equivalent positions, four less than the authorized level, but one more than was funded in the enacted budget. *The Governor recommended funding as requested. The Assembly concurred.*



## Executive Office of Health and Human Services

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
Central Management	\$ 127,894,331	\$ 124,237,973	\$ 209,223,316	\$ 207,391,711
Medical Assistance	2,206,756,129	2,263,665,980	2,254,338,729	2,228,350,507
<b>Total</b>	<b>\$ 2,334,650,460</b>	<b>\$ 2,387,903,953</b>	<b>\$ 2,463,562,045</b>	<b>\$ 2,435,742,218</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 22,330,892	\$ 23,824,387	\$ 24,321,080	\$ 23,571,787
Contracted Services	79,254,663	74,966,136	151,397,440	149,365,835
<b>Subtotal</b>	<b>\$ 101,585,555</b>	<b>\$ 98,790,523</b>	<b>\$ 175,718,520</b>	<b>\$ 172,937,622</b>
Other State Operations	6,987,032	4,321,897	6,241,492	7,190,785
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,225,133,066	2,284,497,916	2,278,561,303	2,252,573,081
Capital	944,807	293,617	3,040,730	3,040,730
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 2,334,650,460</b>	<b>\$ 2,387,903,953</b>	<b>\$ 2,463,562,045</b>	<b>\$ 2,435,742,218</b>
<b>Sources of Funds</b>				
General Revenue	\$ 915,652,909	\$ 909,934,065	\$ 926,021,780	\$ 929,093,758
Federal Aid	1,402,816,157	1,462,232,758	1,522,294,853	1,491,403,048
Restricted Receipts	16,181,394	15,737,130	15,245,412	15,245,412
Other	-	-	-	-
<b>Total</b>	<b>\$ 2,334,650,460</b>	<b>\$ 2,387,903,953</b>	<b>\$ 2,463,562,045</b>	<b>\$ 2,435,742,218</b>
<b>FTE Authorization</b>	<b>184.0</b>	<b>187.0</b>	<b>187.0</b>	<b>187.0</b>
<b>FTE Average</b>	<b>170.2</b>			

**FY 2016 Revised Request.** The Executive Office's revised request is \$86.7 million more from all sources, including \$12.5 million more from general revenues, \$74.7 million more from federal funds and \$0.5 million less from restricted receipts. The majority of the increase is related to the unified health infrastructure project. The general revenue request is also \$12.5 million more than the enacted budget adjusted for the undistributed statewide savings.

Additionally, it appears that \$1.0 million in potential medical assistance expenditure savings from an ongoing settlement is being used to offset administrative costs rather than being incorporated into caseload estimates through that semi-annual process.

*The Governor recommended \$11.0 million less than requested, including \$3.6 million more from general revenues; she lowered the November caseload estimate by \$16.1 million, including \$8.0 million from general revenues. She also included the potential settlement savings, which are still unknown.*

**The Assembly provided \$2,435.7 million, including \$929.1 million from general revenues, \$1,491.4 million from federal funds and \$15.2 million from restricted receipts. This is \$27.8 million less than**

**the Governor’s recommendation, including \$30.9 million from federal funds primarily adjusted for expenses related to the Medicaid expansion program. Each change is explained separately.**

**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 Executive Office of Health and Human Services. The 2015 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income								
Family Size	100%	133%	138%	150%	180%	185%	200%	250%
1	\$ 11,770	\$ 15,654	\$ 16,243	\$ 17,655	\$ 21,186	\$ 21,775	\$ 23,540	\$ 29,425
2	15,930	21,187	21,983	23,895	28,674	29,471	31,860	39,825
3	20,090	26,720	27,724	30,135	36,162	37,167	40,180	50,225
4	24,250	32,253	33,465	36,375	43,650	44,863	48,500	60,625
5	28,410	37,785	39,206	42,615	51,138	52,559	56,820	71,025
6	32,570	43,318	44,947	48,855	58,626	60,255	65,140	81,425
7	36,730	48,851	50,687	55,095	66,114	67,951	73,460	91,825
8	40,890	54,384	56,428	61,335	73,602	75,647	81,780	102,225

*For families with more than 8 members, add \$4,160 for each additional member for the 100 percent calculation.*

**Medicaid Expenses - State/National Comparison.** The following table compares national and state 2012 Medicaid spending using the Medicaid and CHIP Payment and Access Commission (MACPAC) MACStats Data Book (December 2015). It shows spending for all enrollees, including individuals who receive Medicare and for whom the state provides a partial Medicaid benefit, including co-payments, deductibles and Part D drug coverage. Full benefit enrollees have access to all Medicaid benefits. It also divides the enrollees into population groups.

Rhode Island’s spending on children and parents (adults), primarily through RItE Care, is higher than the national average. There are not many who receive only a partial benefit; therefore, there is little difference between the two comparisons. The Medicaid expenses for these populations are in the Executive Office of Health and Human Services’ budget.

For disabled individuals, expenses for this population appear in the budgets of 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. Costs for this population are also above the national average when comparing only full-benefits enrollees and all enrollees.

Finally, expenses for the aged population are also higher when comparing both the full benefit enrollees and all enrollees. Because of the availability of Medicare for this population, roughly 20 percent of the total population served does not receive a full benefit. Expenses supporting this population are in the budgets of the Executive Office of Health and Human Services and the Department of Human Services.

Medicaid Expenses/Cost Per Enrollee				
Population	All Enrollees		Full Benefit Enrollees	
	US	RI	US	RI
Children	\$ 2,679	\$ 4,256	\$ 2,696	\$ 4,254
Adults	4,044	7,677	4,696	7,726
Blind/Disabled	17,848	20,625	19,660	21,321
Aged	15,346	18,357	19,563	21,304
<b>Average</b>	<b>\$ 6,833</b>	<b>\$ 10,689</b>	<b>\$ 7,482</b>	<b>\$ 10,978</b>

*Source: MACStats: Medicaid and CHIP Data Book December 2015; Medicaid Benefit Spending for FY 2012; in millions*

## Reinventing Medicaid

In 2015, Governor Raimondo signed an executive order establishing the Working Group to Reinvent Medicaid, which was comprised of Medicaid stakeholders who conducted a comprehensive review of the Medicaid program and made recommendations for short and long-term plans to transform the program.

The Governor included \$92.3 million in savings in her recommended budget, including \$46.4 million from general revenues in the health and human service agencies from the initiative. She then proposed revisions to those savings that included increased revenues as well as expenditure reductions. The Assembly enacted the FY 2016 budget with a majority of the proposals.

The following table shows only the expenditure savings assumed for the Executive Office from Reinventing Medicaid. A majority of the savings, \$70.3 million from all sources, is from a reduction to rates paid to hospitals, nursing facilities and the managed care plans. There are over 40 initiatives and the table aggregates some of the program efficiencies, such as residency verification and coordinated coverage for those with Medicare or other third party coverage. The status noted represents the testimony provided at the May Caseload Estimating Conference at the beginning of May 2016.

Proposal	FY 2016 Final		Status
	Gen. Rev.	All Funds	
<b>Hospital/Nursing Home &amp; Managed Care Payments</b>	<b>\$ (30,352,566)</b>	<b>\$ (69,586,413)</b>	<b>On Target</b>
Pilot Coordinated Care Program	(1,923,492)	(6,038,647)	On Target
Community Health Teams	(1,000,000)	(2,012,882)	On Target
Home Stabilization Initiatives	(25,000)	(50,424)	Delayed
Assisted Living Opportunities	(50,000)	(100,000)	Delayed
STOP Program	(290,744)	(586,414)	Delayed
Adult Day Services	(400,000)	(806,777)	On Target
Coordinated Care Management for SPMI	(2,072,301)	(5,000,000)	Delayed
Eleanor Slater Hospital*	(102,036)	(586,414)	Delayed
Electronic Visit Verification*	-	-	Delayed
Medicaid Eligible Adults to Expansion	(1,500,000)	-	On Target
Evaluate Structural Barriers to HCBS	(50,000)	(100,847)	Delayed
LTC - Align Activities of Daily Living	-	-	Delayed
Implement Expedited Eligibility for Long Term Care Services	-	-	Delayed
Other Program Efficiencies	(9,164,820)	(18,427,529)	On Target
<b>Total</b>	<b>\$ (46,880,959)</b>	<b>\$ (103,195,500)</b>	

*\*Initiatives also impact Department of Behavioral Healthcare, Developmental Disabilities & Hospitals*

The November 2015 Caseload Estimating Conference considered the Executive Office testimony, but reduced overall savings associated with Reinventing Medicaid initiatives. Conference principals' individual assumptions on the savings and timing of the initiatives varied; therefore, there was no consensus on the specific values of the delays. The caseload estimate totals reflect less progress being made towards meeting those savings in FY 2016, based on the current status for implementation of each item.

*The Governor's recommended budget reduces the caseload estimate by \$16.1 million from all sources, including \$8.0 million from general revenues from initiatives tied to Reinventing Medicaid. The savings are taken in the RItE Care (managed care) program but have not been identified. She included Section 9 of Article 9 to instruct the Secretary of Health and Human Services to identify and implement fiscal controls within the overall budget to achieve the full savings that was enacted for FY 2016 as part of Reinventing Medicaid. There is no other indication of how these savings will occur. Legislative action is unlikely to occur before the fourth quarter of the fiscal year. This adjustment is inconsistent with current law and past practice regarding caseloads.*

**The Assembly included savings totaling \$103.4 million, including \$46.9 million from general revenues based on the Executive Office’s updated testimony at the May Caseload Estimating conference for specific proposals and updated savings and did not include any unidentified savings from Reinventing Medicaid that were part of the Governor’s recommended budget.**

### Medical Assistance

The Caseload Estimating Conference met on November 4, 2015 and based on current law, set the FY 2016 medical assistance expenditures at \$2,255.5 million, including \$899.4 million from general revenues, which is \$10.8 million more than enacted from all funds and \$15.3 million more from general revenues.

The following table itemizes medical assistance expenditures in FY 2014 and FY 2015, as enacted by the 2015 Assembly, adopted by the caseload estimators and enacted by the Assembly. The Executive Office’s revised request, which was submitted in October, is consistent with the enacted budget and does not reflect the adopted estimate; however, testimony at the caseload conference reallocated funding included for behavioral healthcare services appropriated in Rhody Health Partners into the other programs to more accurately reflect benefit expenses; that adjustment has been made in the table in a separate column. Each category is discussed separately.

Medical Assistance	FY 2015 Spent	FY 2016 Enacted/Req.	FY 2016 Adjusted	FY 2016 Nov. CEC	FY 2016 Gov. Rec.	FY 2016 May CEC	FY 2016 Final
<b>Hospitals</b>							
Regular Payments	\$ 66.9	\$ 79.3	\$ 82.1	\$ 77.7	\$ 73.7	\$ 68.6	\$ 68.6
DSH Payments	138.3	140.5	140.5	140.5	140.5	140.5	140.5
<b>Total</b>	<b>\$ 205.2</b>	<b>\$ 219.8</b>	<b>\$ 222.7</b>	<b>\$ 218.2</b>	<b>\$ 214.2</b>	<b>\$ 209.1</b>	<b>\$ 209.1</b>
<b>Long Term Care</b>							
Nursing and Hospice Care	\$ 181.8	\$ 180.8	\$ 181.6	\$ 183.7	\$ 183.7	\$ 176.0	\$ 176.0
Home and Community Care	68.5	73.1	75.0	70.1	70.1	66.0	66.0
<b>Total</b>	<b>\$ 250.2</b>	<b>\$ 253.9</b>	<b>\$ 256.6</b>	<b>\$ 253.8</b>	<b>\$ 253.8</b>	<b>\$ 242.0</b>	<b>\$ 242.0</b>
<b>Managed Care</b>							
Rlte Care	\$ 572.4	\$ 533.5	\$ 540.4	\$ 558.7	\$ 542.6	\$ 567.3	\$ 567.3
Rlte Share	9.1	9.4	9.4	8.9	8.9	7.6	7.6
Fee For Service	54.6	69.6	69.6	56.6	56.6	65.1	65.1
<b>Total</b>	<b>\$ 636.1</b>	<b>\$ 612.4</b>	<b>\$ 619.3</b>	<b>\$ 624.3</b>	<b>\$ 608.2</b>	<b>\$ 640.0</b>	<b>\$ 640.0</b>
<b>Rhody Health Partners</b>	<b>\$ 256.9</b>	<b>\$ 275.5</b>	<b>\$ 260.7</b>	<b>\$ 266.4</b>	<b>\$ 266.4</b>	<b>\$ 260.0</b>	<b>\$ 260.0</b>
<b>Rhody Health Options</b>	<b>\$ 269.2</b>	<b>\$ 253.8</b>	<b>\$ 265.8</b>	<b>\$ 291.2</b>	<b>\$ 291.2</b>	<b>\$ 303.0</b>	<b>\$ 303.0</b>
<b>Pharmacy</b>	<b>\$ (1.5)</b>	<b>\$ 0.9</b>	<b>\$ 1.9</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ (0.0)</b>	<b>\$ (0.0)</b>
<b>Pharmacy Part D Clawback</b>	<b>\$ 50.1</b>	<b>\$ 53.8</b>	<b>\$ 53.8</b>	<b>\$ 53.7</b>	<b>\$ 53.7</b>	<b>\$ 53.3</b>	<b>\$ 53.3</b>
<b>Medicaid Expansion</b>	<b>\$ 412.0</b>	<b>\$ 468.9</b>	<b>\$ 468.9</b>	<b>\$ 450.8</b>	<b>\$ 450.8</b>	<b>\$ 404.3</b>	<b>\$ 404.3</b>
<b>Other Medical Services</b>	<b>\$ 109.8</b>	<b>\$ 105.7</b>	<b>\$ 94.9</b>	<b>\$ 97.0</b>	<b>\$ 97.0</b>	<b>\$ 97.6</b>	<b>\$ 97.6</b>
Federal Funds	\$ 1,288.9	\$ 1,349.9	\$ 1,349.9	\$ 1,345.5	\$ 1,335.3	\$ 1,305.3	\$ 1,305.3
General Revenues	887.6	884.1	884.1	899.4	889.4	893.4	893.4
Restricted Receipts	11.4	10.6	10.6	10.6	10.6	10.6	10.6
<b>Total</b>	<b>\$ 2,188.0</b>	<b>\$ 2,244.7</b>	<b>\$ 2,244.7</b>	<b>\$ 2,255.5</b>	<b>\$ 2,235.3</b>	<b>\$ 2,209.4</b>	<b>\$ 2,209.4</b>

*Expenditures in millions*

*The Governor recommended \$20.2 million less than the November conference estimate, including \$10.0 million less from general revenues as a result of two actions: eliminating the graduate medical education payment and assuming higher but unidentified savings from the Reinventing Medicaid initiative.*

**The Assembly provided \$2,209.4 million from all sources and included \$893.4 million from general revenues, consistent with the May estimate. This is \$26.0 million less than the Governor’s recommendation, including \$46.6 million less for the Medicaid expansion, \$6.4 million less in Rhody Health Partners, \$5.1 million less for hospitals, and \$31.8 million less for RlTe Care. Each change is explained separately.**

**It should be noted that the final budget includes \$4.0 million more from general revenues than the Governor's recommended budget partially because the recommendation included \$8.0 million in unidentified general revenue savings.**

### **Hospitals**

The November Caseload Estimating Conference estimate includes hospital expenses totaling \$218.2 million, \$108.9 million from general revenues. It includes \$77.7 million for direct medical services and \$140.5 million for uncompensated care payments to community hospitals. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

*The Governor recommended \$4.0 million less than the conference estimate, including \$2.0 million less from general revenues, from the elimination of the funding for graduate medical education activities. **The Assembly provided \$209.1 million consistent with the May caseload conference, which includes the \$2.0 million payment for graduate medical education.***

**Hospitals.** The November Caseload Estimating Conference estimate includes FY 2016 expenditures at \$77.7 million, including \$38.6 million from general revenues. The estimate also includes the \$27.9 million upper payment limit reimbursement made to the community hospitals and \$6.0 million, including \$3.0 million from general revenues, for general graduate medical education activities.

The estimate lowers fee-for-service hospital spending by \$3.6 million from all funds, including \$1.7 million from general revenues, in the current fiscal year to reflect fewer inpatient and outpatient days. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

*The Governor recommended \$73.7 million, including \$36.6 million from general revenues. **The Assembly provided \$68.6 million, including \$34.9 million from general revenues consistent with the May caseload conference to reflect updated hospital expenses which includes continued enrollment in Rhody Health Options.***

**Upper Payment Limit Reimbursements.** The enacted budget includes \$27.9 million from all sources, of which \$13.8 million is general revenues, to make the inpatient and outpatient upper payment limit reimbursements to the state's community hospitals. The caseload estimate and the Executive Office's request include the payment.

It should be noted the Executive Office has not received federal approval to make the inpatient upper payment limit reimbursement in FY 2015. Although it did make the first two payments in that fiscal year it booked the final two payments as a payable. The Executive Office indicated to staff during the fall that it was providing follow-up information in support of the application for approval. *The Governor recommended funding consistent with the November caseload estimate. **The Assembly concurred.***

**Graduate Medical Education.** The Executive Office included \$4.0 million from all sources, including \$2.0 million from general revenues to support graduate medical education activities at Lifespan; this is consistent with the enacted level. It should be noted that the state applied for but was denied approval on December 15, 2015 to match the state payment with Medicaid funds; therefore, only the general revenues can be expended.

The November caseload conference estimate includes \$4.0 million for the FY 2016 payment and \$2.0 million for the FY 2015 payment; this includes \$3.0 million over two years, which will be paid with or without federal approval for the matching Medicaid funds. The Executive Office indicated to staff during the fall that it was providing follow-up information in support of the application for approval.

The Governor included Section 11 of Article 9 to eliminate the payment for savings of \$4.0 million from all sources, including \$2.0 million from general revenues. The state did not receive approval to match Medicaid because this is considered a supplement hospital payment, along with the uncompensated care payment and upper payment limit reimbursements, and the federal government sets a cap for each state for these payments. Rhode Island reached its cap to leverage Medicaid through the other two hospital payments. As noted, the state can still make a general revenue payment. **The Assembly included \$2.0 million from general revenues to make the payment.**

**Disproportionate Share Payments to Hospitals.** The Executive Office requested \$140.5 million from all sources for the disproportionate share payments for uncompensated care costs to hospitals, consistent with the enacted budget. This includes \$70.3 million from general revenues and matching federal funds. Funding is provided to Eleanor Slater Hospital and the state’s community hospitals through the Executive Office of Health and Human Services.

The November caseload conference estimate includes the enacted level of funding for uncompensated care payments to the state and community hospitals.

Rhode Island’s calculation for the uncompensated care payments includes the costs incurred treating uninsured individuals and the Medicaid “shortfall,” which represents the difference between payments made by the state for its Medicaid recipients (including managed care enrollees and fee-for-service patients) and what the hospital’s costs are for that treatment. Each hospital has its own set of costs for each procedure so there may be different charges for the same procedures among hospitals; however, the state pays the same rate for the same services for Medicaid eligible individuals, regardless of which hospital provides the treatment. *The Governor recommended funding consistent with the November caseload estimate.* **The Assembly provided \$140.5 million, including \$70.3 million from general revenues, consistent with the May caseload estimate.**

Hospital Payments	FY 2015 Reported	FY 2016 Enacted	FY 2016 Nov. CEC	FY 2016 Gov. Rec.	FY 2016 Final
<b>Community Hospitals</b>					
State	\$ 62,549,661	\$ 69,493,490	\$ 69,493,490	\$ 69,493,490	\$ 69,493,490
Federal	65,747,555	69,506,586	69,506,586	69,506,586	69,506,586
Subtotal	\$ 128,297,216	\$ 139,000,075	\$ 139,000,075	\$ 139,000,075	\$ 139,000,075
<b>Eleanor Slater Hospital</b>					
State	\$ 755,119	\$ 774,421	\$ 774,421	\$ 774,421	\$ 774,421
Federal	793,722	774,421	774,421	774,421	774,421
Subtotal	\$ 1,548,841	\$ 1,548,841	\$ 1,548,841	\$ 1,548,841	\$ 1,548,841
<b>Upper Payment Limit</b>					
State	\$ 5,482,285	\$ 13,846,298	\$ 13,846,298	\$ 13,846,298	\$ 13,846,298
Federal	5,570,152	14,024,671	14,024,671	14,024,671	14,024,671
Subtotal	\$ 11,052,437	\$ 27,870,969	\$ 27,870,969	\$ 27,870,969	\$ 27,870,969
<b>Graduate Medical Education</b>					
State	\$ -	\$ 2,000,000	\$ 3,000,000	\$ 1,000,000	\$ 3,000,000
Federal	-	2,025,765	3,026,966	1,025,765	3,026,966
Subtotal	\$ -	\$ 4,025,765	\$ 6,026,966	\$ 2,025,765	\$ 6,026,966
<b>Total</b>	<b>\$ 140,898,494</b>	<b>\$ 172,445,650</b>	<b>\$ 174,446,851</b>	<b>\$ 170,445,650</b>	<b>\$ 174,446,851</b>

**Hospital License Fee.** The Assembly included Section 2 of Article 5 of 2015-H 5900, Substitute A, as amended, which set the FY 2016 license fee at 5.862 percent based on 2014 revenues for all hospitals, including the state-run Eleanor Slater Hospital, except for South County Hospital and Westerly Hospital, which will pay a lower 3.67 percent fee, subject to federal approval of a waiver. *The Governor recommended payments consistent with the enacted budget.* **The Assembly concurred.**

<b>FY 2016 Hospital License Fee</b>	<b>FY 2016 Enacted</b>	<b>FY 2016 Gov. Rec.</b>	<b>FY 2016 Final</b>	<b>Change to Gov. Rec.</b>
<i>Base Year</i>	2014	2014	2014	
<i>Tax Rate</i>	5.862%	5.862%	5.862%	
Community Hospital License Fee	\$ 166,519,794	\$ 166,519,794	\$ 166,519,794	\$ -
Washington County Hospitals Waiver	(4,212,877)	(4,212,877)	(4,212,877)	-
Subtotal Licensing fee	\$ 162,306,917	\$ 162,306,917	\$ 162,306,917	\$ -
Slater License Fee	6,743,533	6,743,533	6,743,533	-
<b>Total</b>	<b>\$ 169,050,450</b>	<b>\$ 169,050,450</b>	<b>\$ 169,050,450</b>	<b>\$ -</b>

### Long Term Care

The November Caseload Estimating Conference estimate includes long term care expenses at \$253.8 million, of which \$126.1 million is from general revenues. This includes \$183.7 million for nursing facilities and hospice care and \$70.1 million for home and community care. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

The revised estimate is \$0.1 million less than the enacted budget. The fee-for-service costs total \$253.8 million. Combined with the \$291.2 million in Rhody Health Options, long term care services total \$545.0 million. Including \$270.8 million from general revenues, the conference added \$37.3 million, including \$18.5 million from general revenues for services to the elderly. *The Governor recommended funding consistent with the November caseload estimate.*

**The Assembly concurred with the May caseload estimate, which included \$242.0 million from all sources, including \$121.3 million from general revenues. Combined with Rhody Health Options, the Assembly provided \$545.0 million, including \$273.7 million from general revenues in FY 2016. The estimate shifts \$11.8 million from the fee-for-service program to the managed care program.**

Nursing Facilities and Hospice Care. The Caseload Estimating Conference estimate includes FY 2016 expenditures of \$183.7 million, of which \$91.3 million is from general revenues for the state's 84 nursing facilities. The estimate adds \$2.9 million in the current year, including \$1.4 million from general revenues to reflect costs for increased acuity and to restore unachieved savings from the assisted living Reinventing Medicaid initiative.

*The Governor recommended funding consistent with the November caseload estimate. The Assembly included \$176.0 million, of which \$88.5 million is from general revenues, consistent with the May caseload estimate. This is \$7.7 million less than the Governor's recommendation to reflect lower than projected nursing home utilization in the fee-for-service program and increased enrollment in Rhody Health Options.*

Home and Community Care. The November Caseload Estimating Conference estimate includes \$70.1 million for home and community care expenses, including \$34.8 million from general revenues in the FY 2016 estimate. This is \$3.0 million less than enacted, including \$1.5 million less from general revenues to reflect current spending projections. *The Governor recommends funding consistent with the November caseload estimate. The Assembly included \$66.0 million, of which \$32.8 million is from general revenues consistent with the May caseload estimate. This is \$4.1 million less than the Governor's recommendation to reflect decreased utilization in the fee-for-service program and expanded enrollment in Rhody Health Options.*

Assisted Living Services. The enacted budget includes long term care savings of \$3.0 million, including \$1.5 million from the state expanding opportunities in the assisted living program. The 2015 Assembly included Section 8 of Article 5 of 2015-H 5900, Substitute A, as amended, to provide a new \$465 payment

to those eligible to receive Medicaid-funded long term care services and supports and who are living in a Medicaid certified state licensed assisted living residence or adult supportive housing residence.

This is intended to expand the housing opportunities to those who have a nursing home level of care but can reside in an assisted living facility or adult supportive housing unit. The Executive Office testified to a delay in implementation of this proposal. As part of the caseload estimate, funding was restored to reflect current spending but was not specifically identified as unachieved through the Reinventing Medicaid initiative. *The Governor recommended funding consistent with the November caseload estimate.* **The Assembly concurred with the May conference estimate, which included unachieved savings from Reinventing Medicaid.**

### Managed Care

The Caseload Estimating Conference estimate includes managed care expenses of \$624.3 million, including \$395.5 million from general revenues; the estimate adds \$11.9 million from all sources, including \$6.4 million from general revenues. The estimate includes \$295.5 million from general revenues and \$328.8 million from federal funds and includes RIt Care expenses at \$558.7 million, RIt Share at \$8.9 million and fee-for-service expenses at \$56.6 million; a discussion of each follows. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

*The Governor recommended \$16.1 million less than the conference estimate, including \$8.0 million less from general revenues, for initiatives tied to Reinventing Medicaid. The savings are taken in the RIt Care (managed care) program, but have not been identified. She included Section 9 of Article 9 to instruct the Secretary of Health and Human Services to identify and implement fiscal controls within the overall budget to achieve the full savings that were enacted for FY 2016 as part of Reinventing Medicaid. There is no other indication of how these savings will occur. Legislative action is unlikely to occur before the May caseload conference. This adjustment is inconsistent with current law and past practice in regards to caseloads.*

**The Assembly provided \$640.0 million, including \$295.4 million from general revenues consistent with the May caseload conference estimate. This is \$31.8 million more than the recommendation and the November estimate for increased enrollment and higher than anticipated monthly capitated rates. The estimate also included \$6.0 more for payments to the federally qualified health centers and \$4.3 million more from unachieved savings for neo-natal intensive care services. The increase is offset by \$5.9 million in general revenue savings from the ability to leverage the higher Medicaid match through the Children's Health Insurance program.**

RIt Care. The Caseload Estimating Conference estimated RIt Care expenditures at \$558.7 million, including \$287.5 million from general revenues and revised the caseload enrollment and demographics that influence program costs. The estimate assumes an increase from the costs associated with higher than anticipated RIt Care enrollment, including higher retention through recertification in the new eligibility system, and a delay in the start date for redetermining eligibility for certain potential closures.

The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate, which is \$25.2 million above the enacted level for the capitated payments to the health plans for enrollees. This is offset by \$13.0 million less in the fee-for-service payments for out-of-plan services. The Executive Office reports that part of the reduction in the fee-for-service expenses is the shift to in-plan benefits or a benefit moving into plan; it does not necessarily analyze the shift from one "bucket" to another.

*The Governor reduced RIt Care expenses by \$16.1 million, including \$8.0 million from general revenues; as previously noted, the savings are unidentified.* **The Assembly included \$567.3 million consistent with**

**the May conference estimate, \$24.7 million more than the Governor's recommendation. The estimate does not include any unidentified savings from Reinventing Medicaid.**

RItE Share. The Caseload Estimating Conference estimate includes RItE Share expenditures of \$8.9 million, including \$4.5 million from general revenues. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate, which is \$0.5 million less than enacted to reflect lower enrollment. The RItE Share program allows families eligible for medical assistance to remain on their employer-based health insurance plan. The state pays the health care premiums and co-payments of RItE Share eligible participants, if the coverage is similar to the cost and services offered through RItE Care. Until October 1, 2011, the state also paid the co-pays and deductibles for prescriptions and doctor's visits when the charges exceeded the amount that the employer's insurance would pay. The Executive Office testified that there has been a decrease in the number of RItE Share enrollees. *The Governor recommended funding consistent with the November caseload estimate.* **The Assembly included \$7.6 million, \$3.8 million from general revenues, consistent with the May conference estimate and \$1.4 million less than recommended.**

Fee-Based Managed Care. The Caseload Estimating Conference estimate includes fee-based managed care expenditures of \$56.6 million from all sources, of which \$26.0 million is general revenues. The estimate is \$7.0 million less than enacted, including \$3.5 million less from general revenues, which reflects the potential transition in out-of-plan expenses to in-plan benefit services or higher use of in-plan benefits paid through the capitated rates. Fee-based managed care provides additional services to those in the contracted managed care system. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommended funding consistent with the November caseload estimate.* **The Assembly included \$65.1 million, \$32.4 million from general revenues, consistent with the May conference estimate. This is \$8.5 million more than recommended and includes the \$4.3 million added back from unachieved neo-natal hospital savings.**

### **Rhody Health Partners**

**Rhody Health Partners.** The November Caseload Estimating Conference estimate includes expenditures of \$266.4 million from all sources, including \$132.3 million from general revenues for FY 2016 for the managed care program for adults with disabilities. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

The estimate is \$9.1 million less than appropriated, including \$5.0 million less from general revenues. This includes reallocation of funding for behavioral health care services to Rhody Health Partners to other programs, including Rhody Health Options, lowering savings for Reinventing Medicaid initiatives and increasing in enrollment in the managed care program. *The Governor recommended funding consistent with the November caseload estimate.* **The Assembly provided \$260.0 million, including \$128.6 million from general revenues consistent with the May caseload estimate. This is \$6.4 million less than the recommendation to reflect lower than projected costs for the treatment of Hepatitis C and moving some services in-plan.**

### **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 manage acute care and long term care services for individuals eligible for both Medicare and Medicaid. Consistent with the Executive Office's testimony, the caseload conference estimate includes \$291.2 million from all sources, including \$144.7 million from general revenues for the Rhody Health Options program.

The estimate is \$37.4 million more than enacted, including \$18.6 million from general revenues for the Rhody Health Options managed care program. As discussed in the long term care program section, spending on the elderly, including those eligible for Medicare and Medicaid, is estimated to be \$545.0 million in the fee-for-service and managed care programs. *The Governor recommended funding consistent with the November caseload estimate.* **The Assembly provided \$303.0 million, including \$150.6 million from general revenues consistent with the May caseload estimate. This is \$11.8 million more than the recommendation for updated enrollment in the managed care program.**

### Pharmacy

The Caseload Estimating Conference estimate includes pharmacy expenses of \$53.8 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. *The Governor included the November caseload estimate.* **The Assembly included \$53.3 million consistent with the May caseload conference.**

Fee for Service. The Caseload Estimating Conference estimate includes FY 2016 pharmacy expenditures of \$13,073; \$0.5 million from general revenues offset by federal rebates. This is \$0.9 million less than enacted.

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 recommended funding consistent with the November caseload estimate.* **The Assembly provided \$0.4 million from general revenues offset by \$0.5 million from rebates consistent with the May caseload 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 \$53.7 million, \$12,386 less 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 a \$3 co-payment for brand names. *The Governor recommended funding consistent with the November caseload estimate.* **The Assembly included \$53.3 million consistent with the May caseload estimate.**

### Medicaid Expansion

**Medicaid Expansion for Certain Adults.** The November caseload estimate lowers spending by \$18.1 million for total funding of \$450.8 million from federal sources to provide Medicaid coverage to adults between ages 19 and 64, without dependent children, with incomes at or below 138 percent of poverty. This reflects an updated enrollment of approximately 63,000 enrollees.

*The Governor recommended funding consistent with the November caseload estimate.* **The Assembly provided \$404.3 million, which is consistent with the May caseload estimate. This is \$46.5 million less than recommended for updated medical costs related to this population. The estimate includes enrollment of 62,542 and a lower per member cost than initially projected.**

## Other Medical Services

The Caseload Estimating Conference estimate includes \$97.0 million 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. This category also includes collections from insurers to offset state costs for services to children. *The Governor recommends funding consistent with the November caseload estimate.* **The Assembly provided \$97.6 million, including \$36.7 million from general revenues consistent with the May caseload estimate; this is \$0.6 million more than recommended.**

Other Medical Services. The Caseload Estimating Conference estimate includes expenditures for other medical services at \$97.0 million, which includes \$36.3 million from general revenues. The estimate is \$8.7 million less than the enacted budget, including \$4.3 million less from general revenues. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. The estimate also includes \$10.6 million for the children's health account, discussed separately. *The Governor recommended funding consistent with the November caseload estimate.* **The Assembly included \$97.6 million, \$53.2 million from general revenues, which is consistent with the May conference estimate and \$0.6 million higher than the recommendation.**

Children's Health Account. The enacted budget includes \$10.6 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 Executive Office of Health and Human Services for those services, not to exceed \$7,500 per service per child per year. Expenses that would otherwise require general revenues are paid from this account. The payments from insurance providers are assessments and deposited in the children's health restricted receipt 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. Each category has a number of specific services within it. *The Governor recommended funding consistent with the November caseload estimate.* **The Assembly also included \$10.6 million, which is consistent with the May conference estimate.**

## Central Management

**Reappropriation - Rite Care/Rite Share Program Administration.** The Governor reappropriated \$0.3 million from unspent financial administration contract funds to FY 2016. The Executive Office had not spent all funds allocated for its contract with Xerox in FY 2015. The Executive Office's revised request adds \$0.6 million for this purpose, of which \$0.3 million is the reappropriated funds. This brings total funding for administrative activities funded through the Xerox contract to \$5.3 million, including \$2.6 million from general revenues. This is \$1.3 million more than FY 2015 spending.

The final FY 2015 appropriation included a reduction of \$1.0 million, including \$0.5 million from general revenues based on prior year spending, and the funding provided for the enacted budget included that adjustment as well. The request appears to restore funding to a prior allocation, not supported by actual spending. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Reappropriation - Electronic Visit Verification.** The Governor reappropriated \$0.2 million from unused FY 2015 general revenues for the electronic visit verification initiative. The FY 2015 total allocation also included \$1.5 million from federal funds. None of the funds were used because the Executive Office did not enter into a contract with Sandata as planned. The Executive Office's revised request includes the reappropriated general revenues as well as the enacted level of \$0.2 million from general revenues and \$1.3 million from federal funds. This brings total funding to \$1.7 million; it is not clear why the additional general revenues are needed if there is a delay. If the total spend anticipated for both FY 2015 and FY 2016 is to occur in FY 2016, then the unspent FY 2015 federal funds would also be needed.

Savings from this initiative are included in the medical assistance program and in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' budget in FY 2016. The savings may not occur if the system is not operational in the current fiscal year. The Executive Office submitted a Request for Proposals to hire a contractor for the project. *The Governor recommended funding as requested.* **The Assembly reduced funding by \$0.3 million to reflect the Executive Office's third quarter report.**

**Reappropriation - Hospital Admission Screening & Utilization Review.** The Governor reappropriated \$0.1 million in unused FY 2015 general revenues from the \$0.6 million appropriation for hospital admission screening and utilization review activities. The unused funds are equal to the supplemental appropriation provided that was ultimately not needed.

The Executive Office reported that the reason for the request for \$0.2 million in additional funds for FY 2016 relates to a change in the Medicaid reimbursement rate from an assumed level of 75 percent to 50 percent for a portion of the services. *The Governor recommended funding as requested.* **The Assembly reduced funding by \$0.8 million, including \$0.4 million from general revenues, to reflect the Executive Office's third quarter report and current spending on this activity.**

**FY 2015 Primary Care Physician Payment Settlement.** The Medical Assistance program provided increased payments to certain Medicaid providers through the Affordable Care Act, which were fully federally funded until December 31, 2014. The state paid providers using a mix of federal and state funds and is in the process of conducting a settlement. If it is determined that state resources were used instead of Medicaid funds, the state can recoup those federal funds and realize state savings. The Executive Office projected \$2.5 million in state savings will be realized once the process is finalized. Instead of waiting for the results and having them appear in the caseload estimate or as adjustments to closing expenditures, the request underfunds administrative expenses by \$1.0 million in FY 2016 and \$1.5 million in FY 2017. *The Governor underfunded expenses as requested, contrary to typical practice.* **The Assembly restored the funding; the settlement savings were correctly reflected in the May caseload conference estimate.**

**Reinventing Medicaid - Unachieved Savings.** The enacted budget includes savings of \$2.0 million, including \$1.0 million from general revenues, in the budgets of the Executive Office of Health and Human Services and Department of Human Services from administrative changes accepted by the 2015 Assembly, which had been recommended by the Working Group to Reinvent Medicaid. The Executive Office's revised request restores its share of the savings, \$1.0 million, including \$0.5 million from general revenues and did not explain its inability to meet these savings. *The Governor restored all of the savings as requested.* **The Assembly included \$1.0 million in savings, \$0.5 million from general revenues, consistent with the intent of the Reinventing Medicaid initiative.**

### **Unified Health Infrastructure Project**

**Unified Health Infrastructure Project.** The Executive Office submitted a new plan in July 2015 that increased project costs to \$363.7 million, including \$79.0 million for the state match. This is \$154.2 million more than the October 2014 plan and increases state funding by \$27.2 million. The updated plan calls for a one year delay to July 1, 2016 and a fully integrated system, RI Bridges, instead of two separate systems for its human services eligibility, application and worker accessibility activities in the effected agencies. The Executive Office also attributes \$73.0 million of the increase to new state and federal requirements; however, it did not submit information requested for a description of the requirements and the calculation of this cost.

The Executive Office requested \$111.3 million from all sources, including \$15.1 million from general revenues for the Unified Health Infrastructure Project in its revised request. This is \$80.4 million more than enacted, including \$11.9 million more from general revenues, including \$65.8 million and \$9.1 million

for the integrated system. The Executive Office also requests \$14.5 million, including \$2.9 million from general revenues for additional costs, as discussed in the sections that follow.

The Executive Office spent \$41.1 million in FY 2014, including \$6.1 million from general revenues, and \$45.2 million in FY 2015, of which \$5.6 million is general revenues. Statewide, the FY 2016 shortfall for the Unified Health Infrastructure Project is \$85.1 million, and the revised request add \$70.2 million from federal sources for this program and \$14.9 million from general revenues between the Department of Human Services and the Executive Office of Health and Human Services.

The Executive Office submitted a corrective action plan that suggests using an alternative funding source, such as the Information Technology Fund.

*The Governor recommended the requested \$123.5 million but from a different mix of sources, including \$4.9 million from the Information Technology Fund through the Department of Administration and \$15.7 million from general revenues and \$102.9 million from federal funds in the budgets of the Executive Office and the Department of Human Services.*

*Within the Executive Office, the increase to enacted funding is \$56.7 million from federal funds. The requested \$1.9 million decrease from general revenues is essentially substituted with Information Technology funds budgeted in the Department of Administration. **The Assembly concurred. Following adoption of the budget, the Executive Office indicated that the start date for Phase II will be delayed two months until September 13, 2016. This will likely result in additional operating costs and the impact on any savings initiative has yet to be determined.***

**Contact Center.** The Executive Office's revised request includes \$9.7 million from all sources, including \$2.4 million from general revenues for costs associated with operating the contact center. The enacted budget includes \$160,000 to support the contact center; these were the remaining funds available through the federal grants for this purpose to fund the Connexions contract which ended December 31, 2015. A contract extension has been signed with Connexions through February 2016 with a one-month extension until March to assist with the transition to a new vendor, Automated Health Systems. That contract starts February 1, 2016. *The Governor recommends funding as requested. **The Assembly concurred.***

**InRhodes Eligibility System.** The Executive Office's request includes \$4.6 million from all sources, including \$0.3 million from general revenues to continue operating the InRhodes system, contracted to Northrup Grumman through the end of FY 2016; funding was not included in the enacted budget. The Executive Office has delayed the implementation of the Unified Health Infrastructure Project by one year, requiring the extension of the contract to operate the InRhodes system. *The Governor recommended funding as requested. **The Assembly concurred.***

**Rhode Island Health Center Association.** The Executive Office included \$215,000 from all sources, including \$53,750 from general revenues to be paid to the Rhode Island Health Center Association to continue the contract for the navigators to assist in enrollment in HealthSource RI. Funding for this activity was not included in the enacted budget based on available funding. *The Governor recommended funding as requested. **The Assembly concurred.***

### Other Operations

**Emergency Room Diversion.** The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals requested \$250,000 from general revenues for a program to address emergency room department utilization for non-emergency purposes by individuals with substance abuse issues. The funds were included in the FY 2015 enacted budget to be used to rehabilitate Emmanuel House for use as temporary housing for individuals with substance abuse issues to reduce the burden on the emergency rooms. There

was a delay in the project and the funds were not spent. However, savings of \$1.0 million from all sources, including \$0.5 million from general revenues are included in the Executive Office of Health and Human Services' budget from reducing hospitalizations and providing services in a lower cost setting similar to Emmanuel House in the medical assistance program. The Department's revised request includes the funding to support the project, which if not realized could impact savings included in the Reinventing Medicaid proposal. *The Governor recommended the funding in the Executive Office's budget.* **The Assembly concurred.**

**Electronic Health Records.** The Executive Office increased federal funding for its electronic health records program by \$2.3 million, for total funding of \$8.6 million to reflect updated reimbursements paid to providers participating in the electronic health records initiative. *The Governor recommended funding as requested.* **The Assembly concurred.**

**State Innovation Models Grant.** The Executive Office was awarded a four-year \$20.0 million State Innovation Models Grant to address health care delivery and included \$4.0 million for contracted financial services, or \$0.1 million more than enacted. This includes \$1.5 million to be awarded to the Rhode Island Quality Institute to implement a statewide common provider directory that is needed in order to increase the health information technology infrastructure in the state to support health care reform and value-based payment initiatives.

The Executive Office has also developed a Request for Proposals to hire a contractor with expert skills in the behavioral health system to identify the strategies and activities for integrating the behavioral health system with the physical health system. *The Governor recommended funding as requested.* **The Assembly concurred.**

**HIV Services and Administration.** The Executive Office's revised request is \$1.4 million more than enacted for HIV services and administration expenses that total \$8.5 million. The revised request includes limited funding from the Ryan White grant to be used to upgrade program technologies and offset pharmacy purchases. The request includes \$5.4 million to pay for pharmaceutical expenses, \$1.0 million more than enacted, but consistent with FY 2015 expenses, for approximately 600 individuals and supports 6.0 full-time equivalent positions. The revised request also adds \$0.4 million for contracted administrative services and technology upgrades. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Rhode Island Foundation Grant.** The Executive Office's revised request includes \$66,325 more from restricted receipts from its Rhode Island Foundation grant, which is Medicaid matched for total additional funding of \$132,650. The Executive Office of Health and Human Services, in collaboration with the RI Chapter of the American Academy of Pediatrics and the Department of Health, was awarded one-year funding from the Rhode Island Foundation to support the Rhode Island Pediatric Patient Centered Medical Home Collaborative. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Race to the Top Funding.** The Executive Office requested \$100,000 from federal Race to the Top funds in its revised request to be awarded to the Paul V. Sherlock Center at Rhode Island College, which is \$5,427 less than enacted. *The Governor recommended funding as requested.* **The Assembly concurred.**

**No Wrong Door System Planning Grant.** The Executive Office included \$112,500 from the federally funded No Wrong Door System Planning Grant to address the long term care service delivery model. Funding has been awarded to Healthcentric Advisors for strategic planning and social marketing activities and is \$50 more than the enacted budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Demonstration Ombudsman Program - Phase II Integrated Care Initiative.** The Executive Office's revised request includes \$124,217 in newly awarded federal funds. This new grant award will provide services to individuals enrolled in Phase II of the Integrated Care Initiative.

The Executive Office of Health and Human Services is mandated to have an ombudsman solely for the purpose of addressing the needs of individuals in Rhody Health Options in Phase II of the initiative and is issuing a Request for Proposals. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Paralegals.** The 2015 Assembly added \$0.1 million to support two new paralegal positions to assist in the state's Medicaid estate recovery efforts under current law. As of November 1, 2015, the positions had not been filled and the Executive Office indicated that it was reassessing its strategy towards estate recoveries. The 2015 Assembly did not concur with the Governor's recommended changes to the state's recovery laws to realize \$1.0 million in additional revenue for FY 2016. Instead, it added the positions to assist the Executive Office to clear its backlog. There were 426 active cases in July 2015, and as of December 2015 there were 438 active cases. The delay in filling the positions jeopardizes savings assumed in the enacted budget. The Executive Office instead allocated \$40,000 from existing general revenues to hire a legal consultant to assist with the recovery process. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Cost Allocation Plan Software.** The Executive Office included \$183,500 from all sources, of which \$91,750 is from general revenues for its portion of the contract with Public Consulting Group for the cost allocation plan, for which there is no funding in the enacted budget. The Executive Office opted for a one year, \$0.9 million extension until April 1, 2016 that includes the use of the AlloCap proprietary software. This is about twice the value of the prior contract. The Executive Office is also in the process of negotiating the second year of the optional extension.

The Executive Office of Health and Human Services entered into a one-year \$446,920 contract with Public Consulting Group that started May 1, 2014. The following costs were allocated among the participating agencies in FY 2015: \$143,090 for the Executive Office; \$106,897 for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals; \$114,738 for the Department of Health; and \$66,251 for the Department of Human Services. The Executive Office of Health and Human Services paid \$25,024 in FY 2014. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Central Management Staffing.** The Executive Office's revised request adds \$0.4 million for salary and benefit costs, including \$0.4 million from general revenues, \$1.2 million from federal funds and \$1.2 million less from restricted receipts for the remaining 180 full-time equivalent positions assigned to central management. The revised request appears to restore funding for approximately three vacant positions. Additionally, positions that are being filled appear to cost more than prior positions assumed in the enacted budget.

The revised request shifts costs between restricted receipts and federal funds reflecting a delay in the changes to cost allocation plans. There is no additional cost to the state from this shift. *The Governor recommended \$30,544 less than requested.* **The Assembly reduced expenses by \$0.7 million from general revenues to reflect turnover savings in the Executive Office's third quarter report.**

**Other Central Management Operations.** The Executive Office requested \$0.3 million more than enacted including \$0.2 million less from general revenues for all other central management expenses including claiming costs, contracted services and other operating expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Special Education.** The Executive Office requested \$27.0 million from federal funds for special education services provided by the local education agencies. This includes the enacted level of \$19.0 million for direct services and \$8.0 million for administration costs, which is \$4,000 less than enacted. *The Governor recommended funding as requested.* **The Assembly concurred.**

## Department of Children, Youth and Families

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
Central Management	\$ 7,152,282	\$ 7,864,120	\$ 8,767,260	\$ 8,767,260
Child Welfare	178,481,194	170,717,855	176,251,351	175,661,351
Juvenile Corrections	25,069,164	26,402,700	26,336,375	26,336,375
Children's Behavioral Health	10,667,739	11,407,735	11,209,053	11,209,053
Higher Education Incentive Grants	200,000	200,000	200,000	200,000
<b>Total</b>	<b>\$ 221,570,379</b>	<b>\$ 216,592,410</b>	<b>\$ 222,764,039</b>	<b>\$ 222,174,039</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 68,946,021	\$ 71,293,937	\$ 69,599,539	\$ 69,599,539
Contracted Services	5,131,956	5,251,141	4,972,437	4,972,437
<b>Subtotal</b>	<b>\$ 74,077,977</b>	<b>\$ 76,545,078</b>	<b>\$ 74,571,976</b>	<b>\$ 74,571,976</b>
Other State Operations	7,478,953	8,364,834	8,115,064	8,115,064
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	139,592,049	129,443,912	137,504,642	137,504,642
Capital	421,400	2,238,586	2,572,357	1,982,357
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 221,570,379</b>	<b>\$ 216,592,410</b>	<b>\$ 222,764,039</b>	<b>\$ 222,174,039</b>
<b>Sources of Funds</b>				
General Revenue	\$ 158,285,858	\$ 152,587,731	\$ 154,782,322	\$ 154,782,322
Federal Aid	59,824,300	58,927,126	61,708,997	61,708,997
Restricted Receipts	3,043,630	2,838,967	3,700,363	3,700,363
Other	416,591	2,238,586	2,572,357	1,982,357
<b>Total</b>	<b>\$ 221,570,379</b>	<b>\$ 216,592,410</b>	<b>\$ 222,764,039</b>	<b>\$ 222,174,039</b>
<b>FTE Authorization</b>	<b>672.5</b>	<b>672.5</b>	<b>672.5</b>	<b>672.5</b>
<b>FTE Average</b>	<b>571.2</b>			

**FY 2016 Revised Request.** The Department of Children, Youth and Families requested \$5.5 million more than enacted from all sources including \$1.5 million more from general revenues, \$2.3 million more from federal funds, \$1.0 million more from restricted receipts, and \$0.8 million more from Rhode Island Capital Plan funds. The general revenue request is \$2.0 million more than the enacted budget adjusted for undistributed statewide savings. The increased request primarily reflects cost increases within the System of Care and other placement services provided by the Department as well as the additional funding from Rhode Island Capital Plan funds to expedite completion of a number of capital projects in FY 2016. The Department's revised budget also includes \$1.2 million in savings to partially offset the System of Care cost increases. The request includes 674.0 full-time equivalent positions, 1.5 more than authorized.

The Department's first quarter report projected an FY 2016 deficit of \$7.8 million. Subsequently, the Department submitted a corrective action plan which identified a number of initiatives it estimated would

lead to \$6.4 million in general revenue savings, reducing its projected deficit to \$1.5 million as reflected in the revised request which was submitted in December.

*The Governor recommended \$0.6 million more than requested from all funds, including \$0.7 million more from general revenues, \$0.5 million more from federal funds, \$0.1 million less from restricted receipts, and \$0.4 million less from Rhode Island Capital Plan funds. The Governor recommended the authorized level of 672.5 full-time equivalent positions, 1.5 fewer than requested. **The Assembly shifted \$0.6 million from Rhode Island Capital Plan funds from FY 2016 to FY 2017 to reflect a project delay and concurred with the remainder of the recommendation.***

### Staffing

The Department of Children, Youth, and Families requested \$0.8 million less than enacted from all sources including \$2.7 million less from general revenues and \$1.9 million more from federal funds for all salaries and benefits. This primarily reflects turnover savings, an overall reduction in overtime expenses, the shift of 8.0 positions with administrative responsibilities from other programs to Central Management, and statewide medical benefit savings. By source it also shifts staffing costs from general revenues to Temporary Assistance for Needy Families block grant funds based on payroll projections within the Child Welfare program. The Department receives \$7.9 million annually in federal block grant funding from this program. The request also includes 674.0 full-time equivalent positions, 1.5 more than authorized.

*The Governor recommended \$0.9 million less than requested, including \$0.8 million less from federal funds and \$0.1 million less from general revenues to reflect additional statewide medical benefit savings. The Governor did not shift costs to federal block grant funds and instead assumed additional turnover savings. The Governor recommended the authorized level of 672.5 full-time equivalent positions, 1.5 fewer than requested. The Governor appears to include the requested reallocation of positions; however, she assumed that current vacancies would allow for the reallocation without adding new authorization. The 1.5 position reduction was not assigned to a program. The Department averaged 549.1 filled positions as of mid-June. **The Assembly concurred.***

**Central Management Staffing.** The Department requested an additional \$1.2 million including \$0.8 million from general revenues for salary and benefit costs within the Central Management program. This includes \$0.2 million to provide funding for approximately two unfunded positions and statewide medical benefit savings. The request also reflects \$1.0 million from the reallocation of 4.5 positions from the Juvenile Corrections program and 3.0 positions from the Children's Behavioral Health program to move policy and systems specialist positions with administrative responsibilities to the Central Management program. The request includes 0.4 of the newly requested Associate Director of Child Welfare position.

*The Governor recommended \$10,184 less than requested to reflect additional statewide medical benefit savings. Her recommendation includes 55.4 full-time equivalent positions as requested. **The Assembly concurred.***

**Juvenile Corrections Staffing.** The Department requested \$0.6 million less than enacted for salaries and benefits for the Juvenile Corrections program, almost all from general revenues. This includes \$0.1 million in additional turnover savings and statewide medical benefit savings. The request also reflects the shift of 4.5 administrative staff and \$0.7 million from the Juvenile Corrections program to Central Management as part of the effort to move positions with administrative responsibilities to the Central Management program. These include a 1.0 storekeeper, a 1.0 Associate Director of Financial Management, a 1.0 Associate Director of Juvenile Correctional Services, a 0.5 Special Education Director/Principal, and a 1.0 Assistant Principal of Youth Career Development.

*The Governor recommended \$58,169 less than requested to reflect additional statewide medical benefit savings. **The Assembly concurred.***

**All Other Staffing.** The Department requested \$1.4 million less than enacted including \$2.9 million less from general revenues for all other salaries and benefits. This reflects approximately \$1.1 million in additional turnover savings and \$0.1 million in statewide medical benefit savings. This also reflects the reallocation of 3.0 administrative positions and \$0.3 million from the Children's Behavioral Health program to Central Management as part of the effort to move positions with administrative responsibilities to the Central Management program. These positions include 2.0 Assistant Administrators and 1.0 Senior Word Processing Specialist. The Department also included a savings proposal that shifts \$782,000 of staffing costs within the Child Welfare program from general revenues to federal Temporary Assistance for Needy Families block grant funds.

The revised request includes 393.6 positions within the Child Welfare program, which is 0.6 more than authorized for a new Associate Director of Child Welfare to reflect the share of that position allocated here. The remaining share is allocated to Central Management. The enacted budget assumed turnover savings of \$2.7 million. The revised request appears to assume \$0.8 million in additional turnover savings for a total of \$3.4 million. Based on an average per position cost within the Child Welfare program of \$105,526, approximately 32.0 positions would need to remain vacant to achieve these turnover savings.

*The Governor recommended \$0.8 million less than requested, including \$782,000 less from federal funds and \$63,874 less from general revenues to reflect additional statewide medical benefit savings. The Governor did not shift costs to federal block grant funds and instead assumed additional turnover savings. **The Assembly concurred.***

### **Placements and Services**

**System of Care.** The Department of Children, Youth and Families requested \$4.9 million more than the enacted level of \$73.7 million including \$57.0 million from general revenues, \$18.7 million from federal funds, and \$3.0 million from restricted receipts for services within the System of Care. The Department initially projected \$4.4 million in cost overruns from general revenues in its FY 2016 first quarter report. The Department subsequently identified a number of savings initiatives in its revised request which significantly decreased this deficit through placement services savings and shifting of costs from general revenues to federal funds and restricted receipts. These initiatives are described in greater detail in the following pages. With these savings, the Department's request is \$3.7 million more than enacted, including \$7,741 more from general revenues, \$2.7 million more from federal funds, and \$1.0 million more from restricted receipts. *The Governor added \$0.9 million, including \$0.7 million from general revenues for administrative expenses in the system of care based on the contract extension through March 31, 2016. **The Assembly concurred.***

**System of Care Network Transition Savings.** The Department identified \$1.2 million in administrative savings that it anticipates to realize in FY 2016. The Department indicated that this initiative would seek to reduce contract management expenses by bringing contract management responsibilities back under direct control of Department staff. The Department estimated administrative costs for FY 2016 to be \$3.7 million without these savings, though the enacted budget did not include any funds earmarked for these management expenses. It should be noted that after the revised budget was submitted the Department extended the System of Care contracts with the lead agencies through March 31, 2016; therefore, it is not likely that all of the \$1.2 million in savings will be realized in the fourth quarter of FY 2016. The Department indicated that it is currently developing alternative savings initiatives that will be pursued if it is unable to achieve the \$1.2 million in savings identified here. *The Governor did not include the savings. **The Assembly concurred.***

**Medicaid Reimbursement Savings.** The revised request shifts \$2.3 million from general revenues to federal funds by increased billings for Medicaid eligible services within the System of Care. These services are primarily community-based and home-based services provided to children and teens with serious behavioral and emotional health issues. The Department's calculation is based upon spending patterns within the System of Care for the first quarter of FY 2016. The \$2.3 million figure identified as potentially claimable, assumes a 75.0 percent Medicaid eligibility rate for the services the Department intends to claim. The Department indicated that it was coordinating with the Executive Office of Health and Human Service's Medicaid Office and various providers to acquire documentation needed to file claims for the services which have been identified as potentially Medicaid eligible. Though not included in the request, the Department also indicated that it had identified an additional \$1.0 million in potential savings from billings for previously unclaimed services in FY 2014 and FY 2015.

*The Governor recommended \$3.4 million of general revenue savings to reflect the additional \$1.0 million not included in the request. **The Assembly concurred.***

**SSI Recovery Savings.** The revised request shifts \$550,000 from general revenues to restricted receipts for the children's trust account based on a new initiative that would achieve savings by claiming Supplemental Security Income funds administered by the Social Security Administration. The Department indicated that it was conducting a review with a consulting firm to determine whether certain children were eligible for Supplemental Security Income benefits. The Department's estimate assumes that for FY 2017 sixty additional children in its care will be eligible for benefit claims and the FY 2016 estimate reflects the entire \$0.6 million despite having only half of FY 2016 for claims because it was able to claim benefits for services that were rendered in past years. The Department had 214 children in its care that receive these benefits as of February 2016. Upon completion of this review, the Department plans to claim the maximum amount of these funds available. *The Governor included the savings as requested. **The Assembly concurred.***

**Child Support Recovery Savings.** The request includes \$0.3 million more than enacted from restricted receipts for parental contributions to offset state costs from an initiative to recoup \$0.3 million more from child support payments through expedited processing of a backlog of overdue payments. This assumed that the Department would be able to process 300 of its 600 backlogged cases from March 2016 through June 2016 with an average recovery of \$250 per month to generate a total increase of \$300,000. The Department is working in close consultation with the Office of Child Support Services to identify and process the backlogged cases. *The Governor included \$150,000 or half of the requested savings from this initiative based on a revised estimate of how quickly the Department could process the remaining backlog of overdue payments. **The Assembly concurred.***

**Foster Care and Adoption.** The Department requested \$0.3 million less than enacted from all sources, including \$0.9 million more from general revenues and \$1.2 million less from federal funds for foster care and adoption services. The increased request from general revenues appears to reflect overestimated Title IV-E matching funds in the enacted budget, which was based upon FY 2015 experience. The request also assumes \$1.0 million provided in the enacted budget to fund a 15.8 percent increase in the average foster care reimbursement rate. This rate increase took effect January 1, 2016 and will increase the average daily reimbursement rate from \$16.05 to \$18.59. Foster care and adoption subsidies averaged 3,930 per month in FY 2015. The Department's FY 2016 revised and FY 2017 requested budgets assume the same FY 2015 caseload of 3,930 average monthly foster care and adoption subsidies. *The Governor recommended funding as requested. **The Assembly concurred.***

**Daycare.** The revised request includes \$1.1 million more than enacted for daycare subsidies provided to children in the Department's care, including \$1.2 million more from general revenues and \$0.1 million less from federal funds. The Department indicated that it experienced a caseload of 623 children in FY 2015. The Department's FY 2016 revised and FY 2017 requested budgets assume the same caseload as FY 2015,

adjusted to reflect the 3.0 percent childcare provider rate increase included in the enacted budget that became effective July 1, 2015. While the Department's request is significantly more than enacted for daycare subsidies, it is in-line with FY 2015 spending for these services. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Services Outside the System of Care.** The Department requested \$1.6 million more than enacted including \$1.9 million more from general revenues for all other services to children and families provided outside the System of Care. These include community-based services to children still residing in the home and families such as in-home parenting training, individual and family counseling, and emergency services. Providers include North American Family Institute, Foster Forward, Parent Support Network of Rhode Island, and Community Care Alliance among others. These cost increases are largely attributed to the Department's efforts to decrease higher-cost residential placement services, many of which are provided through the System of Care. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Contract Review Savings.** The Department proposed to reduce its contracts for provider training and translation services for total savings of \$0.4 million from general revenues. These reviews will include an evaluation of overhead expenses and the quality of training services provided by the contracts. The identified savings include \$0.1 million less for provider training services from Rhode Island College and \$0.3 million less for a variety of other contracts that will be achieved by using the state's Master Price Agreement to secure lower bids. *The Governor included general revenue savings of \$0.2 million from this proposal, based on a review of current contracts.* **The Assembly concurred.**

**Juvenile Corrections Services.** The revised request includes \$0.4 million more than enacted from general revenues for services associated with the Juvenile Corrections program. This includes \$0.2 million more for services provided to youth incarcerated at the Training School and \$0.2 million more for probation and parole services for youth involved with the Department. It should be noted that both the population of youths at the Training School as well as the Department's parole and probation caseload have declined in recent years. The Department's FY 2016 estimated population of 89 youth is 9 less than FY 2015 and 4 less than FY 2014. Spending for these services was \$0.3 million less and \$0.1 million less than requested in FY 2015 and FY 2014, respectively. The revised request for probation and parole services is also \$0.2 million more than was spent in FY 2015 and \$0.1 million more than spent in FY 2014, when the Department's probation and parole caseloads were very similar to the FY 2016 projections. *The Governor recommended \$0.2 million less than requested from general revenues to reflect savings achieved with probation and parole as a result of the Department's contract review savings initiative.* **The Assembly concurred.**

### **Other Operations**

**Network and Data Maintenance.** The Department requested \$0.2 million less than enacted from federal funds to maintain the child information system and for a data analysis contract. The Department indicated that the reduction in its revised request reflects a more accurate projection of likely expenses based upon actual FY 2015 expenditures for its contract with NTT Data Incorporated for network maintenance. The Rhode Island Children's Information System is the state central registry for child abuse and neglect complaints and maintains data on all children involved with the Department. The System was launched in 1997, and the Department spends \$1.8 million for a contract with NTT Data Incorporated for network maintenance and updates. The Department also spends \$0.7 million for a contract with Yale University to conduct data analysis and technical assistance related to contract funds status reports for federal grants. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital Projects.** The Department's revised request includes \$0.8 million more than the enacted level of \$2.2 million from Rhode Island Capital Plan funds for capital projects. This is not consistent with the

Department's capital budget request as it excludes \$250,000 for the Infrastructure and Service Support System project, which the Department indicated has been delayed until FY 2017. The other increases include \$0.1 million for the Mt. Hope Fire Towers project, \$0.2 million for the North American Family Institute project, and \$0.4 million for the generator project at the Rhode Island Training School.

*The Governor recommended \$0.3 million more than enacted and \$0.4 million less than requested and consistent with her recommended capital budget. **The Assembly shifted \$0.6 million from Rhode Island Capital Plan funds from FY 2016 to FY 2017 to reflect a project delay and concurred with the remainder of the recommendation. These projects are discussed in detail in the Capital Budget section of this publication.***

**Administrative Operations.** The Department's revised request includes \$0.1 million less than enacted from general revenues for other Central Management expenses. This includes reductions in costs for staff training and temporary clerical services. *The Governor recommended \$5,417 less than requested from general revenues to reflect additional statewide utility savings. **The Assembly concurred.***

**Juvenile Corrections Operations.** The Department's revised request includes \$806 less than enacted from all funds for other Juvenile Corrections expenses. The request includes \$42,880 for the purchase of a new vehicle, largely offset by reductions in various other costs including \$12,888 less for the repair and maintenance of communication systems, \$8,492 less for janitorial supplies, \$4,952 less for temporary clerical services, and \$6,584 less for costs associated with the transportation of youths at the Training School and within the Department's probation and parole system. Requested expenditures for vehicle purchases are the same as spent in FY 2015.

*The Governor recommended \$43,595 less than requested from general revenues. This includes \$42,880 less for vehicle purchases and \$715 less for utilities. **The Assembly concurred.***

**Children's Behavioral Health and Child Welfare Operations.** The Department requested \$0.1 million less than enacted, including \$0.2 million more from general revenues and \$0.4 million less from federal funds, for operations in the Child Welfare and Children's Behavioral Health programs. This includes \$0.2 million less reflecting the expiration of two federal grants, including The Adoption and Well Being Rhode Island and A Family for Every Child grants. These grants promoted adoption and foster care for children with special needs. Further reductions include \$0.1 million less from general revenues for temporary clerical services and \$0.1 million less from federal funds for information technology and program supplies.

Significant increases include \$0.3 million more from general revenues for contracted services within the Children's Behavioral Health program. The Department indicated that the contracted services increase reflects added funding for contracts with Yale University for contract evaluation, AS220 for vocational and mentoring services at the Training School, and the Parent Support Network of Rhode Island for mental health services provided to children in the Department's care. The request also includes \$42,880 more than enacted for the purchase of a new vehicle for the Child Welfare program's fleet.

*The Governor recommended \$51,913 less than requested from general revenues. This includes \$42,880 less for vehicle purchases and \$9,033 less for utilities. **The Assembly concurred.***

## Department of Health

		FY 2015 Reported		FY 2016 Enacted		FY 2016 Revised		FY 2016 Final
<b>Expenditures by Program</b>								
Central Management	\$	11,802,686	\$	11,305,700	\$	12,506,663	\$	12,506,663
State Medical Examiner		2,475,373		2,913,581		2,904,052		2,804,052
Environmental & Health Services Reg.		16,675,964		18,529,373		17,786,507		17,736,507
Health Laboratories		8,273,230		9,352,021		9,239,630		9,139,630
Public Health Information		3,698,780		3,883,319		3,736,746		3,736,746
Community, Family Health, and Equity		63,110,430		68,571,092		79,386,935		81,577,000
Infectious Disease and Epidemiology		5,386,121		6,846,819		5,547,468		5,547,468
<b>Total</b>	<b>\$</b>	<b>111,422,584</b>	<b>\$</b>	<b>121,401,905</b>	<b>\$</b>	<b>131,108,001</b>	<b>\$</b>	<b>133,048,066</b>
<b>Expenditures by Category</b>								
Salaries and Benefits	\$	47,680,185	\$	53,543,413	\$	51,506,978	\$	51,256,978
Contracted Services		5,851,597		6,616,442		8,175,507		8,175,507
<b>Subtotal</b>	<b>\$</b>	<b>53,531,782</b>	<b>\$</b>	<b>60,159,855</b>	<b>\$</b>	<b>59,682,485</b>	<b>\$</b>	<b>59,432,485</b>
Other State Operations		42,313,370		45,452,574		48,716,040		50,906,105
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		15,276,965		15,631,996		22,366,349		22,366,349
Capital		300,467		157,480		343,127		343,127
Capital Debt Service		-		-		-		-
Operating Transfers		-		-		-		-
<b>Total</b>	<b>\$</b>	<b>111,422,584</b>	<b>\$</b>	<b>121,401,905</b>	<b>\$</b>	<b>131,108,001</b>	<b>\$</b>	<b>133,048,066</b>
<b>Sources of Funds</b>								
General Revenue	\$	22,821,939	\$	25,835,956	\$	25,719,200	\$	25,469,200
Federal Aid		57,741,431		65,752,434		70,070,913		70,070,913
Restricted Receipts		30,856,883		29,813,515		35,317,888		37,507,953
Other		2,331		-		-		-
<b>Total</b>	<b>\$</b>	<b>111,422,584</b>	<b>\$</b>	<b>121,401,905</b>	<b>\$</b>	<b>131,108,001</b>	<b>\$</b>	<b>133,048,066</b>
<b>FTE Authorization</b>		<b>491.3</b>		<b>490.6</b>		<b>490.6</b>		<b>490.6</b>
<b>FTE Average</b>		<b>441.9</b>						

**FY 2016 Revised Request.** The Department requested FY 2016 revised expenditures from all sources that are \$19.5 million more than enacted and staffing consistent with the authorized level. This includes \$0.1 million less from general revenues and \$6.1 million from restricted receipts. The general revenue request is consistent with the enacted budget adjusted for undistributed statewide savings.

The request includes \$13.5 million more from federal funds to primarily reflect new awards. The Department receives federal grant funding for a variety of programs including: the Rural Health Grant to assess barriers to health care in rural areas, HIV Prevention, Bioterrorism Preparedness, and the Tobacco Control Program, where the Department works with state and local organizations to decrease smoking prevalence through reducing youth access to tobacco products, reducing exposure to environmental tobacco

smoke and reducing the advertising and promotion of tobacco. Federal expenditures in the revised request are \$21.6 million or 28.2 percent more than FY 2015 reported. The Department routinely overestimates its ability to spend federal funds, which averaged 81.1 percent for the last five fiscal years.

*The Governor recommended \$9.8 million less from all funds than requested, including \$9.2 million from federal funds, reflective of historical expenditures. The recommendation further reduces general revenue expenditures by \$55,586 and restricted receipts by \$0.6 million. She subsequently requested an amendment to add expenditures of \$2.2 million from restricted receipts to purchase a vaccine that the Centers for Disease Control and Prevention recently approved. **The Assembly concurred, with the exception of reducing general revenues by \$250,000 to reflect additional turnover savings.***

**Office of State Medical Examiners – Staffing and Operating.** The Department requested \$177,039 more than enacted from all funds, including \$167,256 from general revenues for staffing and operating costs for the Office of State Medical Examiners. The request includes \$0.2 million in turnover savings from three vacancies, including the chief medical examiner and two assistant medical examiners, offset by \$350,000 added for contracted medical examiners for which the budget included \$15,000. The request assumes that the chief medical examiner position will be filled in January 2016.

All other operating costs are \$446 more than enacted, including a savings of \$27,522 for contracted services, such as livery, x-ray and histology services, which appears to be based on historical spending patterns; expenditures were \$151,463 in FY 2015, for which the final budget included \$210,000, and were \$207,639 in FY 2014. The request includes new expenditures of \$19,600 for clerical services and minor increases for waste disposal and repair costs for medical equipment.

*The Governor recommended \$0.2 million less than requested, including \$65,000 less for contracted medical examiners and \$0.1 million to reflect additional turnover and statewide medical benefit savings. The recommendation assumes filling the chief medical examiner position in March. **The Assembly concurred, with the exception of reducing general revenues by \$0.1 million to reflect additional turnover savings.***

**Ebola Response.** In 2014, the federal administration submitted an emergency request of \$6.2 billion to Congress to address the Ebola epidemic including \$1.8 billion for the Centers for Disease Control and Prevention to prevent, detect, and respond to the Ebola epidemic as well as other public health emergencies. According to information obtained from the Centers, the state received \$3.8 million for public health emergency preparedness and the hospital preparedness programs. The FY 2016 revised request includes expenditures of \$2.1 million for Ebola response and preparedness. This includes \$1.1 million in grant expenditures to various hospitals to ensure that the state is ready and able to care for suspected or confirmed individuals with Ebola. Remaining funds will be used to purchase equipment identified by the Centers for Disease Control and Prevention Laboratory Response Network, ambulance services for transporting of Ebola patients and consultant services for program support. *The Governor recommended \$0.7 million less from federal funds than requested, reflective of historical expenditures. **The Assembly concurred.***

**Poison Control Center.** The Department requested the enacted amount of \$200,000 from general revenues to fund the Poison Control Center, which provides assistance and medical diagnosis of poisonings. The Center receives calls from individuals, hospitals and health care centers. *The Governor concurred. **The Assembly concurred.***

**Health Laboratories Staffing and Operating.** The Department requested \$0.1 million less from all sources for operating expenses of the state health laboratories. Salary and benefit expenditures are \$0.3 million less than enacted, primarily from general revenues to reflect \$0.2 million of additional turnover savings and \$0.1 million of costs allocated to federal grants elsewhere in the Department.

The request includes \$0.2 million more than enacted for operating costs, including \$39,250 more from general revenues and \$160,698 from federal funds. This includes \$53,067 more for temporary clerical services; \$0.1 million more for laboratory supplies, such as specimen test kits and liquid gases, and \$0.1 million more for maintenance equipment, for which the enacted budget included \$0.3 million. The request includes savings of \$53,151 for the current sample tracking software because of a prior year credit. *The Governor concurred, with the exception of providing \$13,962 less from general revenues to reflect additional statewide medical benefit savings.* **The Assembly concurred, with the exception of reducing general revenues by \$0.1 million to reflect additional turnover savings.**

**Infant and Early Childhood Development.** Subsequent to the enacted budget, the Department received a new \$9.0 million grant for an initiative that focuses on promoting good health habits, primarily for low income pregnant women, infants, and children, and children with special health care needs and families. The revised budget assumes use of \$5.5 million, including \$5.2 million to be awarded to various organizations such as Children's Friend and Service, Bradley Hospital and Family Service of RI. The remaining \$0.3 million will be used for administration of the program. The FY 2017 request assumes use of the remaining \$3.5 million. *The Governor recommended \$3.0 million less from federal funds than requested, reflective of historical expenditures.* **The Assembly concurred.**

**Immunizations.** The Department requested \$3.7 million more than enacted from all sources for immunization expenses, including \$1.2 million less from federal funds based on the anticipated amount of free vaccines provided by the Centers for Disease Control and Prevention's federal immunization program and \$4.9 million more from restricted receipt expenditures for child and adult immunizations based on vaccine purchasing projections. Of the increase, \$3.2 million is for vaccine costs and \$0.4 million is for KidsVax for services on the funding methodology. The 2014 Assembly adopted legislation replacing the assessments that support the infant and adult immunization programs effective January 1, 2016, established a new funding methodology. Pursuant to Rhode Island General Law 42-7.4-3, the Healthcare Services Funding Contribution will be based on a per-person enrollment for those in fully-insured or self-insured plans, with the exception of municipal employees. State employees and employees of non-profit hospital corporations will be included beginning July 1, 2016.

The request is \$0.2 million less than enacted for salary and benefit costs based on filled positions allocated to the program. The revised request assumes staffing of 23.6 full-time equivalent positions, 6.2 less than enacted. *The Governor recommended \$1.0 million less from federal funds than requested, reflective of historical expenditures. She subsequently requested an amendment to add expenditures of \$2.2 million from restricted receipts for the Department to purchase a vaccine that the Centers for Disease Control and Prevention recently approved.* **The Assembly concurred.**

**Health Professional Loan Repayment Program.** The Department requested \$246,909 more than enacted for the health professional loan repayment program, which pays a portion of an eligible health care professional's student loan if the participant agrees to work for two years in a health professional shortage area. This includes increases of \$35,825 from restricted receipts and \$211,084 from federal funds. The Department uses the restricted receipts, which are primarily from donations, to provide the 50.0 percent minimum match on the federal grant. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Race to the Top.** The Department requested \$0.3 million more than enacted from federal Race to the Top funds for implementation of the education plan developed in FY 2013. The request assumes an additional \$0.5 million for Healthcentric Advisors, which is developing the "Screening to Succeed" plan. Salary and benefit costs were reduced by \$0.1 million to reflect staffing costs for 4.0 full-time equivalent positions, 0.5 fewer than enacted. All other operating costs are \$0.1 million less than enacted to reflect anticipated expenditures for printing, office supplies and communications.

In December 2011, the state was awarded \$50.0 million from federal Race to the Top funds to be used to improve education for pre-school students. This grant involves multiple human service agencies and the Department of Elementary and Secondary Education, with funding allocated over four years that would end on December 31, 2015; however, the Department received a one year extension, by which the funds must be spent. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Wise Woman Program.** The Department requested \$0.3 million more than enacted from federal funds to reflect expenditures for screening, and medical evaluation follow-up services for the Wise Woman Program. The request includes the enacted level of \$60,000 from general revenues for a state pilot program that resembles the federal program, which provides screenings, referrals and follows up services for low-income, uninsured and underinsured women ages 40 through 64 who are at risk for heart disease, diabetes and stroke. The Department indicated that the state received approval from the Centers for Disease Control and Prevention to reduce the eligibility age from 40 to 30 years old, which will increase the program's participants in FY 2016 and forward. *The Governor recommended \$0.2 million less from federal funds than requested, reflective of historical expenditures.* **The Assembly concurred.**

**Blood Lead Poisoning Prevention.** The Department requested \$148,300 more than enacted from all sources for blood lead poisoning prevention. This includes a slight increase from general revenues, \$41,237 from federal funds and \$0.1 million from unspent restricted receipts from the Providence Water Supply Board. In total, the Board donated \$750,000 in funding through FY 2015; \$0.6 million has been spent, resulting in a balance of \$106,797, which is included in the FY 2016 revised request. The program provides state staff to investigate complaints and inquiries about lead poisoning, arrange inspections when elevated blood lead levels are found, make referrals for case management and provide follow up after the inspection to ensure the lead abatement was completed and the individual's blood lead level has returned to a reasonable level. *The Governor recommended \$25,046 less than requested, including \$25,000 from federal funds, reflective of historical expenditures and \$46 less from general revenues for statewide medical benefit savings.* **The Assembly concurred.**

**New Obesity and Other Diseases Prevention Grant.** Subsequent to the enacted budget, the Department received a new \$7.2 million federal grant to focus on preventing obesity, diabetes, and heart disease and stroke among adults, with particular focus on priority populations to reduce health disparities. The FY 2016 revised request assumes use of \$3.3 million, of which \$1.9 million will be awarded to various community-based organizations, \$0.9 million in salary and benefit costs to support 8.1 full-time equivalent positions and \$21,851 for an intern. The remaining funds will be used for program expenses, including a marketing campaign, a worksite wellness initiative and several other initiatives. *The Governor recommended \$0.5 million less than requested, reflective of historical federal fund expenditures.* **The Assembly concurred.**

**Cancer Screening Programs.** The Department requested \$0.7 million more than enacted from federal funds to primarily reflect a new award for cancer screening related programs. This includes \$0.3 million for services to be provided by the Hospital Association, which maintains the state's cancer registry, a statewide surveillance database related to the cancer patient population. Funding will also be used to expand and enhance data collection policies and procedures. The request includes \$0.3 million to fund 2.6 full-time equivalent positions and the remaining \$0.1 million will be used for program expenses, including advertising, travel costs and other expenditures. *The Governor recommended \$0.1 million less than requested, reflective of historical expenditures.* **The Assembly concurred.**

**Other Federal Grant Adjustments.** The Department's revised budget includes \$3.3 million more than enacted in federal funds for the Division of Community Health, Family, and Equity, which provides leadership, planning and infrastructure for the Department's efforts to eliminate health disparities, to assure healthy child development, and to reduce, prevent and control chronic diseases and disabilities.

This includes \$0.8 million more for the preventive block grant, which the Department utilizes to support health prevention programs that are community based, \$1.1 million for several chronic disease prevention and control grants, \$0.7 million for prescription drug overdose prevention, \$0.2 million for HPV vaccination and updated estimates for other awards and expenditures. *The Governor recommended \$2.1 million less than requested, reflective of historical expenditures.* **The Assembly concurred.**

**Other Salary and Benefit Adjustments.** The Department requested \$1.3 million less than enacted from all sources, including \$0.3 million less from general revenues to reflect turnover savings and staff time allocated to other federal grants. The Department averaged 49.9 vacancies through the last pay period in January 2016. The request includes the statewide medical benefit savings and benefit rates consistent with FY 2016 revised planning values.

*The Governor recommended \$0.3 million less from all funds than requested primarily from additional turnover savings, but also changes in fund source allocation. This includes \$122,530 more from general revenues, reflecting \$36,479 in additional statewide medical benefit savings offset by \$159,009 to support a position that is currently funded with indirect cost surcharge funds in order to free up resources for FY 2017.* **The Assembly concurred, with the exception of reducing general revenues by \$50,000 to reflect additional turnover savings.**

**L2K and Prescription Drug Monitoring Software Maintenance.** The Department requested \$0.3 million more than enacted, including \$0.2 million from general revenues and \$0.1 million from federal funds for software maintenance costs for the Prescription Drug Monitoring Program and the L2K, the Department's licensing system within the Environmental and Health Services Regulation Program. The request includes \$0.1 million more from general revenues based on FY 2015 reported expenditures for the Department's L2K system, which allows certain health professionals to renew their licenses online.

The enacted budget includes \$137,800 from federal funds for contractual services with Apriss to upgrade the current Prescription Drug Monitoring system and to add a web services application program interface so the program data is accessible to participating providers through their electronic health record. The Department requested revised expenditures of \$362,784, \$224,984 more than enacted. This includes \$128,984 from federal funds for the vendor to connect the state's prescription monitoring to other states and \$96,000 for maintenance of the system. The Department indicated that the federal funds from the Department of Justice were intended for the development and enhancement of the system and that once the program was implemented, the maintenance cost became a state expense. The system provides information regarding prescription of controlled substances in order to prevent improper or illegal use of controlled substances, pursuant to Rhode Island General Law section 21-28.3-1.

*The Governor recommended \$166,784 less from all funds than requested, this includes \$0.1 million more from general revenues offset by the removal of \$0.3 million from federal funds.* **The Assembly concurred.**

**National Electronic Disease Surveillance System Software.** Based on FY 2015 reported expenditures, the Department requested an additional \$50,000 from general revenues and federal funds for maintenance of the National Electronic Disease Surveillance system, which is a database used to track infectious diseases in the state, as well as comparative trends across the nation. The Department indicated that the annual cost of the system fluctuates based upon the addition of new diseases added for reporting. The system also accepts electronic laboratory reports from two national laboratories as well as the state laboratory. *The Governor did not provide the general revenue increase; she included \$20,000 from federal funds.* **The Assembly concurred.**

**Compounding Pharmacies Inspection.** The Department requested \$37,000 in both FY 2016 and FY 2017 for contracted service costs relating to inspection of pharmacies. The Department indicated that there are 20 sterile compounding pharmacies, which specialize in creating individualized pharmaceutical products to meet

the unique needs of a patient in the state and that the Department does not have the staff expertise to properly inspect these facilities. The Department further noted that its intent is to also have the contractor help train the current pharmacy inspector during the inspections so that he can perform them in subsequent years. *The Governor recommended \$47,000 for FY 2016 or \$10,000 more than requested.* **The Assembly concurred.**

**Other Operating.** The Department requested \$0.7 million more from all funds for all other operating expenses. This includes \$101,413 more from general revenues, of which \$15,100 will be used to purchase a car for the Tuberculosis program; the Department provides 4,500 home visits each year through the direct therapy services. The request also includes \$20,500 more to purchase test kits for HIV and other communicable diseases, \$13,500 for printing, \$21,848 for the smoking cessation quit line, and \$20,017 for operations of the Vital Records program, primarily printing costs. Expenditures from federal and restricted receipts are \$0.6 million more based on updated federal grants and anticipated receipts, including \$0.3 million more for newborn screening services.

*The Governor recommended \$1.5 million less from all funds than requested, including \$1.2 million from federal funds, reflective of historical expenditures. The recommendation includes \$57,540 less from general revenues than requested, which partially funds some of the requested increase. The recommendation also reduces requested restricted receipt expenditures by \$0.3 million, including \$160,506 from the indirect cost recovery restricted receipts to free resources for FY 2017.*

*The revised budget assumes a year end surplus of \$0.4 million from the indirect cost recovery restricted receipts.* **The Assembly concurred.**

## Department of Human Services

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
Central Management	\$ 9,316,541	\$ 10,114,001	\$ 9,612,987	\$ 9,159,480
Child Support Enforcement	8,109,278	9,642,411	9,795,524	9,795,524
Individual and Family Support	152,204,465	155,980,278	172,722,543	174,087,577
Veterans' Affairs	29,861,407	29,393,531	29,351,392	29,927,718
Health Care Eligibility	19,888,440	19,509,318	22,268,320	21,194,881
Supplemental Security Income	18,245,607	18,706,478	18,359,000	18,492,445
Rhode Island Works	84,787,465	90,434,358	90,032,019	86,971,520
State Funded Programs	282,773,577	269,743,880	283,654,900	283,677,892
Elderly Affairs	16,456,419	18,879,250	18,282,938	17,562,240
<b>Total</b>	<b>\$ 621,643,199</b>	<b>\$ 622,403,505</b>	<b>\$ 654,079,623</b>	<b>\$ 650,869,277</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 89,483,066	\$ 94,805,139	\$ 96,591,343	\$ 93,491,343
Contracted Services	17,423,532	17,557,341	18,928,082	20,928,078
<b>Subtotal</b>	<b>\$ 106,906,598</b>	<b>\$ 112,362,480</b>	<b>\$ 115,519,425</b>	<b>\$ 114,419,421</b>
Other State Operations	17,450,798	17,443,538	16,949,671	17,525,997
Aid to Local Units of Government	2,305	-	-	-
Assistance, Grants, and Benefits	490,646,308	486,129,024	514,974,941	512,288,273
Capital	767,366	537,717	705,339	705,339
Capital Debt Service	-	-	-	-
Operating Transfers	5,869,824	5,930,746	5,930,247	5,930,247
<b>Total</b>	<b>\$ 621,643,199</b>	<b>\$ 622,403,505</b>	<b>\$ 654,079,623</b>	<b>\$ 650,869,277</b>
<b>Sources of Funds</b>				
General Revenue	\$ 94,560,297	\$ 98,271,683	\$ 97,728,070	\$ 96,105,465
Federal Aid	520,276,560	517,462,308	549,854,594	547,690,527
Restricted Receipts	2,396,897	2,076,036	1,368,481	1,944,807
Other	4,409,445	4,593,478	5,128,478	5,128,478
<b>Total</b>	<b>\$ 621,643,199</b>	<b>\$ 622,403,505</b>	<b>\$ 654,079,623</b>	<b>\$ 650,869,277</b>
<b>FTE Authorization</b>	<b>959.1</b>	<b>959.1</b>	<b>959.1</b>	<b>959.1</b>
<b>FTE Average</b>	<b>856.5</b>			

**FY 2016 Revised Request.** The Department of Human Services requested increases of \$2.8 million from general revenues, \$32.6 million from federal funds, and \$36.3 million from other funds along with \$0.7 million less from restricted receipts. The Department's request also inadvertently increased gas tax proceeds by \$35.6 million. Of the \$2.8 million general revenue increase, \$2.9 million is for the Unified Health Infrastructure Project. The Department requested 1,006.1 full-time-equivalent positions, 47.0 more than enacted.

Subsequently, the Department submitted correspondence regarding a corrective action plan, though no specific corrective actions were proposed.

The Governor recommended \$31.7 million more than enacted including \$0.5 million less from general revenues and the authorized level of 959.1 positions. Her recommendation is \$3.4 million less than requested from general revenues primarily reflecting the use of \$3.0 million from Information Technology funds instead of general revenues through the Department of Administration's budget for the Unified Health Infrastructure Project. **The Assembly provided \$3.2 million less than the Governor recommended, including \$1.6 million less from general revenues. Each change is discussed separately.**

**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 Executive Office of Health and Human Services. The 2015 guidelines are as follows.

Percent of Federal Poverty Level based on Annual Income								
Family Size	100%	133%	138%	150%	180%	185%	225%	250%
1	\$ 11,770	\$ 15,654	\$ 16,243	\$ 17,655	\$ 21,186	\$ 21,775	\$ 26,483	\$ 29,425
2	15,930	21,187	21,983	23,895	28,674	29,471	35,843	39,825
3	20,090	26,720	27,724	30,135	36,162	37,167	45,203	50,225
4	24,250	32,253	33,465	36,375	43,650	44,863	54,563	60,625
5	28,410	37,785	39,206	42,615	51,138	52,559	63,923	71,025
6	32,570	43,318	44,947	48,855	58,626	60,255	73,283	81,425
7	36,730	48,851	50,687	55,095	66,114	67,951	82,643	91,825
8	40,890	54,384	56,428	61,335	73,602	75,647	92,003	102,225

*For families with more than 8 members, add \$4,160 for each additional member for the 100 percent calculation.*

**Staffing.** The Department requested 1,006.1 full-time equivalent positions in FY 2016, which is 47.0 positions above the enacted authorization. The enacted budget includes a reduction of 36.5 unspecified positions, left up to the Department to manage its vacancies. The request restores the 36.5 positions and adds another 10.5 positions, all for the Unified Health Infrastructure Project. The request also moves numerous other positions among programs. The Department requested \$1.9 million more than enacted, from all sources including increases of \$1.9 million from federal funds and \$0.2 million from general revenues and a reduction of \$0.2 million from restricted receipts. The revised request also includes \$0.5 million more for overtime.

The enacted budget includes authorization for 959.1 positions and provides funding for approximately 865 positions, leaving approximately 94 positions unfunded. As of December 16, 2015, the Department had 876.1 filled positions, and averaged 863.7 filled positions in FY 2016. The Department averaged 840.0 filled positions in FY 2014 and 856.5 positions in FY 2015 although the number of filled positions has been slowly increasing from a low of 781.2 in November 2011. *The Governor's recommendation is consistent with the current authorization of 959.1 positions.* **The Assembly concurred.**

**Unified Health Infrastructure Project.** The Executive Office of Health and Human Services submitted a new plan in July 2015 that increased project costs to \$363.7 million, including \$79.0 million for the state match. This is \$154.2 million more than the October 2014 plan and increases state funding by \$27.2 million. The updated plan called for a one year delay to July 12, 2016 and a fully integrated system, RI Bridges, instead of two separate systems for its human services eligibility, application and worker accessibility activities in the affected agencies. The Office also attributed \$73.0 million of the increase to new state and federal requirements; however, it has not submitted information requested for a description of the requirements and the calculation of this cost.

The Department requested \$12.2 million from all sources, including \$5.6 million from general revenues and \$6.6 million from federal funds for 84.0 positions and operations related to the Unified Health Infrastructure Project. The revised request is \$4.7 million more than enacted, including \$3.0 million from general revenues and \$1.7 million from federal funds and 47.0 additional positions, including both

eligibility technicians and clerical positions. The request increases salary and benefit expenses by \$1.3 million, including \$0.3 million from general revenues and \$0.9 million from federal funds and \$3.7 million for information technology expenses through a contract with the main vendor, Deloitte, and \$0.3 million less for all other operating expenses.

The revised request includes 47.0 positions more than the enacted budget, for a total of 84.0 positions. As of December 16, 2015, 36.0 positions were filled. The Department indicated that since these positions are temporary positions, individuals either leave early for employment elsewhere or transition to permanent positions within the Department.

Statewide, the total shortfall for the Unified Health Infrastructure Project in FY 2016 is \$85.1 million, and the revised requests add \$70.2 million from federal sources for this program for a total revised request of \$123.5 million. This includes \$14.9 million from general revenues between the Department and the Executive Office of Health and Human Services.

*The Governor recommended the requested \$123.5 million, but from a different mix of sources, including \$4.9 million from the Information Technology Fund through the Department of Administration, and \$15.7 million from general revenues and \$102.9 million from federal funds in the budgets of Human Services and the Executive Office.*

*Within the Department of Human Services, the increase to enacted funding is \$1.7 million more than enacted from federal funds. The requested \$3.0 million decrease from general revenues is essentially substituted with Information Technology Funds budgeted in the Department of Administration. **The Assembly concurred with the exception of \$0.2 million in general revenues savings from not filling vacant positions.***

### **Cash Assistance Programs**

The November 2015 Caseload Estimating Conference estimate includes \$109.8 million from all sources, including \$31.1 million from general revenues for cash assistance programs, including Rhode Island Works, child care, state only supplemental security income program payments and general public assistance bridge program benefits. The caseload estimate is \$0.8 million less than enacted, including \$0.4 million less 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 table on the next page itemizes cash assistance expenditures as enacted by the 2015 Assembly, adopted by the caseload estimators, and recommended by the Governor, along with comparable data for FY 2013, FY 2014, and FY 2015. Each category is discussed separately. *The Governor recommended funding consistent with the caseload estimate. **The Assembly reduced expenditures by \$2.9 million, including adding \$0.2 million from general revenues, for total funding of \$106.8 million, consistent with the May estimate.***

**Rhode Island Works.** The November Caseload Estimating Conference estimate includes program expenditures of \$27.3 million entirely from federal funds. The estimate decreased the monthly caseload by 692 cases to a level of 11,524. The cost per case is estimated to increase by \$1.31 to a \$180.40 monthly cost per person. The estimated program expenditures were \$1.8 million less than the enacted budget, primarily from the reduced number of persons, with \$0.1 million less for transportation expenses along with minor adjustments for clothing and other supportive services. The Department's request is consistent with the enacted level for the Rhode Island Works program and does not reflect the estimate adopted at the November caseload conference. *The Governor recommended funding consistent with the caseload estimate. **The Assembly reduced federal expenditures by \$1.8 million to reflect the May caseload***

estimate, which reduced the number of people by 484 to 11,040 and the monthly cost per person by \$2.19 to \$178.21 for total costs of \$25.5 million.

**Child Care.** The November Caseload Estimating Conference estimate includes child care expenditures of \$62.7 million, of which \$11.4 million is from general revenues. This is \$1.4 million more from federal funds than enacted, reflecting 203 additional child care subsidies for a monthly level of 8,832 and an annual cost of \$7,100, the enacted level. The Department's request is \$0.1 million less than enacted, including \$81,807 more from general revenues for the child care program and does not reflect the estimate adopted at the November caseload conference. *The Governor recommends funding consistent with the caseload estimate.*

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 2014 Assembly extended the pilot through September 30, 2016.

*The Governor recommended funding consistent with the caseload estimate. The Assembly reduced federal fund expenditures by \$1.2 million to reflect the May caseload estimate, which lowered the number of subsidies by 144 to 8,688 and decreased the annual cost per subsidy by \$25 to \$7,075 for total program costs of \$61.5 million, including \$11.4 million from general revenues.*

Cash Assistance	FY 2014 Spent	FY 2015 Spent	FY 2016 Enacted	FY 2016 Gov. Rev.	FY 2016 May CEC	FY 2016 Final
<b>Rhode Island Works</b>						
Persons	14,559	12,941	12,216	11,524	11,040	11,040
Monthly Cost per Person	\$ 182.71	\$ 181.38	\$ 181.71	\$ 180.40	\$ 178.21	\$ 178.21
General Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	35.7	30.5	29.2	27.3	25.5	25.5
<b>Total Costs*</b>	<b>\$ 35.7</b>	<b>\$ 30.5</b>	<b>\$ 29.2</b>	<b>\$ 27.3</b>	<b>\$ 25.5</b>	<b>\$ 25.5</b>
<b>Child Care</b>						
Subsidies	7,113	7,838	8,629	8,832	8,688	8,688
Annual Cost per Subsidy	\$ 6,918	\$ 6,823	\$ 7,100	\$ 7,100	\$ 7,075	\$ 7,075
General Revenue	\$ 9.7	\$ 9.7	\$ 11.4	\$ 11.4	\$ 11.4	\$ 11.4
Federal Funds	39.9	44.6	49.9	51.3	50.1	50.1
<b>Total Costs*</b>	<b>\$ 49.6</b>	<b>\$ 54.3</b>	<b>\$ 61.3</b>	<b>\$ 62.7</b>	<b>\$ 61.5</b>	<b>\$ 61.5</b>
<b>SSI</b>						
Persons	33,600	33,780	34,101	33,900	33,720	33,720
Monthly Cost per Person	\$ 45.35	\$ 44.88	\$ 45.59	\$ 45.00	\$ 45.57	\$ 45.57
<b>Total Costs/General Revenue*</b>	<b>\$ 18.3</b>	<b>\$ 18.2</b>	<b>\$ 18.7</b>	<b>\$ 18.4</b>	<b>\$ 18.5</b>	<b>\$ 18.5</b>
<b>SSI Transition/Bridge</b>						
Persons	487	431	434	395	394	394
Monthly Cost per Person	\$ 133.28	\$ 134.25	\$ 135.00	\$ 135.00	\$ 136.61	\$ 136.61
General Revenue	\$ 1.7	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4
<b>Total Costs*</b>	<b>\$ 2.0</b>	<b>\$ 1.4</b>	<b>\$ 1.4</b>	<b>\$ 1.4</b>	<b>\$ 1.4</b>	<b>\$ 1.4</b>
General Revenue	29.7	29.3	31.5	31.1	31.2	31.2
Federal Funds	75.9	75.1	79.1	78.7	75.6	75.6
<b>Total Cash Assistance*</b>	<b>\$ 105.6</b>	<b>\$ 104.4</b>	<b>\$ 110.5</b>	<b>\$ 109.8</b>	<b>\$ 106.8</b>	<b>\$ 106.8</b>

\*Expenditures in millions

**Child Care Providers Collective Bargaining Agreement.** The state entered into a collective bargaining agreement with the Service Employees International Union 1199NE, covering the Child Care Assistance

Program family child care providers. The contract started July 1, 2015 and ends June 30, 2017 and includes reimbursement increases in FY 2016, for which the Assembly included legislation and funding as part of the FY 2016 enacted budget. The value of this increase, which was also granted for center-based providers as well as the family providers covered under the contract, is estimated in the caseload conference at \$2.3 million.

Starting in FY 2017 there will also be educational step increases and recognition of vacations and closures as well as holidays and professional days; these items are part of current regulations and practice and were therefore already accounted for in the FY 2017 caseload conference estimate. Other items that are part of the collective bargaining agreement, but not tied to the existing statute, total \$0.5 million and are discussed separately below. The revised request assumes that existing federal resources through its Child Care Development Block Grant that are not allowed for direct care would be available to support these activities.

The statute authorizing the collective bargaining states that “*Any aspects of a contract requiring appropriation by the federal government, the general assembly, or revisions to statutes and/or regulations shall be subject to passage of those state or federal appropriations or statutory and/or regulatory revisions.*”

Family Training & Support Fund. The contract notes that for FY 2016 the state agrees to allocate \$250,000 into a training and support fund, jointly administered by the Department and the union, to contract with vendors, agencies, colleges, instructors or provider peer mentors to offer family child care-related trainings and support for trainings in order to fill needs not currently set by the current training contract. The Department includes \$125,000 in its revised request. It reports that there has been little progress made on this issue and it continues to work with the union to identify a process to administer the fund. Once the process is set up, there will need to be communication to the providers as to how to access these funds and to set up training sessions. The FY 2017 request includes the remaining \$125,000. *The Governor recommended funding as requested. The Assembly concurred.*

Home Business Computers. Starting July 1, 2016, family child care providers may be eligible for the one-time purchase of a home business computer to be selected and purchased by the state with input from the union. Only those providers who have delivered at least six months of services within the past 12 months, and do not currently own a computer (desktop, laptop, or tablet), are eligible. The revised request includes \$212,500 from federal funds for this purpose.

The stated intent of this benefit is to facilitate providers’ use of the state’s online program administration resources for registration, billing, and fulfilling all related administrative filings; to communicate with the state using the provider email hotline; to participate in online training, professional development, and educational opportunities; as well as to access online resources for curriculum development, record keeping, business processes and other business and quality improvements. *The Governor recommended funding as requested. The Assembly concurred.*

Incentive Pool. The contract calls for \$250,000 to be designated to fund a quality incentive pool for family child care providers that will be provided in a tiered manner starting July 1, 2016. The method of funding is agreed to by the parties through the collective bargaining process no later than November 30, 2015, unless the parties mutually agree to extend this timeline within which to conclude negotiations on the tiered quality incentive payment. The Department did not include funding for this activity in its FY 2016 revised budget request. *The Governor also did not include the funding. The Assembly concurred.*

Registration Fees. The agreement includes a provision that the state will pay an annual registration fee, which is not to exceed \$50, for each child receiving subsidized care for those licensed providers who have a written policy to charge all families a registration fee including those who are not supported by the state.

The revised request includes \$113,200 from federal funds for these fees. *The Governor recommended funding as requested.* **The Assembly concurred.**

Direct Deposit Bonus. The Department’s revised request includes \$50,000 from federal funds to pay a \$100 one-time bonus to child care providers who are currently enrolled in, or do enroll in, direct deposit. *The Governor recommended funding as requested.* **The Assembly concurred.**

Orientation Payment. The Department included \$7,500 from federal funds to pay child care providers \$75 for attending either an initial orientation or subsequent orientations held at the request of the Department. The Department will determine the orientation’s content to include but not be limited to: program eligibility, enrollment, attendance, and billing policies; basic information on licensing and who to contact with licensing questions; and information on quality enhancement initiatives and HealthSourceRI. *The Governor recommended funding as requested.* **The Assembly concurred.**

Certification Bonus Payment. The Department included \$6,500 for a \$500 one-time bonus payment to a license-exempt provider, such as a family member, who becomes a certified family care provider. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Supplemental Security Income Payments.** The November Caseload Estimating Conference estimate includes FY 2016 direct supplemental security income expenditures at \$18.4 million from general revenues, or \$0.3 million less than enacted. The caseload decreased by 201 persons to a monthly level of 33,900 and the estimators decreased the monthly cost per person by \$0.59 to \$45.00. The estimate also includes transaction fees of \$53,000, which is \$1,000 more than enacted. The Department lowers spending by \$0.3 million; however, it does not reflect the actual 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. Twenty-six other states also supplement the federal payment. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly increased the recommendation by \$133,445 to reflect the May caseload estimate, which reduced the number of people by 180 to 33,720 and increased the average monthly cost by \$0.57 to \$45.57; it also included \$53,000 for transaction fees for total costs of \$18.5 million.**

The following table includes the separate categories and monthly payments for calendar year 2015.

Supplemental Security Income Payments Category	Beginning 1-1-2015			Beginning 7-1-2015		
	State	Federal	Total	State	Federal	Total
Individual living alone	\$ 39.92	\$ 733.00	\$ 772.92	\$ 39.92	\$ 733.00	\$ 772.92
Couple living alone	\$ 79.38	\$ 1,100.00	\$ 1,179.38	\$ 79.38	\$ 1,100.00	\$ 1,179.38
Individual living with others	\$ 51.92	\$ 488.67	\$ 540.59	\$ 51.92	\$ 488.67	\$ 540.59
Couple living with others	\$ 97.30	\$ 733.34	\$ 830.64	\$ 97.30	\$ 733.34	\$ 830.64
Resident in state licensed supportive residential care	\$ 300.00	\$ 733.00	\$ 1,033.00	\$ 300.00	\$ 733.00	\$ 1,033.00
Resident in assisted living	\$ 332.00	\$ 733.00	\$ 1,065.00	\$ 332.00	\$ 733.00	\$ 1,065.00
Resident in Medicaid certified long-term care residence with income over 120% FPL	N/A	N/A	N/A	up to \$465.00	\$ 733.00	up to \$1,198.00
Resident in Medicaid certified long-term care residence with income up to 120% FPL	N/A	N/A	N/A	\$ 797.00	\$ 733.00	\$ 1,530.00
Supplement	\$ 20.00	\$ 30.00	\$ 50.00	\$ 20.00	\$ 30.00	\$ 50.00

**Assisted Living State Supplemental Payment.** The Department requested the enacted level of \$359,198 from general revenues, which is \$2,744 more than the amount spent in FY 2015, 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 2014 Assembly expanded the payment to individuals living in an assisted living facility that was financed by Rhode Island Housing prior to January 1, 2006, beginning on October 1, 2014. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Supplemental Security Income Transition/Bridge Program.** The November Caseload Estimating Conference estimate lowers the supplemental security income transition/bridge program spending by \$88,980 for total funding of \$1.4 million, from general revenues. The estimate includes \$0.6 million for cash payments and \$0.7 million for burials. The estimate decreases the projected number of persons by 39 to a level of 395 and retains the enacted level of \$135.00 for the monthly cost per person. The Department's request does not reflect the conference estimate and is consistent with the enacted level. This program is designed for individuals who maintain an active application for the supplemental security income program.

*The Governor recommended funding consistent with the caseload estimate.* **The Assembly increased the recommendation by \$22,992 for program costs of \$1.4 million to be consistent with the May caseload estimate, which reduced the number of people to 394 and increased the average monthly cost by \$1.61 to \$136.61 in addition to increasing burial expenses by \$17,000.**

**Hardship Payments.** The Department requests the enacted level of \$210,000 from general revenues for hardship contingency payments, which provide temporary support to persons who do not qualify for the supplemental security income or Rhode Island Works programs. The Department spent \$70,766 in FY 2015, \$112,775 in FY 2014 and \$151,675 in FY 2013; it has indicated that the rules and criteria for the program are strict and applicants often do not want to fill out the paperwork for the \$100 payment, especially since the applicants must reapply each month in which they request the payment. *The Governor recommended funding as requested.* **The Assembly concurred.**

### **Cash Assistance Administration**

**Rhode Island Works Pilot.** The Department requested the enacted level of \$1.5 million from federal temporary assistance for needy families block grant funds for on-the-job training programs, job search and placement services, disability assessments and services, and overall service delivery redesign.

The Department has reported that it has entered into six month contracts with the vendors and is currently working with Harvard University to establish stronger performance measures, which will be incorporated into a six month extension. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Cash Assistance Administration.** The Department requested \$0.7 million more for administrative costs related to Rhode Island Works, child care, supplemental security income and general public assistance, including \$0.1 million less from general revenues and \$0.8 million more from federal funds. This includes \$1.2 million less for staffing; the Department has not provided the information for the staffing changes between programs.

Offsetting the staffing decrease is \$0.7 million more for contracted services from federal funds, primarily for information technology support, and \$0.2 million more for operating including postage. The request also includes \$1.2 million less in funding awarded through the Child Care Development Fund; the Department has not provided a reason for this decrease. *The Governor recommended \$11,312 less from general revenues than requested to reflect additional statewide medical benefit savings.* **The Assembly included savings of \$1.6 million, \$0.5 million from general revenues, to reflect the Department's third quarter report for updated staffing expenses.**

## Division of Elderly Affairs

**Pharmaceutical Assistance to the Elderly.** The request includes \$90,664 less from restricted receipts for administration of the pharmaceutical assistance program. This includes \$43,226 less for salaries and benefits which reflects a reduction from 1.0 to 0.5 full-time equivalent positions. Although participation and utilization of the program continues to decrease each year, the request inadvertently excludes operating or rebate costs; it appears that the intent was to request \$45,000 for rebates, but the funds were excluded from the request. Operating expenditures are nominal and included with the Division's other operating expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Home and Community Care Program Expenses.** The Division requested \$0.2 million less from general revenues for home care, adult day and case management services for total funding of \$6.3 million. However the revised request does not lower the matching Medicaid funds and should be reduced by a corresponding \$0.2 million from federal funds. The revised request is \$0.9 million more than FY 2015 expenditures of \$5.0 million. While not noted in the budget request, it appears the Division is expanding program eligibility by increasing the income threshold and expanding services to non-elderly adults with dementia; each is discussed separately. *The Governor recommended funding as requested.* **The Assembly further reduced expenses by \$0.7 million, including \$0.3 million from general revenues, to reflect program spending.**

Home and Community Care Program Eligibility. The home and community care program assists low-income elders who pay a portion of the costs of the services, which include bathing, dressing, household chores, ambulatory needs, adult day activities, and case management services for those with incomes up to 200 percent of poverty. The Division has changed its rules and regulations and increased the income threshold to 250 percent. The Division has completed the public hearing process but as of February 1, 2016 has not filed the change with the Secretary of State's Office.

The Medicaid waiver allows for this coverage; however, Rhode Island General Law 42-12.4-7 (1) mandates that *"any change that requires the implementation of a rule or regulation or modification of a rule or regulation in existence prior to the demonstration shall require prior approval of the general assembly."* The home and community care program was a state-only program prior to the Medicaid waiver and was subject to changes through the rules and regulation process so it meets this criteria, therefore any change requires Assembly approval. *The Governor does not include the necessary statutory language to make this change.* **The Assembly also did not include the language to make this change.**

Services to Non-Elderly Adults with Dementia. The Division has also changed its rules and regulations to expand home and community based services to non-elderly individuals with dementia through the Medicaid waiver. The Division has completed the public hearing process and will have the change filed with the Secretary of State's Office by mid-January. While the Medicaid waiver allows for this coverage without Assembly notification, it has been past practice to seek approval for any significant program changes and/or budgetary impacts before starting the process of making any changes especially those that have a fiscal impact; that did not happen with this change. The Division reported that the fiscal impact will be minimal and is subject to state appropriation but does not identify a specific cost to this new benefit for this population. *The Governor included Article 7 to seek Assembly approval to provide these services through the Medicaid waiver.* **The Assembly did not concur.**

**Salaries and Benefits.** The Division included \$2,807 less from all sources for salaries and benefits in the division. This includes \$73,279 more from general revenues and 31.0 positions in its revised request, leaving one position vacant. The Department has not explained why it shifted funding from a federal grant to state funds. The request is \$0.2 million more than FY 2015 expenses, including \$0.3 million more from general revenues. *The Governor recommended \$3,786 less from general revenues than requested to reflect additional statewide medical benefit savings.* **The Assembly concurred.**

**Other Operations.** The Department requested \$0.3 million less than enacted for other operating expenditures within the division, including \$52,422 less from general revenues. The revised request is \$0.1 million less from congregate meal funding to reflect expiration of the supplemental food grant. The revised request is \$0.7 million more than FY 2015 expenses, including \$0.4 million more from general revenues. *The Governor recommended funding as requested.* **The Assembly concurred.**

### **Other Programs**

**Veterans' Affairs.** The Department requested \$35,491 more than enacted from all sources for staffing and operational expenses in the Division of Veterans' Affairs. This includes \$0.6 million more from federal funds offset by \$0.4 million less from restricted receipts and \$0.2 million less from general revenues. The Division increased staffing expenses by \$0.4 million, and decreased contracted medical services by \$17,538. The request also reduces operating expenses supported by restricted receipts by \$0.4 million however this is \$0.3 million less than FY 2015 expenses. If FY 2016 revised expenditures exceed this estimate, there is a potential that this could become a general revenue expense if there are not available restricted receipts to cover any overspending.

The Division also requested the enacted level of \$61,000 from cemetery memorial funds in its capital request to purchase vehicles. *The Governor recommended \$77,630 less from general revenues than requested to reflect additional statewide medical benefit savings. The Governor requested an amendment to add back \$0.5 million in restricted receipts for operations and \$0.1 million to settle a lawsuit.* **The Assembly concurred.**

**Child Support Services.** The revised request is \$0.2 million more from federal funds and \$39,881 less from general revenues for child support services. This includes \$5.1 million from all sources, or \$0.2 million more than enacted and \$1.7 million from general revenues, or \$0.1 million more than enacted for 59.0 positions. There were three vacant positions in the Division and the revised request includes keeping five unfilled. All other division expenses decrease by \$42,568 including \$103,960 less from general revenues. The reductions appear to be related to information technology but the Department did not provide the requested explanation. *The Governor recommended \$6,020 less general revenues than requested to reflect additional statewide medical benefit savings.* **The Assembly concurred.**

**Reinventing Medicaid - Unachieved Savings.** The enacted budget includes savings of \$2.0 million, including \$1.0 million from general revenues, in the budgets of the Department of Human Services and the Executive Office of Health and Human Services from administrative changes made through the process to reinvent Medicaid, which were part of the Working Group recommendations and the Governor's amendment which was accepted by the Assembly. The Department's revised request restores its share of the savings, \$1.0 million, including \$0.5 million from general revenues and does not explain its inability to meet these savings. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Eligibility Administration.** The Department requested \$0.6 million less than enacted from all sources for expenses related to eligibility determinations for Medicaid and long term care services, including salaries and benefits. This includes \$0.4 million more from general revenues and \$0.6 million less from federal funds. Salary and benefit expenses increase by \$0.8 million, including \$0.4 million more from general revenues. Staff in this program work in the field offices processing Medicaid eligibility claims or determining eligibility for state long term care medical assistance services. This revision may be connected to the \$1.2 million staffing reduction for cash assistance administration, but the Department did not respond to inquiries to clarify the reasons for these changes.

All other expenses are \$1.0 million less than enacted. Accounting for a shift of \$0.7 million from Medicaid funded audit fees which now appear in the Executive Office of Health and Human Services' budget, the change is \$0.3 million less than enacted.

The request also reduces contracted medical and temporary services in the disability determinations unit by \$0.4 million from federal funds. The request eliminates all operating expenses except \$0.3 million for postage and \$0.9 million for rent at satellite offices. Other changes include adding \$0.5 million from food stamp bonus funds offset by \$0.2 million less from employment and training grants and \$0.2 million less from nutrition education grants.

*The Governor recommended \$27,078 less from general revenues than requested to reflect additional statewide medical benefit savings. The Governor requested an amendment to add \$2.0 million from federal funds to increase the payments made to provide a 20 percent increase to medical consultants in the Disability Determination Unit in the Office of Rehabilitation Services, consistent with instructions from the Social Security Administration. **The Assembly concurred with the amendment and also included savings of \$0.9 million from all sources, including \$0.4 million from general revenues for lower staffing costs reflecting the Department's third quarter projections.***

**Supplemental Nutrition Assistance Program - Benefits.** The Department requested \$14.0 million more from federal funds for direct benefit payments for the Supplemental Nutrition Assistance program in its revised request. This is \$0.8 million more than FY 2015 expenses and based on updated projections. *The Governor recommended funding as requested. **The Assembly concurred.***

**Women, Infants and Children's Nutrition Program.** The Department requested \$26,322 less than enacted from federal funds for the Women, Infants and Children's nutrition program. This reflects updated staffing costs and includes the enacted level of \$23.0 million for the program benefits. *The Governor recommended funding as requested. **The Assembly concurred.***

**LIHEAP and Weatherization Assistance Programs.** The Department requested \$12.8 million more than enacted from all sources, for a total of \$38.6 million for expenses related to the low income home energy assistance and weatherization assistance programs. The request includes \$0.1 million more for salaries and benefits, which appeared to overfund the six filled positions.

For the home energy program, expenses increased by \$12.9 million from federal funds and expenses for the weatherization assistance program decreased by \$0.1 million. The primary increase is for benefit payments which reflects unspent awards carried into FY 2016. The Department indicated it must allocate the funds in certain fiscal years in order to carry the funds forward, even if the funds will be spent in a different fiscal year. *The Governor recommended funding as requested. The Governor subsequently requested an amendment to add \$0.6 million in additional funding for energy assistance. **The Assembly concurred.***

**Race to the Top.** The Department requested \$2.7 million more than enacted from federal Race to the Top funds, including \$2.9 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, quality improvement 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.

This also includes \$0.1 million less than enacted for staffing and operating expenses. This includes \$0.1 million less for staffing to support six positions and \$6,382 more for various operating expenses. The Department received the award in December 2011, made no expenditures in FY 2012 and spent \$168,879 in FY 2013, \$3.6 million in FY 2014, and \$10.8 million in FY 2015. The grant award was set to expire December 31, 2015, but the state was able to receive a no-cost extension through December 31, 2016. The

Department requested \$8.9 million in FY 2016 and \$1.6 million in FY 2017 to complete activities within the grant award. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Paratransit Services for the Elderly.** The Department requested \$6.4 million from all sources for elderly transportation services, including \$1.5 million from general revenues, \$0.5 million from federal funds and intended to request the enacted level of \$4.4 million from the Department's one-cent share of the motor fuel tax. It instead inadvertently requested additional funding of \$35.6 million from gas tax proceeds which was an error. The state leverages Medicaid funds under the global waiver for certain transportation expenses that were previously state only; the request reduces federal funding for this program by \$499. *The Governor recommended funding consistent with the enacted budget and the intended request.* **The Assembly concurred.**

**Community Service Grants.** The Department requested the enacted level of \$3.9 million from general revenues for the remaining community service grants that support over 100 social service agencies and community organizations. *The Governor recommended funding as requested.* **The Assembly eliminated the \$2,372 grant to CODAC; the agency declined it.**

**Refugee School Impact Grant.** The FY 2016 enacted budget does not include any federal funds for the refugee school impact program which promotes the integration and education of refugee children. *The Governor did not include any federal funds; however, subsequent to her recommendation she submitted an amendment request to add \$299,604 from recently awarded federal funds in the Division of Refugee Assistance.* **The Assembly concurred.**

**All Other Staffing and Operations.** The Department requested \$0.7 million more from all sources, including \$0.3 million less from general revenues for all other expenses. The request increases salary and benefit expenses by \$0.5 million, including reductions of \$0.3 million from general revenues and \$0.2 million from restricted receipts offset by \$1.0 million more from federal funds. It also increases operating expenses in that unit by \$0.2 million for software maintenance. *The Governor recommended \$29,526 less from general revenues for statewide medical benefit savings.* **The Assembly further reduced staffing by \$0.5 million from general revenues to reflect the Department's third quarter spending projections.**

**Capital - Blind Vending Facilities.** The Department requested \$149,191 more than enacted from Rhode Island Capital Plan funds for the ongoing construction and renovation of statewide vending facilities. The increase reflects unspent funds carried forward from FY 2015 for renovations to the location in the Shepard Building in Providence, which experienced several delays. There are currently 15 facilities that operate under the name COFFEE PLUS. The staff is trained through the Department's Office of Rehabilitation Services. The request is consistent with the Department's capital budget request, discussed in greater detail in the *Capital Budget* section of this publication. *The Governor recommended \$35,000 more than enacted, and \$114,191 less than requested, from Rhode Island Capital Plan funds.* **The Assembly concurred.**



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

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
Central Management	\$ 1,275,005	\$ 1,615,952	\$ 1,644,928	\$ 1,537,534
Services for the Dev. Disabled	239,507,177	230,874,476	237,747,945	240,471,532
Hosp. & Comm. System Support	3,199,562	2,780,863	2,665,877	2,529,094
Hospital & Comm. Rehab. Services	114,798,028	116,305,161	116,761,160	115,671,927
Behavioral Healthcare Services	16,344,442	19,369,242	21,023,077	20,760,626
<b>Total</b>	<b>\$ 375,124,214</b>	<b>\$ 370,945,694</b>	<b>\$ 379,842,987</b>	<b>\$ 380,970,713</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 131,336,906	\$ 130,783,369	\$ 126,221,032	\$ 129,057,204
Contracted Services	2,055,291	3,380,227	5,472,380	5,472,380
<b>Subtotal</b>	<b>\$ 133,392,197</b>	<b>\$ 134,163,596</b>	<b>\$ 131,693,412</b>	<b>\$ 134,529,584</b>
Other State Operations	14,227,409	14,012,346	14,390,073	14,216,722
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	221,669,740	215,841,256	225,903,892	225,489,705
Capital	2,114,547	6,928,496	7,855,610	6,734,702
Capital Debt Service	-	-	-	-
Operating Transfers	3,720,321	-	-	-
<b>Total</b>	<b>\$ 375,124,214</b>	<b>\$ 370,945,694</b>	<b>\$ 379,842,987</b>	<b>\$ 380,970,713</b>
<b>Sources of Funds</b>				
General Revenue	\$ 173,264,827	\$ 172,488,711	\$ 174,461,291	\$ 175,345,472
Federal Aid	187,681,726	182,605,186	189,408,411	190,946,215
Restricted Receipts	9,873,915	9,180,797	8,365,757	8,192,406
Other	4,303,746	6,671,000	7,607,528	6,486,620
<b>Total</b>	<b>\$ 375,124,214</b>	<b>\$ 370,945,694</b>	<b>\$ 379,842,987</b>	<b>\$ 380,970,713</b>
<b>FTE Authorization</b>	<b>1,420.4</b>	<b>1,421.4</b>	<b>1,419.4</b>	<b>1,419.4</b>
<b>FTE Average</b>	<b>1,269.9</b>			

**FY 2016 Revised Request.** The Department requested \$13.5 million more than enacted, including \$7.6 million more from general revenues, \$7.5 million more from federal funds, \$1.6 million less from Rhode Island Capital Plan funds and \$0.1 million less from restricted receipts.

The general revenue request is \$7.8 million more than the enacted budget adjusted for undistributed statewide savings. The revised request adds \$13.5 million for services provided to adults with developmental disabilities, and \$1.5 million for behavioral health services. These increases are partially offset by \$1.3 million in decreased expenditures at Eleanor Slater Hospital.

The Department submitted a corrective action plan to realize general revenue savings of \$6.0 million from three proposals in the Division of Developmental Disabilities.

The Governor recommended \$4.6 million less than requested from all sources, including \$5.7 million less from general revenues. The Governor transferred 2.0 facilities and maintenance positions to the Department of Administration for the consolidation of these operations, which was included in the FY 2016 enacted budget. Funding was transferred but not the positions, pending a review of needed staff. She subsequently requested several amendments to reflect the Department's third quarter report; each is discussed separately. **The Assembly reduced expenses by \$1.1 million from all sources, including \$0.9 million more from general revenues.**

### Division of Developmental Disabilities

**Developmental Disabilities Programs.** The revised request includes \$244.3 million from all sources, of which \$121.7 million is from general revenues, for its programs to support adults with developmental disabilities. It includes \$1.7 million for the upkeep and maintenance of the state-owned group homes and day programming sites in the privately operated community based system, primarily supported through Rhode Island Capital Plan funds. The Department's revised request is \$13.5 million more from all sources, including \$7.5 million from general revenues. The enacted budget funds the monitoring activities and the conversion workshop to satisfy the requirement of the consent decree the state entered into with the Department of Justice regarding individuals whose day activities were at sheltered workshops. The Department has not provided the methodology for the increase and the number of individuals who have had a resource level increased to meet the consent decree.

The following table breaks down division expenses for developmentally disabled adults who receive residential, community based and home services through the state-run system and/or the privately operated system. The state operates a Medicaid funded program for individuals who qualify for services through one of three programs. First, the Medicaid waiver includes residential and community based services delivered through both the state-run and privately operated programs to individuals who meet the program's statutory requirements. The second program for those who do not meet the statutory requirements is the cost not otherwise matchable, or CNOM program, which is also allowed through the Medicaid waiver. The third Medicaid program is the rehabilitation option. Services through the second and third programs noted are only community based and only through private providers. There are also individuals who receive case management services only. Each program is discussed separately.

Developmental Disabilities Services					
Program/Component	Individuals*	FY 2016 Recommendation		FY 2016 Final	
		Gen. Rev.	All Funds	Gen. Rev.	All Funds
Privately Operated System - Residential & Day	3,250	\$ 96,335,851	\$ 193,912,744	\$ 96,561,157	\$ 193,848,557
Rehab Option - Day Programs	175	599,160	1,198,320	599,160	1,198,320
Medicaid CNOM - Day Programs	5	50,000	100,000	50,000	100,000
RICLAS (state-run) - Residential	151	14,069,660	31,569,009	15,644,120	35,071,023
Case Management Only	501	<i>not separately available - included below</i>			
Other State Only Services & Admin	-	5,581,339	9,087,900	5,581,339	9,087,900
Capital Projects	n/a	-	1,879,972	-	1,165,732
<b>Total</b>	<b>4,082</b>	<b>\$ 116,636,010</b>	<b>\$ 237,747,945</b>	<b>\$ 118,435,776</b>	<b>\$ 240,471,532</b>

\*Enrollment as of May 2016

The Governor recommended \$237.7 million, including \$116.6 million from general revenues; this is \$6.8 million more than enacted, \$2.5 million from general revenues, and \$6.6 million less than requested, including \$5.0 million from general revenues.

The Governor added funding for projected spending, offset by several initiatives to ensure that the state is paying for support services through the appropriate state agency, paying for appropriate services at correct resource levels and transitioning individuals to less restrictive residential settings; each is shown in the following and discussed separately. She subsequently requested to adjust spending within the separate programs also discussed separately. **The Assembly concurred.**

Division of Developmental Disabilities	Governor's Recommendation		FY 2016 Final		
	Gen. Rev.	All Funds	Gen. Rev.	Federal Funds	All Funds
<b>Community Based Providers</b>					
FY 2016 Spending - Provider Payments	\$ 5,798,508	\$ 11,282,326	\$ 5,798,508	\$ 5,483,818	\$ 5,798,508
RICLAS to Shared Living Arrangement	292,515	588,798	292,515	296,283	588,798
24-hour Residential to Shared Living Arrangements	(151,331)	(323,207)	(151,331)	(171,876)	(323,207)
Professional Supports	(1,095,683)	(2,204,107)	(1,095,683)	(1,108,424)	(2,204,107)
Resource Levels	(352,683)	(709,909)	(352,683)	(357,226)	(709,909)
<i>Subtotal - Community Based Providers</i>	\$ 4,491,326	\$ 8,633,901	\$ 4,491,326	\$ 4,142,575	\$ 3,150,083
<b>RICLAS</b>					
FY 2016 Current Spending	309,111	1,146,670	309,111	837,559	1,146,670
24-hour Residential to Shared Living Arrangements	(1,331,329)	(2,824,745)	-	-	-
<i>Subtotal - RICLAS</i>	\$ (1,022,218)	\$ (1,678,075)	\$ 309,111	\$ 837,559	\$ 1,146,670
<b>Total Change to Enacted</b>	<b>\$ 3,159,997</b>	<b>\$ 5,809,156</b>	<b>\$ 309,111</b>	<b>\$ 837,559</b>	<b>\$ 1,146,670</b>
<b>24-hour Residential to Shared Living Total Savings</b>	<b>\$ (1,190,145)</b>	<b>\$ (2,559,154)</b>	<b>\$ 141,184</b>	<b>\$ 124,407</b>	<b>\$ 265,591</b>

**Privately Operated System.** The Department requested \$196.6 million from all sources, including \$98.3 million from general revenues for services to approximately 3,300 individuals in the system operated by community providers. This is \$11.9 million more than enacted including \$6.1 million more from general revenues. The request restores \$3.6 million in unachieved savings from two proposals included in the enacted budget, of which \$1.8 million is general revenues, which is discussed separately. Excluding those adjustments, the revised request is \$8.3 million more than enacted, including \$4.3 million from general revenues to support programs provided to developmentally disabled adults.

The revised request is \$4.4 million more from all sources than FY 2015 expenses, including \$2.2 million more from general revenues. The request also includes an incorrect Medicaid rate, which overfunds general revenues by \$0.6 million.

The Department included three proposals in its corrective action plan to control spending in the privately operated system. Each is discussed separately.

*The Governor provided \$193.9 million, including \$96.3 million from general revenues, which is \$9.2 million more than enacted and \$1.9 million less than requested from all sources. She added \$4.1 million more than enacted from general revenues, which is \$1.9 million less than requested. The budget assumes \$11.3 million, including \$5.8 million from general revenues that is needed to support current year projected spending in the community based system. Projected spending is reduced by several proposals that were included in the corrective action plan, discussed separately. She subsequently requested an amendment to reduce expenses by \$0.1 million from all sources, adding \$0.2 million from general revenues to reflect the Department's projected spending in its third quarter report. **The Assembly concurred with the amended recommendation.***

**Residential Services.** The Department included savings of \$3.8 million from reducing the number of available privately operated group home beds by 175 starting March 1, 2016. *The Governor included savings of \$2.6 million from all sources, including \$1.2 million from general revenues, in both the state and private systems. Within the private system, the Governor added \$0.6 million for the community based agencies to provide services to individuals recently relocated from the state-run system and assumes savings of \$0.3 million from moving 50 individuals in 24-hour privately operated group homes to shared living provider arrangements for a net impact of \$0.2 million.*

*The Governor subsequently requested an amendment to add \$3.5 million, including \$1.6 million from general revenues in the state-run system for the delay in transitioning individuals to lesser setting and overtime expenses included in the third quarter report. The Department has transitioned 10 individuals to*

*shared living and that savings is still reflected in the privately operated system. **The Assembly concurred with the amended recommendation.***

Resource Levels. The Department proposed keeping 96 individuals who have had their resource plan increased because of an assessment change at the originally assessed lower level starting January 1, 2016, for general revenue savings of \$0.4 million. However, the Department testified at a January House Finance Committee hearing that the same savings would come from not allowing 196 individuals who have been assessed at a lower level to stay at the originally assessed higher resource level, or from not being held harmless at a higher level. *The Department corrected its testimony to clarify that the proposal is for 96 individuals receiving services at the appropriate, lower level than originally assessed and included six months of savings, \$0.7 million from all funds and \$0.4 million from general revenues. **The Assembly concurred.***

Professional Supports. The Department proposed savings from eliminating professional supports, such as physical, speech and occupational therapy, in its corrective action plan. The supporting documentation suggested two options, one starting January 1, 2016 for savings of \$1.1 million and the other starting March 1, 2016 for savings of \$0.7 million. The corrective action plan presented total savings of \$1.8 million apparently from adding together the two mutually exclusive options.

The Department then provided updated information that the savings would be achieved from providers billing an individual's medical coverage, either Medicare and/or Medicaid, for the services. If an individual is enrolled in the state's Rhody Health Partners or Rhody Health Options managed care plans, the plans are paid a per member per month capitated rate that would cover these services through the Executive Office of Health and Human Services' budget; however, the Department was paying for the services through its budget. *The Governor included \$2.2 million from all sources, including \$1.1 million from general revenues, based on the updated proposal.*

**The Assembly concurred with the funding recommendation. It should be noted that the Department's third quarter report does not indicate that these savings will not be achieved. The funding has been added back for FY 2017 as the Department reported that the services are in addition to those covered by the managed care plans.**

Cost of Care Collection - Unachieved Savings. If an individual meets the criteria for disability but has an income over the allowable limit, that person can still receive services but must pay a portion of the services monthly, referred to as "cost of care", until he or she meets the monthly income limit of \$887 and then the state pays the remainder of the services. The provider collects the recipient's cost of care and adjusts its monthly billing to reflect the state offset.

The Department included an initiative in its FY 2016 constrained budget that assumes collection of a program recipient's financial responsibility toward care will increase to 100 percent and included savings of \$0.9 million from all sources, of which \$0.5 million is from general revenues, from a newly automated system. The Governor recommended the savings and the Assembly concurred. The Department has not made any changes to increase the collections and restored the savings in its revised and FY 2017 budgets.

As part of the Governor's initiative to Reinvent Medicaid, the Assembly approved a proposal to collect patient share in both the Department and the Executive Office's home and community care program. It remains unclear why an individual who has not made the necessary contributions to qualify for Medicaid-funded services is allowed to continue to receive these services in both departments. *The Governor restored funding as requested. **The Assembly concurred.***

Electronic Visit Verification - Unachieved Savings. The enacted budget includes savings of \$2.7 million, including \$1.4 million from general revenues from using an electronic visit verification system to monitor

the delivery of home care services, including personal care and homemaker activities, to record the arrival and departure times of direct care workers providing the services to individuals receiving home based services. This is the same system that will be used by the Executive Office and provides the Department the opportunity to piggyback on that system for its home visits. The Department's revised request restores the funding. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Day Programs - Rehab Option.** The Department requested \$1,680 less than enacted from federal funds for day programming services provided through the Medicaid rehabilitation option. This optional program allows the state to provide day programming services to individuals who are Medicaid eligible but do not meet the state's criteria for these services through the primary developmental disabilities waiver. There are approximately 175 individuals receiving services at an annual cost of \$7,400 each. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Day Programs - Other Medicaid Funded Services.** The Department requested \$100,000 from all sources, including \$50,000 from general revenues, from services funded through the 1115 Medicaid waiver, as a cost not otherwise matchable funded to clients in the developmental disabilities system that are not eligible for either the home and community based Medicaid program or services through the rehabilitation option, because the client does not have a disability that is consistent with the federal Social Security Administration's definition of a disability. This is \$0.6 million less than enacted, including \$0.3 million from general revenues and supports services to five individuals. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Department of Justice Consent Decree.** On January 14, 2014, Rhode Island entered into an interim settlement with the federal government and on April 8, 2014 signed a consent decree to settle *United States v. State of Rhode Island and City of Providence*, which addressed the statewide day activity service system for individuals with intellectual and developmental disabilities. The consent decree has two fiscal components: a monitor and a Trust Fund. The Department signed a six-month contract with FedCap (March 11, 2013 to September 30, 2013) that totaled \$472,695 to bring one of the agencies (Training Thru Placement) into full compliance with the consent decree.

The enacted budget includes \$0.8 million for the trust fund and \$0.4 million for the court monitor. The revised request adds \$0.3 million more from general revenues; however, the Department has not provided requested information regarding the need for additional funds. *The Governor recommended funding as requested for consent decree costs, but shifted \$0.2 million in general revenue costs to Medicaid for the administrative match. There was no explanation for the additional \$0.3 million. It should be noted that the Department's third quarter report included additional spending for Advocates in Action, Rhode Island Parent Information Network and other consent decree activities.* **The Assembly concurred.**

**Developmental Disability Other State Services.** The Department requested \$9.6 million for other state services for adults with developmental disabilities, including \$6.1 million from general revenues. This is \$0.1 million more from general revenues and \$0.2 million less from federal funds. This includes staffing costs in the division as well as state funded services to individuals who are not Medicaid eligible or the services being provided are not eligible for Medicaid reimbursement. Funding also includes \$0.6 million for three individuals who receive services at out-of-state facilities.

Direct services are provided to individuals who are not eligible for Medicaid funded services through any of the three Medicaid waiver programs. Services include parent subsidies and day programming services. *The Governor recommended \$0.6 million less than requested, including \$0.3 million less from general revenues to reflect additional statewide medical benefit savings and not filling vacant positions.* **The Assembly concurred.**

**RICLAS - Salaries and Benefits.** The Department requested \$1.9 million more from all sources for salaries and benefits for staffing of state-run residential services. This includes \$1.3 million more from general revenues and \$0.7 million more from federal funds. The enacted budget includes \$4.0 million in savings from all sources, including general revenue savings of \$2.0 million from transitioning the state-run system to the private system, starting January 1, 2016. These six-month savings were expected to grow for FY 2017. The revised request restores roughly half of these savings. The Department assumed the staffing changes will yield additional savings but not approach the initial estimates and assumptions.

The Department submitted a corrective action plan that includes savings of \$3.8 million from reducing the number of available privately operated group home beds by 175, starting March 1, 2016. It did not include a proposal affecting the state run homes.

*The Governor recommended \$3.6 million less than requested including \$2.5 million less from general revenues. Compared to the enacted budget, the recommendation is \$1.7 million lower, including \$1.2 million from general revenues. She added \$1.1 million to the enacted funding to adjust base staffing expenses and assumes \$2.8 million in savings from extending the corrective action plan proposal to include the relocation of individuals in state-run homes. These savings are offset by \$0.6 million in the privately operated system for payments to the shared living providers. She subsequently requested an amendment to add \$3.5 million, including \$1.6 million to reflect the Department's third quarter report. This includes the delay in transitioning individuals to less restrictive settings in the privately operated system and additional overtime costs. **The Assembly concurred.***

**RICLAS - Other Operations.** The Department requested \$1.4 million for all for other operations in the state run system. This is \$6,439 more than enacted including \$14,804 more from general revenues. This includes rent for one day facility, fuel and utility costs and state fleet costs. *The Governor recommended \$31,051 less than requested. It is likely that there will be operational savings from the proposed changes in the group home population previously noted. **The Assembly concurred.***

**RICLAS - Client Revenue.** The Department's revised budget includes total funding of \$1.8 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 178 individuals in the state-run system and is \$32 less than the enacted budget.

*The Governor recommended funding as requested. This does not account for the reduction in revenues from individuals being shifted to shared living arrangements. Their monthly income will be used for daily living expenses in the new setting. The Governor requested an amendment to reduce client revenue by \$0.2 million. **The Assembly concurred.***

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

The state provides behavioral health services including Medicaid funded mental health and substance abuse services to individuals through the Executive Office of Health and Human Services. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals provides additional services through federal resources, primarily the Substance Abuse, Mental Health and Social Services block grants.

**Emergency Room Diversion.** The Department requested \$250,000 from general revenues for a program to address emergency room utilization for non-emergency purposes by individuals with substance abuse issues. Funds were included in the FY 2015 enacted budget to rehabilitate Emmanuel House to use it for temporary housing for individuals with substance abuse issues to reduce the burden on emergency rooms. There was a delay in the project and the funds were not spent. However, savings of \$1.0 million from all sources, including \$0.5 million from general revenues, are included in the Executive Office's budget from

reducing hospitalizations and providing services in a lower cost setting similar to Emmanuel House. The Department's revised request includes the funding to support the project, which if not realized could impact savings included in the Reinventing Medicaid proposal. *The Governor recommended the funding in the Executive Office of Health and Human Services' budget.* **The Assembly concurred.**

**Behavioral Healthcare Clinics.** The Department was recently awarded a \$1.0 million federal grant for the Rhode Island Certified Community Behavioral Health Clinic planning initiative to develop a behavioral health system of care that is person-centered, trauma-informed and recovery-oriented. The Department did not include funding in its revised request. It should be noted that there are several initiatives through Reinventing Medicaid in the Executive Office's budget that addresses behavioral healthcare issues. *The Governor included \$0.5 million in her revised recommendation and the remaining \$0.5 million in FY 2017.* **The Assembly concurred.**

**Homelessness Services - Veterans and Non-Veterans.** The revised request includes \$1.5 million in newly awarded federal funds to address the housing needs of veterans and other individuals in coordination with the state and community based treatment providers. The Department has partnered with RI Housing to provide 50 vouchers annually and committed to providing services to another 50 individuals in housing who need support and outreach services to retain housing. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Substance Abuse Treatment Block Grant.** The Department requested \$7.6 million from federal funds for the substance abuse treatment block grant, or \$11,476 more than enacted. Funding totaling \$6.2 million is awarded to community agencies to support local programs and \$0.4 million for operations. *The Governor recommended \$11,521 less than requested for staffing expenses.* **The Assembly concurred.**

**Transition from Prison to Community Program.** The Department requested \$48,000, or \$65,000 less than enacted from federal funds for the Transition from Prison to Community Program to support a pilot program for recovery housing to address the needs of recently incarcerated individuals with substance abuse disorders to prevent relapses. Services include job readiness, peer support and education classes. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Mental Health Block Grant.** The Department requested \$19,829 less than enacted from the federally funded mental health block grant for services provided by the community mental health centers. This includes peer support, court diversion and family supports. **The Assembly concurred.**

**Strategic Prevention Framework Grant.** The Department requested \$11,333 more from federal funding for the strategic prevention framework state incentive grant. This request includes \$2.0 million to support activities that deliver and sustain effective substance abuse and/or mental health services and \$0.2 million for staffing and operating expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Healthy Transitions Grant.** The Department requested \$3,805 more from federal funds from the Healthy Transitions grant. Total funding includes \$0.9 million for awards to local agencies and \$0.1 million for operating costs, including supporting staffing costs for an employee. The grant is intended to improve access to treatment and support services for individuals ages 16 to 25 who have, or are at risk of developing a serious mental health condition. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Post-Traumatic Stress Services.** The revised request includes \$80,582, \$225,543 less than enacted, 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 recommended funding as requested.* **The Assembly concurred.**

**Drug Abuse Reporting Grant.** The Department requested \$84,913 from federal funds for the drug abuse reporting grant. This is \$40,087 less than enacted to reflect the actual grant award and provides \$84,913 to the Mental Health Association for technical assistance and eliminates funding for data hosting services of its behavioral health reporting system. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Rhode Island Youth Treatment Planning Program.** The Department included \$59,349 from federal funds for a Youth Treatment Planning Program grant that supports staffing and operating costs. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Expenses.** The Department requested \$55,448 less from all sources and \$158,915 more from general revenues for all behavioral health care program expenses. This includes \$54,912 less from all sources for 35.0 positions and \$536 less for various operating expenses. The general revenue increase is staffing costs shifted from elsewhere in the Department. *The Governor recommended \$97,181 less than enacted, including \$66,296 less from general revenues to reflect additional statewide benefit savings and not filling vacant positions. The Governor requested an amendment to reduce expenses by \$12,451 based on third quarter projected spending.* **The Assembly concurred.**

### **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 2016 enacted budget is based on a census of 275 patients. The revised request of \$115.0 million includes \$53.4 million from general revenues matched by Medicaid and is \$1.3 million less than enacted, primarily from Rhode Island Capital Plan funds. *The Governor recommended \$116.8 million, including \$53.0 million from general revenues; she added \$0.5 million from capital plan funds to the request. The Governor requested an amendment to reduce expenses by \$0.7 million, primarily from general revenues, based on third quarter projected spending.* **The Assembly concurred.**

**Hospital License Fee.** The enacted budget included \$6.7 million from all sources to pay the 5.862 percent fee assessed on state and community hospitals' revenue for the hospital year ending September 30, 2014, including \$3.4 million from general revenues in FY 2016. The Department's request inadvertently shifts \$5,387 from general revenues to federal funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Hospital Administration.** The Department requested \$0.3 million less from all sources, including \$0.4 million less from general revenues, \$0.1 million more from Medicaid funds, offset by \$41,870 less from restricted receipts for hospital administration costs. The Department has entered into a \$2.3 million one-year contract with Applied Management Services ending September 2016 for consultation and management services at the state-run hospital. The revised request keeps positions vacant that were funded in the enacted budget to fund the contract. *The Governor recommended \$0.1 million less for administration expenses to reflect additional statewide medical benefit savings for direct care staff. The Governor requested an amendment to reduce administrative expenses by \$0.7 million, primarily from general revenues, based on third quarter projected spending.* **The Assembly concurred.**

**Other Hospital Operations.** The Department requested \$0.6 million more than enacted for all other hospital expenses, including \$0.3 million more from general revenues and \$0.3 million more from federal funds. The request includes \$0.3 million more for hospital equipment, including medical beds, and \$0.3 million more for hospital supplies. Hospital equipment is funded annually with Rhode Island Capital Plan funds; however, the Department used FY 2016 funds for a hospital security system and requested funding through its operating budget. The request continues to assume savings of \$300,000 from consolidating

purchasing and warehousing of food services through the Reinventing Medicaid initiative and the hospital plan. It should be noted that overall hospital costs should be lower when the new plan is finalized. *The Governor recommended \$0.3 million less than requested, including \$0.2 million less from general revenues; she did not include added funding for medical equipment.* **The Assembly concurred.**

### **Other Programs**

**Operations.** The Department requested \$165,673 less from all sources, including \$165,407 less from general revenues for the central management and hospital and community support programs totaling \$3.7 million. The revised request includes \$3.5 million to support 18 positions in the hospital and community support program; it shifts positions to other divisions and leaves one vacant. The revised request funds 11.6 positions in central management; it reduces a full-time position to a 0.6 position and includes a new chief of strategic planning and monitoring. The revised request reduces all other expenses by \$36,500. *The Governor recommended \$3,523 more than requested from general revenues. The Governor requested an amendment to reduce general revenues by \$0.2 million based on third quarter projected spending.* **The Assembly concurred.**

**Capital.** The Department requested \$5.6 million or \$1.6 million less from Rhode Island Capital Plan and Medicaid funds for various projects. It should be noted that the Department inadvertently requested \$0.2 million for the administrative buildings project when it should be \$2.0 million for the project consistent with the capital request.

*The Governor included \$0.9 million more than enacted and \$2.5 million more than requested for capital projects.* **The Assembly reduced FY 2016 spending by \$1.1 million, adjusted funding for several projects based on updated and historical spending. A more detailed explanation is included in the Capital Budget section of this publication.**



## Office of the Child Advocate

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 638,695	\$ 679,461	\$ 676,024	\$ 676,024
Contracted Services	4,369	500	500	500
<b>Subtotal</b>	<b>\$ 643,064</b>	<b>\$ 679,961</b>	<b>\$ 676,524</b>	<b>\$ 676,524</b>
Other State Operations	17,577	26,312	26,893	26,893
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	11,000	11,000	11,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 660,641</b>	<b>\$ 717,273</b>	<b>\$ 714,417</b>	<b>\$ 714,417</b>
<b>Sources of Funds</b>				
General Revenue	\$ 613,552	\$ 672,273	\$ 669,417	\$ 669,417
Federal Aid	47,089	45,000	45,000	45,000
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 660,641</b>	<b>\$ 717,273</b>	<b>\$ 714,417</b>	<b>\$ 714,417</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 2016 Revised Request.** The Office of the Child Advocate requested \$1,509 less than enacted from general revenues and the authorized level of 6.0 positions. The general revenue request is \$1,509 less than the enacted budget adjusted for undistributed statewide savings. *The Governor recommended \$1,347 less than requested from general revenues to reflect additional statewide medical benefit savings.* **The Assembly concurred.**

**Salaries and Benefits.** The Office requested \$2,090 less than enacted, including \$2,126 less from general revenues and \$36 more from federal funds. This primarily reflects statewide savings on medical insurance costs. *The Governor recommended \$1,347 less than requested from general revenues to reflect additional statewide medical benefit savings.* **The Assembly concurred.**

**Other Operating.** The Office requested \$581 more than enacted for all other expenses, including \$617 more from general revenues and \$36 less from federal funds. The adjustments reflect FY 2015 spending on some items. The enacted budget also included funds for items not funded in FY 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**



## Commission on the Deaf and Hard of Hearing

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 336,857	\$ 351,042	\$ 348,503	\$ 348,503
Contracted Services	76,230	111,146	110,923	110,923
<b>Subtotal</b>	<b>\$ 413,087</b>	<b>\$ 462,188</b>	<b>\$ 459,426</b>	<b>\$ 459,426</b>
Other State Operations	17,705	26,195	76,114	76,114
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	3,500	3,500	3,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 430,792</b>	<b>\$ 491,883</b>	<b>\$ 539,040</b>	<b>\$ 539,040</b>
<b>Sources of Funds</b>				
General Revenue	\$ 387,625	\$ 411,883	\$ 409,040	\$ 409,040
Federal Aid	-	-	-	-
Restricted Receipts	43,167	80,000	130,000	130,000
Other	-	-	-	-
<b>Total</b>	<b>\$ 430,792</b>	<b>\$ 491,883</b>	<b>\$ 539,040</b>	<b>\$ 539,040</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 2016 Revised Request.** The Commission requested \$41,862 more than enacted from general revenues and 1.0 new full-time equivalent position. The general revenue request is \$43,324 more than the enacted budget adjusted for undistributed statewide savings.

*The Governor recommended \$2,843 less from general revenues than enacted to reflect statewide savings and \$50,000 more from the Emergency and Public Communication Access fund to install assistive listening systems in all public hearing rooms in the State House. She did not add the requested position. The Assembly concurred.*

**Interpreter Services.** The Commission requested \$43,020 more than enacted from general revenues, including \$45,020 to reflect half year's funding for a new staff interpreter position for public hearings, informational sessions, and interoffice communication. The FY 2017 request includes \$0.1 million for the annualized cost of the position. The request also includes a savings of \$2,000 for contracted interpreter services based on the Commission filling the staff interpreter position, which would lessen the need for interpreter services. *The Governor recommended \$223 less than enacted for contracted translation and interpreter services. She recommended funding in FY 2017 for the new position. The Assembly concurred.*

**Other Salaries and Benefits.** The Commission requested FY 2016 revised salary and benefit costs of \$349,884 from general revenues for its authorized 3.0 full-time equivalent positions. This is \$1,158 less than enacted to reflect statewide benefit savings. Consistent with the enacted budget, the request does not

assume any turnover savings. *The Governor recommended \$1,381 less than requested to reflect additional statewide medical benefit savings.* **The Assembly concurred.**

**Emergency and Public Communication Access.** The Commission's request includes the enacted amount of \$80,000 from the Emergency and Public Communication Access fund to purchase and install electronic communications equipment at state facilities. The Commission receives \$80,000 annually and at the end of FY 2015, it had \$92,877 in available receipts. *The Governor recommended \$50,000 more than enacted to install assistive listening systems in all public hearing rooms in the State House.* **The Assembly concurred.**

**All Other.** The Commission requested the enacted amount of \$14,195 from general revenues for all other operating expenses. *The Governor recommended \$81 less to reflect statewide savings from telephones.* **The Assembly concurred.**

## Governor's Commission on Disabilities

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 368,483	\$ 376,523	\$ 374,150	\$ 383,446
Contracted Services	4,549	8,665	9,428	9,428
<b>Subtotal</b>	<b>\$ 373,032</b>	<b>\$ 385,188</b>	<b>\$ 383,578</b>	<b>\$ 392,874</b>
Other State Operations	40,854	24,938	28,985	29,120
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	211,489	18,398	23,398	24,433
Capital	442,638	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	147,089	-	-	-
<b>Total</b>	<b>\$ 1,215,102</b>	<b>\$ 428,524</b>	<b>\$ 435,961</b>	<b>\$ 446,427</b>
<b>Sources of Funds</b>				
General Revenue	\$ 355,439	\$ 383,056	\$ 381,890	\$ 381,890
Federal Aid	263,931	35,459	21,181	31,647
Restricted Receipts	6,633	10,009	32,890	32,890
Other	589,099	-	-	-
<b>Total</b>	<b>\$ 1,215,102</b>	<b>\$ 428,524</b>	<b>\$ 435,961</b>	<b>\$ 446,427</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 2016 Revised Request.** The Commission's revised request includes \$8,618 more than enacted from all sources, including \$695 less from general revenues and the authorized level of 4.0 full-time equivalent positions. The general revenue request is \$117 less than the enacted budget adjusted for undistributed statewide savings.

*The Governor recommended \$1,181 less from all funds than requested, including \$471 less from general revenues to reflect additional statewide medical benefit savings. She subsequently requested an amendment to shift federal Help America Vote Act expenditures from FY 2017 to FY 2016 to enable the Commission to spend the funds before the grant expires. **The Assembly concurred.***

**Help America Vote Act Grants.** The Commission was awarded a total of \$0.3 million of federal Help America Vote Act funds and has spent all but \$31,478 through FY 2015. The Commission has until September 30, 2016 to spend the funds. The FY 2016 revised request assumes use of \$21,181, which is \$13,056 more than enacted. This includes \$5,000 in grants to community based organizations and \$5,000 for advertisement on RIDE vans. The remaining \$3,056 will be used for interpreter services and salary and benefit costs.

*The Governor recommended funding as requested. Subsequently, the Commission was notified by the United States Department of Health and Human Services that the funds must be spent by June 30, 2016. The Governor requested an amendment to shift expenditures from FY 2017 to FY 2016 and included \$10,466 to enable the Commission to spend the funds before the grant expires. **The Assembly concurred.***

**Other Salaries and Benefits.** The Commission requested \$3,397 less from all sources than enacted for all other salaries and benefits. Based on instructions from the Budget Office, the Commission's request reflects restricted receipts funding from the New England Americans with Disabilities Act Technical Assistance Center, which is a non-profit organization; this funding was previously budgeted as federal funds. The request includes \$1,361 more from general revenues and \$4,758 less from federal funds and restricted sources. The reduction reflects shifting \$2,322 to the Help America Vote Act funds for staff time devoted to polling place inspection and accessibility and \$1,075 from medical benefit savings and benefit rate changes consistent with FY 2016 revised planning values. *The Governor recommended \$1,298 less than requested from all funds to reflect additional statewide medical benefit savings.* **The Assembly concurred.**

**Other Operating.** The Commission requested \$1,041 less than enacted for all other expenses, including \$2,056 less from general revenues, to primarily reflect anticipated costs for interpreter services based on historical spending patterns. The FY 2015 final budget included \$6,342 for interpreter services and reported expenditures were \$2,559 and FY 2014 expenditures were \$1,994. There were minor adjustments for printing and maintenance for a wheelchair lift. *The Governor recommended \$117 more than requested to reflect anticipated expenditures for insurance and mileage allowance.* **The Assembly concurred.**

## Office of the Mental Health Advocate

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 490,829	\$ 485,332	\$ 526,645	\$ 526,645
Contracted Services	1,290	1,800	1,800	1,800
<b>Subtotal</b>	<b>\$ 492,119</b>	<b>\$ 487,132</b>	<b>\$ 528,445</b>	<b>\$ 528,445</b>
Other State Operations	12,030	11,119	10,974	10,974
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	10,000	10,000	10,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 504,149</b>	<b>\$ 508,251</b>	<b>\$ 549,419</b>	<b>\$ 549,419</b>
<b>Sources of Funds</b>				
General Revenue	\$ 504,149	\$ 508,251	\$ 549,419	\$ 549,419
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 504,149</b>	<b>\$ 508,251</b>	<b>\$ 549,419</b>	<b>\$ 549,419</b>
<b>FTE Authorization</b>	<b>3.7</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>
<b>FTE Average</b>	<b>3.7</b>			

**FY 2016 Revised Request.** The Office of the Mental Health Advocate requested \$42,708 more than enacted from general revenues in its revised request. The request is \$44,312 more than the enacted budget adjusted for undistributed statewide savings. The request restores savings included in the enacted budget from keeping the administrative assistant's position vacant for the current year when the incumbent retires and reduces all other expenses by \$145. *The Governor recommended \$1,540 less for statewide medical benefit savings and other updated staffing costs.* **The Assembly concurred.**



## Department of Elementary and Secondary Education

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
State Aid	\$ 778,751,210	\$ 815,639,686	\$ 816,741,078	\$ 816,741,078
School Housing Aid	68,100,072	90,907,110	90,907,110	90,907,110
Teachers' Retirement	88,625,881	92,805,836	92,805,836	92,805,836
RI School for the Deaf	6,855,047	7,384,095	7,347,676	7,147,676
Central Falls School District	39,010,583	39,520,102	39,520,102	39,520,102
Davies Career & Technical School	17,966,600	18,916,400	18,685,188	18,187,188
Met School	12,406,596	13,700,795	13,754,489	10,414,489
Administration	220,472,498	229,616,671	237,596,833	236,393,813
<b>Total</b>	<b>\$ 1,232,188,487</b>	<b>\$ 1,308,490,695</b>	<b>\$ 1,317,358,312</b>	<b>\$ 1,312,117,292</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 38,548,978	\$ 39,822,937	\$ 39,943,409	\$ 39,243,409
Contracted Services	38,783,980	38,070,507	44,035,407	44,035,407
<b>Subtotal</b>	<b>\$ 77,332,958</b>	<b>\$ 77,893,444</b>	<b>\$ 83,978,816</b>	<b>\$ 83,278,816</b>
Other State Operations	12,118,108	13,300,934	12,320,485	12,220,485
Aid to Local Units of Government	1,111,896,483	1,168,663,101	1,160,612,762	1,160,612,762
Assistance, Grants, and Benefits	16,380,824	20,091,579	21,005,448	20,402,428
Capital	3,219,338	7,615,527	8,281,789	4,443,789
Capital Debt Service	-	-	-	-
Operating Transfers	11,240,776	20,926,110	31,159,012	31,159,012
<b>Total</b>	<b>\$ 1,232,188,487</b>	<b>\$ 1,308,490,695</b>	<b>\$ 1,317,358,312</b>	<b>\$ 1,312,117,292</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,002,464,660	\$ 1,067,719,085	\$ 1,067,544,042	\$ 1,066,141,022
Federal Aid	197,213,822	203,962,314	211,023,436	211,023,436
Restricted Receipts	28,575,427	28,948,926	30,571,770	30,571,770
Other	3,934,578	7,860,370	8,219,064	4,381,064
<b>Total</b>	<b>\$ 1,232,188,487</b>	<b>\$ 1,308,490,695</b>	<b>\$ 1,317,358,312</b>	<b>\$ 1,312,117,292</b>
<b>FTE Authorization</b>				
Administration	158.4	151.4	153.4	151.4
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>344.4</b>	<b>337.4</b>	<b>339.4</b>	<b>337.4</b>
<b>FTE Average</b>	<b>312.2</b>			

**FY 2016 Revised Request.** The Council requested an additional \$6.2 million of spending for FY 2016, including \$3.6 million less from general revenues. The general revenue request is \$3.6 million less than the enacted budget adjusted for undistributed statewide savings. The general revenue changes include \$4.1 million less in school housing aid offset by \$0.5 million in general revenue spending for items not included in the enacted budget. The request includes 339.4 positions, 2.0 positions above the enacted authorization.

*The Governor recommended \$8.9 million more from all sources than enacted. This is \$2.7 million more than requested and includes \$3.5 million more from general revenues than requested primarily to reflect depositing the school housing aid savings into the School Building Authority Fund consistent with current law that requires that the difference between the annual housing aid appropriation and actual aid shall go to the Fund. The Governor recommended the requested number of positions, which is 2.0 more than enacted.*

**The Assembly provided \$5.2 million less than recommended including \$1.4 million from general revenues, which includes savings identified in the third quarter report. The Assembly included the enacted 337.4 positions.**

**Education Aid Update.** The Council requested the enacted amount for state aid to local districts, including charter and state schools. State law provides for a mid-year adjustment for charter schools that experience a greater than 10 percent change in enrollment as of October of each year. *The Governor recommended \$98,000 less than requested based on that adjustment. The Assembly concurred.*

**Education Telecommunications Access Fund.** The Council requested \$0.4 million less than enacted from restricted receipts for the education telecommunications access fund for total funding of \$1.9 million from all funds for the anticipated need in the program. The request is \$0.3 million more than spent in FY 2015. 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 and supplemented with \$0.4 million from general revenues. The federal allocation varies based on the result of the local education agencies' technology surveys and applications and the number of students eligible for free and reduced price lunches.

The revised request assumes using \$0.1 million of carry forward funding from FY 2015. Based on the Department's estimate of revenues collected during FY 2016 and the requested level of expenditures, FY 2016 would end with a \$0.2 million deficit. The revised request reflects less costly services than originally projected. *The Governor recommended \$4,374 less from general revenues than enacted and requested to reflect statewide telephone savings. The Assembly concurred.*

**Teacher Retirement.** The Council requested the enacted amount of \$92.8 million for the state's share of teacher retirement costs. The state funds a percentage of the employer's share of the necessary contribution to the Teacher Retirement System, and municipalities contribute the balance of the employer's share. The employer's share is determined annually based on actuarial reports and is applied to the covered payroll. *The Governor recommended funding as requested. The Assembly concurred.*

**School Housing Aid.** Revised FY 2016 school construction aid is \$4.1 million less than the enacted level of \$90.9 million. This includes a reduction of \$3.0 million from municipalities refinancing existing bonds and \$1.1 million for additional projects that were not completed by the June 30, 2015 deadline. Communities that refinanced prior to December 31, 2015 receive 80.0 percent of the total savings; after this date, local savings are based on the community's school housing aid share ratio.

*The Governor recommended the \$4.1 million in savings be deposited into the School Building Authority Fund consistent with current law that requires that the difference between the annual housing aid appropriation and actual aid go to the Fund. The Assembly concurred.*

**Group Home Aid.** The Council requested the enacted level of \$5.1 million from general revenues to fund beds for communities hosting group homes, consistent with the current law. The 2007 Assembly made statutory changes to align the payment of communities' group home aid to reflect more closely the actual number of group home beds open at the time 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, meaning if additional beds open, a supplemental appropriation is required. *Based on the bed count as of December 31, 2015, the Governor recommended adding \$180,000 to reflect 10 new beds in Warwick and two new beds in Woonsocket.* **The Assembly concurred.**

**Textbook Reimbursement.** The Council requested the enacted level of \$240,000 from general revenues for textbook reimbursement. The state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12<sup>th</sup> grade. *The Governor recommended \$89,291 less than enacted and requested to reflect actual reimbursements.* **The Assembly concurred.**

**Statewide Student Transportation.** The Council's request is \$1.8 million more than enacted from restricted receipts for the statewide transportation system from a 5.5 percent increase included in a new contract signed as well as an increase in the overall number of buses and special education buses, which are more costly. The request is consistent with FY 2015 experience. 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 recommended funding as requested.* **The Assembly concurred.**

**Progressive Support and Intervention.** The Council requested the enacted level of \$0.3 million from the Permanent School Fund from duties paid by auctioneers for direct support for the state's lowest performing schools. *The Governor recommended shifting this funding to FY 2017 in order to provide \$0.6 million to support an advanced coursework network pilot program to support high school students in accessing personalized advanced coursework opportunities. Funding would support approximately 1,000 students.* **The Assembly concurred.**

**Nutrition Grants.** The Council requested authorization to spend \$53.5 million from federal nutrition program funds. This is \$1.0 million more than the enacted level. This includes unspent funds carried forward from FY 2015 and updated grant awards. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Special Education Grants.** The Council requested authorization to spend \$44.8 million, \$0.1 million more than enacted from federal special education funds to reflect the actual grant awards. The funds are distributed to school districts and provide administrative support. Most of the funds must be distributed to local education agencies serving children directly. Federal funds are combined with state and local funds to provide children with disabilities free and appropriate public education, including special education and related services. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Title I Grants.** The Council requested \$56.6 million in revised federal fund expenditures from Title I funds. This is \$2.4 million more than enacted from the restoration of most of the latest sequestration reduction and available carry forward funds related to the disadvantaged youth program. Most Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students. Title I fund distributions to states are calculated through four distinct formulas based upon different levels of poverty; however, funds are allocated to districts as one amount. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Vocational Education Grants.** The Council requested \$5.5 million from federal vocational education grants, which is \$0.1 million more than the enacted level to reflect the actual grant awards. Vocational Education funds are used to improve vocational educational programs statewide. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Teacher Quality Grants.** The Council requested \$12.0 million from federal funds that support teacher quality and professional development. This is \$0.5 million less than enacted to reflect a reduction in available federal Title II grant funds; it appears that more funding was included in the enacted budget than was actually available. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Longitudinal Data Systems.** The Council requested an additional \$185,600 from federal funds for a total of \$2.0 million for information technology expenses related to developing statewide data hubs and networks and a data warehouse. This increase reflects unspent funds carried forward from FY 2015 and updated project schedules. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Adult Education.** The Council requested \$6.0 million for adult education grants, including \$2.0 million from general revenues and \$3.5 million from Human Resource Investment Council funds. This is \$0.4 million more than enacted from updated federal awards and expenditure schedules. The Department administers adult education grants that are used to fund local adult education programs and literacy services, including workplace literacy services, family literacy services, and English literacy and civics education programs. *The Governor recommended funding as requested.* **The Assembly concurred.**

**State Assessments.** The Council requested \$4.0 million from federal grants for state assessments, which is \$0.4 million or 12.0 percent more than enacted primarily to reflect funding from a new grant. The Department received a new grant whose aim is to improve the quality and reliability of assessments; measure student achievement using multiple measures from multiple sources; chart student progress over time; and evaluate student academic achievement through the development of comprehensive assessments. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Early Childhood/Preschool.** The Council requested \$2.8 million from federal funds for early childhood and preschool programs, which is \$0.2 million more than enacted based on revised spending plans. This includes \$0.5 million from an annual, on-going award in addition to \$2.3 million from a new, multi-year award for preschool. The new preschool development grant will support the state in expanding high-quality preschool programs in high-need communities. Rhode Island is one of 6 states to receive this award, which is a follow-up to the Race to the Top – Early Learning Challenge grant. Total grant funding of \$19.0 million is expected through September 2017. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Race to the Top.** The Council did not request any federal funds from the Race to the Top grant since the grant period ended in FY 2015. The enacted budget includes \$200,000 for any final payments or late billing that may occur, but the Department indicated that these funds were not required anymore. The Department's total award of \$75.0 million was spent from FY 2011 through June 30, 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Race to the Top - Early Childhood.** The Council requested \$8.7 million from Race to the Top – Early Childhood grant funds, which is \$2.8 million more than enacted based on planned activities. This increase primarily reflects use of carryover funds from FY 2015. 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 and ending December 31, 2015; though the state was able to get a no-cost one year extension. The request includes 10.5 positions funded from the grant and limited to the term of the grant. The FY 2017 request does include keeping three of these positions and funding them with general revenues. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Department of Justice Settlement.** The enacted budget includes \$125,000 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 Department of Justice’s 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.

*The Governor recommended removing this funding from the Department’s budget in FY 2016 and funding the monitor in the Department of Behavioral Healthcare, Developmental Disabilities and Hospital’s budget for FY 2016 and FY 2017. **The Assembly concurred.***

**Community Service Grants.** The Council requested the enacted level of \$1.7 million from general revenues for community service grants to community organizations. *The Governor recommended funding as requested. **The Assembly reduced expenditures by \$0.6 million to reflect the closure of two organizations, Mock Trials and United Providence and the removal of funding for the Jason Project because the grantee was having organizational issues.***

**Teacher Evaluation and Assessment Tools (RTTT).** The Council requested \$0.3 million from general revenues for two initiatives previously funded through federal Race to the Top funds. This request is consistent with the Department’s original FY 2016 request, which the Assembly did not fund. The request includes \$140,000 to continue teacher evaluation support systems implemented with Race to the Top funds. The expenses support maintenance of the software that provides schools with access to roster verification, schedule observations, keeping track of evaluation ratings and is linked to the teacher certification system. The request also includes \$150,000 for the annual license fee to maintain student assessment tools, trainings and supports for teachers and schools. The Department indicated that if the state does not continue to fund the upkeep and licensure requirements, the local education agencies would have to replace the funds or the evaluation system would cease to operate, which would impact the local education agencies. *The Governor did not recommend the requested funding. **The Assembly concurred.***

**Performance Management (1.0 FTE).** The Council requested \$0.1 million in new general revenue funding and authorization for 1.0 full-time equivalent position that would be responsible for continuing the operation and maintenance of the Department’s performance management system. Since the Race to the Top funding expired on June 30, 2015, the Council requested replacing staffing expenses formerly funded from federal Race to the Top funds with general revenues. The Department has continued the functions with existing staff since then, but indicated it is not sustainable; the request assumes the vacant position would be filled in January 2016. This position was requested for the FY 2016 budget where it was included as part of the Governor’s recommendation, but excluded from the enacted budget. *The Governor’s recommendation includes authorization for the new position, but she did not recommend funding. **The Assembly did not provide authorization for the new position or the funding.***

**Educator Performance and Support (1.0 FTE).** The Council requested \$0.1 million and authorization for 1.0 full-time equivalent position that would be responsible for supporting the Rhode Island Evaluation Model and would be responsible for providing technical assistance to local education agencies. Requested funding supports the position for three quarters of the year; it is currently vacant. This position was requested for the FY 2016 budget; it was included in the Governor’s recommendation, but not in the enacted budget. *The Governor’s recommendation includes authorization for the new position, but she did not recommend funding. **The Assembly did not provide authorization for the new position or the funding.***

**Other Salaries and Benefits.** The Council requested \$0.1 million less than enacted for all other salaries and benefits for the Department’s remaining 151.4 administration positions. This is almost entirely from federal funds and represents additional turnover savings equivalent to approximately one position. *The Governor’s recommendation is \$62,815 less than requested, including \$58,441 less from general revenues which is consistent with the enacted budget adjusted for the value of the statewide savings. **Based on the***

**Department's third quarter report, the Assembly included \$0.5 million in additional turnover savings.**

**Other Grants and Programming Revisions.** The Council requested \$0.4 million more from federal funds and restricted receipts and the enacted level from general revenues for all other expenditures. This reflects carry forward funding from FY 2015, adjustments for actual grant awards and projected expenditures and available federal cost recovery. Nearly half of the increase is related to available federal funds for training related to the auditing of federal food programs.

*The Governor recommended adding \$53,100 from general revenues for membership in the Education Commission of the States, an organization that provides education policy research, offset by \$2,025 in statewide telephone savings. She recommended the remainder of the request.*

**Based on the Department's third quarter report, the Assembly included \$0.1 million less for department operations.**

**Met School Capital Projects.** The Council requested an additional \$150,000 from Rhode Island Capital Plan funds for FY 2016 for the Met School HVAC project to reflect the cost estimate received for the project. This is consistent with the capital budget request. *The Governor recommended \$53,694 more than enacted, which is \$0.1 million less than requested.* **Based on current spending, the Assembly shifted \$3.3 million from FY 2016 to FY 2017 and FY 2018. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

**Other Capital Projects.** The Council's request for capital projects funded at state owned career and technical schools from Rhode Island Capital Plan funds is \$1.0 million more than enacted based on shifting funding from future years to FY 2016 for the repairs at the Woonsocket and Warwick Career and Technical Schools. *The Governor recommended funding as requested.* **The Assembly concurred. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

**Davies Career and Technical School.** The Council requested an additional \$0.2 million from all funds for FY 2016, including increases of \$0.1 million from federal funds, \$0.1 million from restricted receipts and the enacted level of general revenues. The request includes additional federal funding for vocational and special education and Title I and additional restricted receipt funding from the sending districts based on the actual students attending for the 2015-2016 school year. The request assumes an additional position will be filled that was assumed vacant in the enacted budget.

*The Governor recommended \$0.2 million less from Rhode Island Capital Plan funds than enacted for the HVAC project.*

**The Department has instructed Davies to put the HVAC capital project on hold pending the completion of a statewide assessment of school construction needs. Based on this, the Assembly shifted \$0.5 million from Rhode Island Capital Plan funds to FY 2019. The Assembly concurred with the remainder of the recommendation.**

**Rhode Island School for the Deaf.** The Council requested \$26,190 less than enacted from federal funds for the School for the Deaf for FY 2016 to primarily reflect less Title I funding. Additional turnover savings were partially redirected to other expenditures including outside legal services. *The Governor recommended \$10,229 less than requested including \$31,025 less from general revenues. This primarily reflects the distribution of statewide savings and restoring \$20,796 from federal Title I funding mistakenly reduced in the request.* **Based on the Department's third quarter report, the Assembly included an additional \$0.2 million in turnover savings.**

## Public Higher Education

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
Office of the Postsecondary Comm.	\$ 10,024,692	\$ 28,302,867	\$ 28,633,244	\$ 29,648,864
University of Rhode Island	721,126,264	720,672,430	757,415,059	757,415,059
Rhode Island College	163,626,825	179,033,154	177,339,412	177,339,412
Community College of RI	152,582,488	162,150,985	159,621,470	159,621,470
<b>Total</b>	<b>\$ 1,047,360,269</b>	<b>\$ 1,090,159,436</b>	<b>\$ 1,123,009,185</b>	<b>\$ 1,124,024,805</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 447,441,134	\$ 470,957,336	\$ 477,376,830	\$ 477,376,830
Contracted Services	20,880,394	26,387,730	28,237,477	28,237,477
<b>Subtotal</b>	<b>\$ 468,321,528</b>	<b>\$ 497,345,066</b>	<b>\$ 505,614,307</b>	<b>\$ 505,614,307</b>
Other State Operations	195,701,412	195,933,850	208,110,860	208,110,860
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	277,746,596	303,071,982	308,717,012	309,732,632
Capital	31,993,014	40,422,980	63,579,959	63,579,959
Capital Debt Service	50,457,325	53,385,558	36,987,047	36,987,047
Operating Transfers	23,140,394	-	-	-
<b>Total</b>	<b>\$ 1,047,360,269</b>	<b>\$ 1,090,159,436</b>	<b>\$ 1,123,009,185</b>	<b>\$ 1,124,024,805</b>
<b>Sources of Funds</b>				
General Revenue	\$ 188,223,129	\$ 196,304,956	\$ 180,983,077	\$ 180,983,077
Federal Aid	4,544,682	15,092,544	15,434,426	16,040,926
Restricted Receipts	632,650	653,200	653,200	653,200
Other	853,959,808	878,108,736	925,938,482	926,347,602
<b>Total</b>	<b>\$ 1,047,360,269</b>	<b>\$ 1,090,159,436</b>	<b>\$ 1,123,009,185</b>	<b>\$ 1,124,024,805</b>
<b>Uses of Funds</b>				
Unrestricted Use Funds	\$ 611,352,059	\$ 643,071,770	\$ 640,789,172	\$ 640,789,172
Restricted Use Funds	436,008,210	447,087,666	482,220,013	483,235,633
<b>Total</b>	<b>\$ 1,047,360,269</b>	<b>\$ 1,090,159,436</b>	<b>\$ 1,123,009,185</b>	<b>\$ 1,124,024,805</b>
<b>FTE Authorization</b>	<b>3,498.4</b>	<b>3,513.4</b>	<b>3,513.4</b>	<b>3,513.4</b>
<i>Limited to Third Party Funds</i>	<i>750.8</i>	<i>745.8</i>	<i>745.8</i>	<i>745.8</i>
<b>Total Authorized Positions</b>	<b>4,249.2</b>	<b>4,259.2</b>	<b>4,259.2</b>	<b>4,259.2</b>
<b>FTE Average</b>	<b>3,898.2</b>			

**FY 2016 Revised Request.** The Council's revised request is \$41.0 million above the FY 2016 enacted level, including \$34 less from general revenues. It also includes \$4.8 million more from tuition and fee revenues, \$7.6 million more from other unrestricted sources, and \$28.7 million more from restricted sources. The request for 4,259.2 full-time equivalent positions is consistent with the enacted authorization.

*The Governor recommended \$32.8 million more than enacted from all sources, which is \$8.2 million less than requested. General revenues are \$15.3 million less than enacted and requested to reflect \$14.6 million*

of debt service savings from refinancing general obligation bond debt and \$0.7 million in additional statewide medical benefit savings.

Subsequent to her budget submission, the Governor requested two amendments, the first of which added \$0.6 million from federal funds to the Office's budget for the College Challenge Access grant to reflect grants awarded in FY 2015 and additional federal funding available for FY 2016 and the second of which added \$0.4 million from tuition savings fees to the Office's budget for the Dual Enrollment scholarship program based on higher than anticipated enrollment. **The Assembly concurred.**

**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 fees, and sponsored research overhead. The unrestricted budget is similar to the general revenue budget of other agencies and departments. The FY 2016 unrestricted budget includes spending of \$655.4 million. This is \$12.4 million more than the enacted budget, including \$34 less from general revenues.

The Governor recommended \$640.8 million for unrestricted expenditures. This is \$2.3 million less than enacted and \$14.6 million less than requested. General revenues are \$15.3 million less than enacted and requested to reflect \$14.6 million of debt service savings and \$0.7 million from additional statewide medical benefit savings.

It should be noted that the Governor's budget includes more unrestricted source expenditures than can be supported by available resources in FY 2017, though her intent was that the schools would not increase tuition rates to generate additional resources. Requested spending was not reduced in her FY 2017 recommendation to account for the lack of resources. It appears the assumption was that the schools would constrain spending in FY 2016, in order to carry more funds forward for use in FY 2017; however, the recommendation does not show an expenditure reduction for FY 2016 to signify this expectation.

The table below displays the projected revenues and expenditures from the institutions' requests and the Governor's recommendation. Neither assumed tuition increases. Based on the Governor's recommended expenditures, the institutions would have to generate \$16.2 million in additional revenues, reduce expenses by that amount, or a combination of the two. **The Assembly concurred.**

Non-General Revenue Unrestricted Budget	Request		Governor	
	FY 2016 Rev.	FY 2017	FY 2016 Rev.	FY 2017
Prior year balance	\$ 8,336,365	\$ 1,173,054	\$ 8,336,365	\$ 500,118
Current Revenues	451,969,883	460,792,503	451,969,848	460,721,923
Less Expenditures	(459,133,194)	(461,692,503)	(459,806,095)	(477,377,486)
<b>Year End Balance</b>	<b>\$ 1,173,054</b>	<b>\$ 273,054</b>	<b>\$ 500,118</b>	<b>\$ (16,155,445)</b>

Office of Postsecondary Commissioner. The revised budget includes \$5.8 million from general revenues, which is consistent with the enacted budget, but fails to adjust for \$6,140 in statewide savings that were centrally budgeted in the Department of Administration for later distribution. The Governor recommended \$11,505 less from general revenues than requested. This includes \$10,868 less for statewide medical benefit savings, including those not accounted for in the request, as well as \$819 in statewide telephone savings. **The Assembly concurred.**

University of Rhode Island. The University requested \$14.4 million or 3.7 percent more than enacted, which includes \$6.9 million or 2.4 percent more than enacted from current year tuition and fees, \$0.4 million more from other University sources and \$7.1 million from prior unrestricted year-end fund balances. The increase in tuition and fee revenues results from increased enrollment and a change in the mix of in-state and out-of-state students. The University projected FY 2016 enrollment of 14,519, which is an overall

increase of 175 or 1.2 percent compared to the enrollment assumptions in the FY 2016 enacted budget. The enacted budget assumed 8,071 in-state students and 6,273 out-of-state students. The revised allocation assumes 149 or 2.0 percent fewer in-state students and 324 or 5.2 percent more out-of-state students.

The revised allocation is \$27.2 million or 7.1 percent more than spent in FY 2015 and \$30.3 million or 8.0 percent more than spent in FY 2014. The year-to-year growth from FY 2013 to FY 2014 was 0.2 percent. Changes to the enacted budget include \$1.7 million more for salaries and benefits. Student aid is \$3.2 million more, partially to reflect the revised enrollment projections.

There is also a significant increase in unrestricted expenditures for capital projects. The University is spending \$6.0 million in FY 2016 from prior unrestricted year-end fund balances for capital projects, including \$4.6 million for the Gateway and Visitor Welcome Center and \$1.4 million for the construction of a vivarium for the University's neuroscience program. All other changes include \$0.6 million more for contracted services, \$1.6 million more for operating expenditures and \$4,767 less for debt service.

*The Governor recommended \$9.9 million less than requested from general revenues to reflect \$9.7 million of debt service savings from refinancing of general obligation bond debt and \$0.2 million of additional statewide medical benefit savings. **The Assembly concurred.***

Rhode Island College. The request is \$34 less from general revenues and \$0.3 million less from tuition and fees and all other unrestricted sources than the enacted budget. The revised allocation includes \$1.0 million less than enacted for salaries and benefits. Further changes include \$0.6 million more for contracted services, including building and groundskeeping services, information technology support services, and legal services. All other changes to the enacted budget include \$0.1 million less for unrestricted debt service, \$0.2 million less for capital expenses, and \$0.4 million more for all other operating expenses.

*The Governor recommended \$4.0 million less than requested from general revenues to reflect \$3.8 million of debt service savings from refinancing of general obligation bond debt, and \$0.2 million of additional statewide medical benefit savings. **The Assembly concurred.***

Community College of Rhode Island. The Community College requested \$1.8 million less from unrestricted sources than the enacted budget. This includes the enacted level from general revenues and \$1.8 million less from tuition and fees to reflect revised enrollment assumptions. The request for salaries and benefits is \$2.0 million or 2.3 percent less, representing increased turnover savings. Expenditures for building repairs and maintenance are \$0.3 million more than enacted. The revised allocation also includes \$0.2 million more for bad debt, \$1.0 million less for computer software upgrades, \$0.2 million less for vehicle replacement, and \$0.4 million more for all other contracted services and operating expenditures.

*The Governor recommended \$1.4 million less from general revenues to reflect \$1.1 million of debt service savings from refinancing of general obligation bond debt and \$0.2 million of additional statewide medical benefit savings. **The Assembly concurred.***

**Restricted Source Operating Expenditures.** The restricted budget is composed of what are generally thought of as restricted receipt funds or enterprise funds. They include the residence hall funds, dining funds and any other funds, for which sources are limited to use for certain purposes. Federal funds are considered restricted use. The revised restricted budget includes \$20.9 million more general operating expenditures. The revised request includes \$7.9 million more for salaries and benefits, \$0.8 million more for contracted services, \$10.5 million more for operations, and \$1.7 million more for grants. Of the total increase, \$15.6 million is related to sponsored research awards for the University to adjust funding to historical levels, \$0.3 million more than spent in FY 2015. The enacted budget anticipated a significant decrease in sponsored research funding as a result of federal sequestration cuts that did not occur.

*The Governor recommended \$3,000 more than requested from federal funds for Division of Higher Education Assistance information technology expenditures.*

*The Governor subsequently requested two amendments, the first of which added \$0.6 million from federal funds to the Office's budget for the College Challenge Access grant to reflect grants awarded in FY 2015 and additional federal funding available for FY 2016 and the second of which added \$0.4 million from tuition savings fees to the Office's budget for the Dual Enrollment scholarship program based on higher than anticipated enrollment. **The Assembly concurred.***

**Restricted Capital Improvements.** The revised budget includes a \$9.5 million increase, including \$3.5 million from Rhode Island Capital Plan funds, based on revised project schedules and the request for funding for new projects. *The Governor recommended \$6.3 million more than requested from Rhode Island Capital Plan funds to provide additional funding for various capital projects at the University, including \$2.3 million more for the Fire Safety projects, \$3.0 million more for the Electrical Substation Replacement project, and \$0.5 million more for the White Hall Renovations project. **The Assembly concurred. These projects are described in detail in the Capital Budget section of this publication.***

**Restricted Debt Service.** The revised budget decreases restricted use debt service costs by \$1.8 million. This includes a \$1.6 million decrease for Rhode Island College to correctly show debt service for its residence halls; the College's revised allocation and request reflect this correction. It also includes an adjustment to the payments related to the University's Energy Conservation capital project. *The Governor included the correction for the College, but retained the enacted debt service for all other projects. **The Assembly concurred.***

## Rhode Island State Council on the Arts

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 600,764	\$ 925,379	\$ 916,273	\$ 916,273
Contracted Services	34,490	40,500	139,000	139,000
<b>Subtotal</b>	<b>\$ 635,254</b>	<b>\$ 965,879</b>	<b>\$ 1,055,273</b>	<b>\$ 1,055,273</b>
Other State Operations	55,507	140,952	140,727	140,727
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,534,605	1,576,574	1,576,574	1,561,386
Capital	161,875	1,353,293	766,800	766,800
Capital Debt Service	-	-	-	-
Operating Transfers	(5,744)	-	-	-
<b>Total</b>	<b>\$ 2,381,497</b>	<b>\$ 4,036,698</b>	<b>\$ 3,539,374</b>	<b>\$ 3,524,186</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,490,966	\$ 1,863,052	\$ 1,859,778	\$ 1,844,590
Federal Aid	713,200	775,353	774,296	774,296
Restricted Receipts	-	-	-	-
Other	177,331	1,398,293	905,300	905,300
<b>Total</b>	<b>\$ 2,381,497</b>	<b>\$ 4,036,698</b>	<b>\$ 3,539,374</b>	<b>\$ 3,524,186</b>
<b>FTE Authorization</b>	<b>6.0</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>
<b>FTE Average</b>	<b>6.0</b>			

**FY 2016 Revised Request.** The Rhode Island Council on the Arts requested \$0.5 million less than enacted from all sources, including \$6,247 less from general revenues, \$1,057 less from federal funds, and \$0.5 million less from Percent for Art funds. The Council's general revenue request is \$4,019 less than the enacted budget adjusted for undistributed statewide savings. *The Governor recommended \$2,973 more than requested from general revenues, reflecting receipt of a new grant offset by additional statewide savings. The Assembly provided \$15,188 less than recommended from general revenues.*

**Percent for Art Program.** The Council requested \$0.5 million less than enacted from Percent for Arts funds for six public arts projects at the University of Rhode Island, Rhode Island College, Wickford Junction, the Veterans' Home, and the Pastore Complex. The request is reflective of updated project costs and the Council's internal estimates of anticipated completion dates. *The Governor recommended funding as requested. The Assembly concurred.*

**Staffing and Operations.** The Council requested \$7,304 less than enacted from all sources for all other staffing and operations costs, including \$6,247 less from general revenues and \$1,057 less from federal funds. The revised request includes \$225 in statewide operating savings and the balance reflects statewide medical benefit savings and updated planning values provided by the Budget Office.

*The Governor recommended \$2,973 more than requested from general revenues, including \$2,027 less to reflect employee benefits selections and additional statewide savings. She also included \$5,000 for a new grant from the Rhode Island Foundation to issue professional development grants to cultural arts*

*organizations and an offsetting of \$5,000 of new general revenues from the deposit of the grant funds. **The Assembly provided \$15,188 less than recommended to reflect the elimination of the community service grant to the Providence Performing Arts Center, which declined its grant.***

## Rhode Island Atomic Energy Commission

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 962,397	\$ 1,117,528	\$ 1,022,508	\$ 1,022,508
Contracted Services	1,259	315	315	315
<b>Subtotal</b>	<b>\$ 963,656</b>	<b>\$ 1,117,843</b>	<b>\$ 1,022,823</b>	<b>\$ 1,022,823</b>
Other State Operations	156,354	164,497	497,507	515,393
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	67,842	54,829	83,760	83,760
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,187,852</b>	<b>\$ 1,337,169</b>	<b>\$ 1,604,090</b>	<b>\$ 1,621,976</b>
<b>Sources of Funds</b>				
General Revenue	\$ 872,139	\$ 957,170	\$ 936,450	\$ 936,450
Federal Aid	89	54,699	325,555	343,441
Other	315,624	325,300	342,085	342,085
<b>Total</b>	<b>\$ 1,187,852</b>	<b>\$ 1,337,169</b>	<b>\$ 1,604,090</b>	<b>\$ 1,621,976</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>7.9</b>			

**FY 2016 Revised Request.** The Rhode Island Atomic Energy Commission requested \$0.3 million more than enacted from all funds including \$2,066 less from general revenues and \$0.3 million more from federal funds. The general revenue request is equal to the enacted budget adjusted for undistributed statewide savings. *The Governor recommended \$0.3 million more than enacted, which is \$1,869 less than requested. She subsequently requested an amendment to shift \$17,886 from federal funds for instrumentation upgrades from FY 2017 to FY 2016 based on planned expenditures.* **The Assembly concurred.**

**Instrumentation Upgrades.** The Commission's revised request includes \$317,190 from federal funds for the upgrade of instrumentation associated with the health physics program, \$279,270 more than enacted. The Commission had originally intended to complete these upgrades in FY 2015 but was unable to complete state purchasing requirements in time to secure a bid during FY 2015. *The Governor recommended funding as requested. She subsequently requested an amendment to shift \$17,886 from this grant from FY 2017 to FY 2016 based on planned expenditures.* **The Assembly concurred.**

**Gadolinium Cancer Lab Research Assistant.** The Commission's revised request removes the enacted \$11,779 from federal funds for expenditures from its Gadolinium Cancer Research grant. The Commission had intended to use these funds in FY 2016 to support the hiring of a research assistant for the researcher that these federal funds support. However, the Commission indicated that the researcher was seeking private funding to support the hiring of a research assistant and the Commission plans to spend most of the funds in FY 2017 to refurbish the lab that will be used to conduct the cancer research. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital.** The Commission's revised request includes \$50,000 from Rhode Island Capital Plan funds for capital asset protection projects, consistent with the enacted amount. *The Governor recommended \$28,931 more than requested to reflect unspent funds carried forward from FY 2015.* **The Assembly concurred.** **This project is discussed in greater detail in the Capital Budget section of this publication.**

**All Other Staffing and Operations.** The Commission's revised request includes \$1,299 more than enacted including \$2,066 less from general revenues and \$3,365 more from federal funds for all other staffing and operations. The reduction from general revenues reflects statewide savings including \$2,049 less for medical insurance. There appears to be turnover savings not reflected in the request. The increased request for federal funds is primarily for the Commission's Nuclear Engineering Education Program.

*The Governor recommended \$30,800 less than requested, including \$18,654 less from general revenues and \$12,146 less from University funds. This includes \$81,192 less for salaries and benefits attributable to the hiring of new staff at a lower salary than the incumbent as well as additional statewide medical benefit savings. The recommendation shifts \$50,392 of that savings to be used for more operating expenditures.* **The Assembly concurred.**

## Historical Preservation and Heritage Commission

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,520,922	\$ 1,755,591	\$ 1,714,948	\$ 1,714,948
Contracted Services	905	3,400	3,400	3,400
<b>Subtotal</b>	<b>\$ 1,521,827</b>	<b>\$ 1,758,991</b>	<b>\$ 1,718,348</b>	<b>\$ 1,718,348</b>
Other State Operations	21,354	95,988	115,515	115,515
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,838,861	2,096,694	2,101,194	2,096,386
Capital	2,064,688	5,030	129,200	129,200
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 5,446,730</b>	<b>\$ 3,956,703</b>	<b>\$ 4,064,257</b>	<b>\$ 4,059,449</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,138,182	\$ 1,380,972	\$ 1,430,963	\$ 1,426,155
Federal Aid	1,855,585	2,075,393	2,005,752	2,005,752
Restricted Receipts	377,082	428,630	427,175	427,175
Other	2,075,881	71,708	200,367	200,367
<b>Total</b>	<b>\$ 5,446,730</b>	<b>\$ 3,956,703</b>	<b>\$ 4,064,257</b>	<b>\$ 4,059,449</b>
<b>FTE Authorization</b>	<b>16.6</b>	<b>16.6</b>	<b>16.6</b>	<b>16.6</b>
<b>FTE Average</b>	<b>14.9</b>			

**FY 2016 Revised Request.** The Historical Preservation and Heritage Commission requested \$0.2 million more than enacted from all sources for FY 2016. This includes \$78,870 more from general revenues, \$51,309 less from federal funds, \$755 less from restricted receipts, and \$123,674 more from other fund sources. The general revenue request is \$82,421 more than the enacted budget adjusted for undistributed statewide savings. *The Governor recommended \$42,926 less than requested from all sources, including \$28,879 less from general revenues, \$18,332 less from federal funds, \$1,455 less from restricted receipts, and \$4,985 more from other funds.* **The Assembly provided \$4,808 less than recommended from general revenues to reflect the elimination of a community service grant.**

**Eisenhower House.** The Commission requested \$139,855 more than enacted from all funds for expenses relating to Eisenhower House. This includes \$19,855 more from general revenues for house staffing and operations, including \$10,830 more than enacted for increasing personnel costs for one full-time position and two part-time maintenance workers, and \$9,025 more for house operations consistent with anticipated increases for fuel and utility costs associated with maintaining the house as a year-round rental property. Consistent with the Commission's capital budget request, the revised request also includes \$120,000 more from Rhode Island Capital Plan funds, to reflect updated costs for final renovation requirements, including the purchase of furniture and equipment to allow the property to remain open and usable year-round.

*The Governor recommended \$9,171 more than requested from all sources, including \$4,171 more from general revenues and \$5,000 more from Rhode Island Capital Plan funds. She included \$2,707 less than requested for staff salaries and benefits to reflect correct Budget Office planning values and additional*

*statewide medical benefit savings. The recommendation also includes \$6,799 more from general revenues for house operations, primarily for increased telecommunications and technology needs. **The Assembly concurred. This project is described in greater detail in the Capital Budget section of this publication.***

**All Other Salaries and Benefits.** The Commission requested \$382 less than enacted from all sources for salaries and benefits for the remaining 15.6 full-time equivalent positions. This includes \$52,850 more from general revenues and \$3,917 more from Department of Transportation reimbursement funds based on staff participation, offset by \$56,459 less from federal funds and \$690 less from restricted receipts.

This shift in costs to state sources reflects the Commission's obligation to reserve ten percent of its federal Survey and Planning grant fund for certified grants to local units of government, which was not reflected in its operating request or the Governor's recommendation for FY 2016.

It should be noted that the request appears to over-fund staff salaries and benefits, as it does not accurately reflect statewide medical benefit savings or turnover savings, from a delay in filling one position until August.

*The Governor recommended \$48,463 less than requested from all sources, including \$29,416 less from general revenues, \$18,332 less from federal funds, \$700 less from restricted receipts, and \$15 less from Department of Transportation reimbursement funds. Reductions reflect corrected calculations for staffing and include additional statewide medical benefit savings. The federal funds recommendation is consistent with available Survey and Planning grant funds. **The Assembly concurred.***

**Other Operations.** The Commission requested \$11,007 more than enacted from all sources for all other expenses, including \$6,165 more from general revenues and \$5,150 more from federal funds, slightly offset by \$65 less from restricted receipts and \$243 less from Department of Transportation reimbursement funds. The request includes \$490 less from general revenues and is essentially consistent with historical expenditures, but excludes statewide savings for telecommunications services.

The request also shifts \$4,500 in unspent federal funds from FY 2015 to the current year for Commission efforts to increase the number of Rhode Island properties and landmarks listed on the National Register of Historic Places. The Commission reported that vacant staff positions resulted in an inability to begin work under this grant as planned in FY 2015.

*The Governor recommended \$3,634 less than requested from general revenues and included slight reductions to requested funds for mileage and other travel expenses, printing costs, and office supplies, to exactly mirror FY 2015 expenditures. **The Assembly provided \$4,808 less than recommended from general revenues to reflect the elimination of the community service grant to the Japanese Language and Culture center; the organization no longer exists.***

## Office of the Attorney General

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
Criminal	\$ 21,301,533	\$ 23,106,413	\$ 24,701,163	\$ 23,848,579
Civil	5,487,430	6,182,731	6,000,504	5,953,088
Bureau of Criminal Identification	1,390,045	1,591,162	1,707,831	1,707,831
General	2,757,840	3,155,011	3,315,304	3,315,304
<b>Total</b>	<b>\$ 30,936,848</b>	<b>\$ 34,035,317</b>	<b>\$ 35,724,802</b>	<b>\$ 34,824,802</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 23,952,239	\$ 24,951,076	\$ 25,380,713	\$ 24,631,369
Contracted Services	1,564,732	683,793	5,236,183	5,236,183
<b>Subtotal</b>	<b>\$ 25,516,971</b>	<b>\$ 25,634,869</b>	<b>\$ 30,616,896</b>	<b>\$ 29,867,552</b>
Other State Operations	2,472,761	1,902,815	2,110,273	1,959,617
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	2,947,116	6,497,633	2,997,633	2,997,633
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 30,936,848</b>	<b>\$ 34,035,317</b>	<b>\$ 35,724,802</b>	<b>\$ 34,824,802</b>
<b>Sources of Funds</b>				
General Revenue	\$ 23,949,930	\$ 25,193,210	\$ 25,122,410	\$ 24,222,410
Federal Aid	1,903,112	1,291,777	3,749,312	3,749,312
Restricted Receipts	5,080,406	7,250,330	6,553,080	6,553,080
Other	3,400	300,000	300,000	300,000
<b>Total</b>	<b>\$ 30,936,848</b>	<b>\$ 34,035,317</b>	<b>\$ 35,724,802</b>	<b>\$ 34,824,802</b>
<b>FTE Authorization</b>	<b>233.1</b>	<b>236.1</b>	<b>236.1</b>	<b>236.1</b>
<b>FTE Average</b>	<b>227.3</b>			

**FY 2016 Revised Request.** The Office of the Attorney General requested \$2.3 million more than enacted from all sources, including \$0.3 million more from general revenues, \$2.5 million more from federal funds, \$0.2 million more from Rhode Island Capital Plan funds and \$0.7 million less from Google Settlement funds. The general revenue request is \$0.4 million more than the enacted budget adjusted for undistributed statewide savings. *The Governor recommended \$0.6 million less than requested, including \$0.4 million from general revenues.* **The Assembly further reduced expenses by \$0.9 million consistent with the Department's third quarter report.**

**Pension Settlement Lawsuit.** The Office included the enacted level of \$250,000 from general revenues for costs related to the pension litigation. The state settled the lawsuit when final judgement was entered into in early July 2015; however, the deal is not binding on three groups that have not agreed to settle: active police officers in the state-run pension system and the police and fire unions in Cranston. *The Governor's recommendation eliminates the funding; as of February 1, 2016, the Office had not incurred any costs.* **The Assembly concurred.**

**Tobacco Enforcement Litigation Reappropriation.** The Office requested \$104,617 from general revenues for tobacco litigation expenses in its revised request to include \$64,465 for outside counsel since the Office's current litigant is viewed as a potential state witness during litigation proceedings. It also included \$40,152 for other expenses. This includes \$64,617 reappropriated from FY 2015. This case is brought by the leading United States tobacco product manufacturers against the states under the "Master Settlement Agreement" alleging their lack of efforts in enforcing the agreement for non-participating manufacturers. *The Governor recommended \$152 less than requested for other expenses.* **The Assembly concurred.**

**Salaries and Benefits.** The Office added \$0.5 million, including \$0.1 million from general revenues for salary and benefit expenses in its revised request. This includes \$0.3 million more in the Criminal Division and \$0.1 million more in both the Bureau of Criminal Identification and general administration divisions. The revised request shifts the number of employees assigned to the separate divisions and partially restores general revenue turnover savings leaving three vacant positions unfunded. The revised request also includes \$0.2 million from federal funds to reflect the second year of an award for two social security investigator positions that was not included in the enacted budget and \$0.2 million carried forward from FY 2015. *The Governor recommended \$68,563 less than requested to reflect additional statewide medical benefit savings.* **The Assembly included \$0.7 million less than recommended based on third quarter projected spending.**

**Background Check Grant.** The Office requested \$2.0 million more than enacted from federal funds to reflect a new federal grant awarded to enhance the current project to perform background checks for health care workers who are providing services to the state's children and elderly. Funding will be used to rebuild the Office's automated fingerprint identification system and incorporate the national background check initiative. *The Governor recommended funding as requested and included \$0.2 million from unused bond proceeds for the project.* **The Assembly concurred.**

**Google Capital.** The Office's revised request includes \$5.3 million for projects funded from Google Settlement funds, which is \$0.7 million less than enacted. The projects include upgrades to the information technology system, upgrading the phone system, and supporting operating expenses at the 180 South Main Street building. The projects are included in the Capital Budget section of this publication. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Asset Protection.** The Office requested \$246,600 from Rhode Island Capital Plan funds unused in FY 2015 for total funding of \$546,600 for its asset protection projects. This is consistent with the Office's capital request and reflects continuous upgrades to its heating, ventilation and air conditioning system, as well as other interior renovations, including office spaces. *The Governor included \$0.3 million consistent with the enacted level; she did not include the FY 2015 unused funds.* **The Assembly concurred.**

**All Other Operations.** The Office requested \$171,525 more than enacted from all sources, including \$135,868 more from general revenues for all other operations. The Office indicates that there is a three percent increase for all operating costs, including costs associated with advertising forfeiture notices; however, the revised request is not consistent with FY 2015 spending. *The Governor recommended \$57,166 less than requested, which is \$0.1 million more than FY 2015 expenses.* **The Assembly included \$0.2 million less than recommended based on third quarter projected spending.**

## Department of Corrections

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
Central Management	\$ 8,630,623	\$ 9,077,197	\$ 9,808,924	\$ 9,724,885
Parole Board	1,290,433	1,383,685	1,441,852	1,441,852
Custody and Security	126,468,188	127,643,470	131,302,017	130,525,929
Institutional Support	19,439,153	26,011,667	26,656,088	23,246,323
Institutional Based Rehab/Pop	9,795,253	10,106,057	10,485,800	10,471,961
Healthcare Services	20,625,429	20,771,182	22,162,719	21,294,329
Community Corrections	15,141,061	16,032,431	15,868,701	15,844,822
<b>Total</b>	<b>\$ 201,390,140</b>	<b>\$ 211,025,689</b>	<b>\$ 217,726,101</b>	<b>\$ 212,550,101</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 169,467,501	\$ 172,183,065	\$ 175,999,457	\$ 174,509,457
Contracted Services	9,418,127	10,366,604	11,197,809	11,197,809
<b>Subtotal</b>	<b>\$ 178,885,628</b>	<b>\$ 182,549,669</b>	<b>\$ 187,197,266</b>	<b>\$ 185,707,266</b>
Other State Operations	17,210,949	17,574,458	18,023,719	17,648,719
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,222,294	1,191,908	998,649	998,649
Capital	4,071,269	9,709,654	11,506,467	8,195,467
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 201,390,140</b>	<b>\$ 211,025,689</b>	<b>\$ 217,726,101</b>	<b>\$ 212,550,101</b>
<b>Sources of Funds</b>				
General Revenue	\$ 196,162,110	\$ 200,225,250	\$ 204,394,923	\$ 202,469,346
Federal Aid	1,534,164	1,337,381	1,885,937	1,911,514
Restricted Receipts	169,484	47,058	269,614	304,614
Other	3,524,382	9,416,000	11,175,627	7,864,627
<b>Total</b>	<b>\$ 201,390,140</b>	<b>\$ 211,025,689</b>	<b>\$ 217,726,101</b>	<b>\$ 212,550,101</b>
<b>FTE Authorization</b>	<b>1,419.0</b>	<b>1,419.0</b>	<b>1,419.0</b>	<b>1,419.0</b>
<b>FTE Average</b>	<b>1,354.6</b>			
<b>Prison Population</b>	<b>3,183</b>	<b>3,292</b>	<b>3,183</b>	<b>3,183</b>

**FY 2016 Revised Request.** The Department requested \$225.4 million, \$14.4 million or 6.8 percent more than enacted from all sources of funds, including \$7.0 million more from general revenues. The general revenue request is \$7.5 million more than the enacted budget adjusted for undistributed statewide savings. Consistent with the enacted authorization, the Department requested 1,419.0 full-time equivalent positions. The Department's revised request is based on a population of 3,206, a decrease of 86 inmates compared to the enacted level.

In November 2015, the Department submitted a corrective action plan that identified \$13.9 million in savings. These items are noted below where appropriate.

The Governor recommended \$7.7 million less than requested from all funds including \$2.9 million less from general revenues. Her recommendation assumes a population of 3,183, consistent with FY 2015 experience and 23 less than requested.

The Governor subsequently requested an amendment to add \$35,000 from available federal forfeiture funds and shift \$25,577 of personnel costs from general revenues to available federal funds. **The Assembly concurred and reduced general revenues by an additional \$1.9 million based on the Department's third quarter report and reduced expenditures from Rhode Island Capital Plan funds by \$3.3 million based on current project schedules.**

**Population.** The Department's original request for FY 2016 included a population of 3,292, consistent with the Governor's recommendations and the enacted budget. The revised request is based on more current data and assumes a population of 3,206, which is 86 fewer than projected in the enacted budget. The House Fiscal Staff uses a simple model using trend data, and the population through the end of October suggests an average population of 3,101 which is 191 less than projected in the enacted budget and 105 less than included in the revised request.

The Department contracts with a firm to prepare population estimates, which has revised the enacted population downward to 3,206. That is the population upon which the revised budget request is based. 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 are no inmates housed there.

The following table depicts the recent history of budgeted and actual prison population from FY 2008 through the FY 2016 revised final budget.

History	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Request	3,803	4,008	3,709	3,416	3,231	3,152	3,170	3,292
Governor	3,848	4,008	3,643	3,416	3,231	3,152	3,170	3,292
Enacted	3,848	3,767	3,450	3,239	3,194	3,152	3,170	3,292
Revised Request	3,869	3,669	3,350	3,264	3,146	3,192	3,239	3,206
Governor Revised	3,869	3,659	3,350	3,265	3,146	3,192	3,239	3,183
Final	3,788	3,551	3,273	3,192	3,146	3,192	3,239	3,183
Actual	3,773	3,502	3,273	3,191	3,160	3,214	3,183	-

The Governor's revised recommendation assumes a population of 3,183 consistent with FY 2015 experience. This is 109 less than enacted and 23 less than requested. **The Assembly concurred.**

### Institutional Corrections

**Population: Per Diem Expenditures.** The Department requested \$0.5 million more than enacted from general revenues for population related expenditures that are calculated on a per diem basis. This is based on prior year expenditures for items such as food, inmate clothing and linens, and janitorial supplies. Another major contributor to these expenses are medical costs, which include both inpatient and outpatient services as well as contracted dentistry services. The revised request is \$0.7 million more than spent in FY 2015. *The Governor recommended \$158,065 less than requested. Approximately \$0.1 million of this reflects her assumption of fewer inmates with the remaining decrease to contracted dentistry services.* **The Assembly reduced general revenue expenditures for inmate pharmaceuticals by \$0.4 million based on the Department's third quarter report.**

**Correctional Officer Briefings.** The revised request includes an additional \$0.2 million for briefing time for correctional officer lieutenants based on a new agreement and projected payroll trends based on the first four pay periods of FY 2016. At the beginning of September 2015, the Director and the union reached an agreement to increase the briefing time each day for the supervisors on the 11 to 7 shift in every facility. These officers were not taking lunch because they were the only supervisors in the building. The agreement is that they will be paid for 30 minutes of briefing time to take their lunch when another supervisor was in the building. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Institutional Corrections Staffing.** The Department requested an additional \$5.4 million, almost entirely from general revenues for salaries and benefits, including overtime based on current vacancies. It should be noted that while the Brotherhood of Correctional Officers has not settled the contract, the enacted budget included \$3.1 million to fund a cost-of-living increase. The revised request assumes that the current 42.0 vacant positions remain unfilled. The FY 2016 enacted budget included turnover savings of \$6.9 million, which is equivalent to 56.8 vacant positions.

The Department's revised request does not seem to be consistent with FY 2015 experience. Final FY 2015 spending was \$0.4 million less than the final appropriation and \$2.8 million less than the Department's revised request. While FY 2014 experience showed final spending above the final appropriation, it was still less than the Department had requested as part of its revised budget request for that year suggesting that the Department requested more than it needs as part of its revised request.

In November 2015, the Department submitted a corrective action plan that includes general revenue savings of \$0.3 million based on a revised payroll projection.

*The Governor recommended \$2.0 million less than requested from general revenues including \$0.5 million from statewide medical benefit savings and a \$1.5 million reduction to overtime costs based on experience through the first eight pay periods of the fiscal year.*

*The Governor subsequently requested an amendment to shift \$25,577 from general revenues to federal funds based on an increase in the State Criminal Alien Assistance Program (SCAAP) federal grant.*

**The Assembly concurred and reduced general revenue expenditures by \$0.5 million based on the Department's third quarter report which indicated an error in the calculation for the amount for the cost-of-living adjustment included in the recommendation. It also included an additional \$0.9 million in turnover savings in intake services and health services based on the third quarter report.**

**Mental Health and Psychiatric Services.** The Department requested an additional \$0.4 million for mental health and psychiatric services. This reflects a new sex offender treatment contract, the provision of psychiatric services and the replacement of a retiring on-call psychiatrist. The Department reported that these types of treatment programs are essential to the rehabilitation of an inmate and services are often court mandated and therefore must be provided. The Department reported that a new sex offender treatment contract was awarded at a higher rate than what was previously spent. With the large number of inmates with mental health issues, a new bid was issued for the provision of psychiatric services for both the sentenced and awaiting trial populations. There was only one vendor that responded to the solicitation. Additionally the current on-call psychiatrist for weekends and nights is retiring and the Department anticipates that cost increasing. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Institutional Corrections Operations.** The Department's request for all other Institutional Corrections expenses is \$0.1 million more than enacted including \$0.1 million less from general revenues. The general revenue reduction includes minor adjustments to uniforms and other various operating costs.

The increase from federal fund expenditures is largely related to an increased grant award to provide remedial reading and math services to inmates. *The Governor recommended funding as requested.*

*The Governor subsequently requested an amendment to add \$35,000 from restricted receipts from newly approved federal asset forfeiture funds from the Department of Justice for Department participation in law enforcement activities. The Assembly concurred.*

**Elimination of Nursing Post.** In November 2015, the Department submitted a corrective action plan that includes general revenue savings of \$65,000 from eliminating one nursing post effective January 2016. Across all facilities, the Department has 42.0 nurse positions. This proposal is also contained in the Department's FY 2017 constrained budget request. *The Governor's budget includes \$64,178 of savings from this proposal. The Assembly concurred.*

**Construction Supervision.** In November 2015, the Department submitted a corrective action plan that identifies \$0.2 million in general revenue savings from shifting expenses for the supervision of inmate work crews working on capital projects from general revenues to Rhode Island Capital Plan funds. Work includes demolition, masonry work and painting. Supervision of inmate work crews would not qualify as an authorized use of Rhode Island Capital Plan funds. *The Governor's budget does not include this proposal. The Assembly concurred.*

### Other Programs

**Postponement of CO Class.** The Department's request includes savings of \$0.6 million from the postponement of a new correctional officer class. The FY 2016 enacted budget included \$2.4 million from general revenues to hire 25.0 new correctional officers in FY 2016. The Department noted that if these new officers are hired, it would save \$2.3 million of overtime costs, resulting in a net request of \$0.1 million in staffing costs for the new class. The enacted budget assumes hiring costs for new officers at an estimated \$96,000 each. The positions are contingent upon a new correctional officer training class, which is currently delayed due to an active lawsuit from the Department of Justice, which relates to certain procedures utilized by the Department. The revised request realizes the \$0.1 million in net personnel savings associated with the delay.

The enacted budget also includes \$0.8 million in operating costs associated with training a new class. The revised request includes \$0.5 million of the \$0.8 million in operating costs associated with running a new class. Based on the class not happening, there would be personnel savings of \$0.1 million on top of the \$0.8 million in operating costs suggesting that the true savings from not holding a class is \$0.9 million. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Salaries and Benefits.** Excluding costs associated with postponing the correctional officer class, the Department requested an additional \$0.8 million, almost entirely from general revenues for all other salaries and benefits. This restores nearly two-thirds of the turnover in the enacted budget, which is equivalent to approximately 7 positions. The FY 2016 enacted budget included general revenue savings of \$1.2 million, which is equivalent to 11.4 vacant positions. *The Governor recommended \$0.1 million less than requested from general revenues to reflect additional statewide medical benefit savings and to correct an error in other benefit rates used.*

**Based on the Department's third quarter report, the Assembly included an additional \$0.1 million in turnover savings.**

**New Inventory Software System.** The revised request includes \$500,000 for new inventory cost accounting and ledger software for correctional industries. The Department reported that in FY 2015, the Bureau of Audits audited correctional industries and recommended that the Department purchase a new

system as there are limitations with the current software. The Department also indicated that there is also no support available for the current system.

[Staff note: the Department reported that it typically takes more than six months to develop a Request for Proposal, score the vendors and obtain a purchase order and the Department has not begun that process; therefore, it is unlikely that this system could be purchased by the end of the fiscal year.]

*The Governor did not recommend this funding. **The Assembly concurred.***

**Electronic Medical Records Enhancements.** The Department requested \$110,000 more than enacted from general revenues for enhancements to the Department's electronic medical record tracking system to continue upgrades that were begun in FY 2015. The Department indicated it needs to update the software; the version the Department is currently using is no longer being supported by the vendor. The cost to update the software is \$100,000. The request also includes \$10,000 to purchase contracted services to assist staff in reviewing proposals from electronic medical records systems vendors. This is in preparation for the implementation of a medication administration system to tighten controls on medications for which the Department is requesting \$100,000 for FY 2017. *The Governor recommended funding as requested. **The Assembly concurred.***

**Time Tracking System.** The revised request removes the \$350,000 that was provided in the enacted budget for a time and attendance system. The Department has significant overtime expenses and no time management tool. The goal of the system is to allow management to see where overtime will be required weeks prior to the actual period, which will help decrease the double overtime hours that are worked. The state, through the Division of Information Technology, recently contracted with a vendor to provide a statewide time and attendance system. The Department indicated that the Division has instructed it to remove the funding from FY 2016, but request the \$350,000 for FY 2017 to support any technical assistance that may be needed. *The Governor recommended funding as requested. **The Assembly concurred.***

**Management Information Systems.** The Department requested \$0.2 million more than enacted from general revenues to make programming changes and maintenance for the inmate and probation/parole tracking databases. Of the \$0.2 million, the majority of the funding, \$205,000, is for contracted programming changes to the Department's inmate and probation/parole tracking databases. The Department indicated that these services are critical to the operation of the Inmate Facility Tracking System (INFACTS). The request also includes \$14,000 to continue funding for the Community Mapping and Reentry System (CMARS) that was previously funded through the recidivism grant for which funding ended September 30, 2015. The Department indicates that these services are vital to the re-entry initiative. *The Governor recommended funding as requested. **The Assembly concurred.***

**Staff Development Grants.** The Department requested \$6,492 more than enacted to reflect increased federal grants that support existing staff development programs for the current fiscal year. These grants support a variety of functions, including staff activities aimed at crime control and prevention and overall improvement of the criminal justice system. These activities include information sharing, research and evaluation of existing programs, database system improvement and professional development training. *The Governor recommended funding as requested. **The Assembly concurred.***

**Educational Grants.** The Department requested \$0.3 million from federal funds to support its existing educational programs, including special education for eligible inmates. This is \$0.1 million more than enacted to reflect carry-forward funding from prior year grants. *The Governor recommended \$18,358 less than requested from the adult basic education grant. **The Assembly concurred.***

**Recidivism Reduction Grant.** The Department requested \$0.2 million more than enacted from federal funds to reflect carry forward funding from a 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. 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. This grant ended on September 30, 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital Projects.** The Department requested \$6.6 million more than enacted from Rhode Island Capital Plan funds for its capital projects scheduled for FY 2016. This reflects revisions to several projects and is consistent with the Department's capital budget request. *The Governor recommended \$1.8 million less than enacted and \$4.9 million less than requested.*

**The Assembly reduced FY 2016 Rhode Island Capital Plan funds by \$3.3 million based on revisions to several projects. A more detailed description of the capital projects is available in the Capital Budget Section of this publication.**

**Other Operations.** Excluding costs associated with Institutional Corrections, the Department requested \$0.4 million more than enacted for all other operations at the Department. This includes \$0.1 million more from general revenues, \$0.2 million from Google settlement funds from the Department of Public Safety and \$0.1 million from federal funds. The general revenue change reflects increased costs for contracted legal services associated with the litigation with the Department of Justice concerning the correctional officer examination process. The \$0.2 million from Google settlement funds is for upgrades to the Community Mapping and Reentry System that shows where the probation and parole clientele are living and what type of charges they have. It also tracks the sex offender population and this system is also used by outside law enforcement agencies. The federal funds adjustment includes minor increases to four grants to reflect updated awards and expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Non-Violent Offender Policies.** In November 2015 the Department submitted a corrective action plan that identifies savings of \$0.8 million for six months of FY 2016 and \$1.6 million annually from changing non-violent offender incarceration policies to reduce prison stays. The proposal includes releasing non-violent offenders sentenced to 30 days or less, probation violators charged with technical violations, and releasing those held for surety bail of \$5,000 or less to home confinement monitoring. In addition to requiring statutory changes, this policy would also require coordination with the Judiciary making the timeframe for these savings unrealistic. *The Governor did not include this proposal for FY 2016.* **The Assembly concurred.**

**Land Sales.** In November 2015 the Department submitted a corrective action plan that proposes selling two vacant facilities under its control. This is identical to a proposal in the Department's FY 2017 constrained request to sell the Donald Price and former Gloria McDonald facilities and land. The constrained budget request identifies \$12.5 million in new revenues from these sales. Funds raised from sale of land would be deposited into the state's restricted technology fund. *The Governor did not include this proposal.* **The Assembly concurred.**

## Judicial Department

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
Supreme Court	\$ 31,175,820	\$ 35,834,192	\$ 36,947,962	\$ 36,947,962
Defense of Indigent Persons	3,856,102	3,542,240	3,542,240	3,542,240
Commission on Judicial Tenure & Discipline	119,161	121,527	121,462	121,462
Superior Court	23,162,218	23,560,346	23,450,533	23,382,533
Family Court	23,229,664	23,932,580	23,467,317	23,267,317
District Court	12,452,031	13,002,213	12,189,593	12,165,919
Traffic Tribunal	8,430,828	8,542,221	8,399,966	8,399,966
Workers' Compensation Court	7,359,629	7,763,807	7,853,054	7,853,054
<b>Total</b>	<b>\$ 109,785,453</b>	<b>\$ 116,299,126</b>	<b>\$ 115,972,127</b>	<b>\$ 115,680,453</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 81,907,814	\$ 84,910,720	\$ 83,154,320	\$ 82,819,617
Contracted Services	1,936,237	1,686,354	2,219,567	2,219,567
<b>Subtotal</b>	<b>\$ 83,844,051</b>	<b>\$ 86,597,074</b>	<b>\$ 85,373,887</b>	<b>\$ 85,039,184</b>
Other State Operations	11,930,117	13,162,158	12,362,408	12,379,472
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	10,897,786	10,467,007	10,782,783	10,808,748
Capital	3,113,499	6,072,887	7,453,049	7,453,049
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 109,785,453</b>	<b>\$ 116,299,126</b>	<b>\$ 115,972,127</b>	<b>\$ 115,680,453</b>
<b>Sources of Funds</b>				
General Revenue	\$ 94,371,203	\$ 96,031,046	\$ 95,581,117	\$ 95,181,117
Federal Aid	3,142,537	3,431,136	3,392,087	3,500,413
Restricted Receipts	10,923,799	11,336,944	11,412,688	11,412,688
Other	1,347,914	5,500,000	5,586,235	5,586,235
<b>Total</b>	<b>\$ 109,785,453</b>	<b>\$ 116,299,126</b>	<b>\$ 115,972,127</b>	<b>\$ 115,680,453</b>
<b>FTE Authorization</b>	<b>723.3</b>	<b>724.3</b>	<b>724.3</b>	<b>724.3</b>
<b>FTE Average</b>	<b>683.0</b>			

**FY 2016 Revised Request.** The Judiciary requested an additional \$1.5 million of spending for FY 2016 including \$2.1 million more from general revenues, \$39,034 less from federal funds, and \$0.5 million less from restricted receipts. The general revenue request is \$2.3 million more than the enacted budget adjusted for undistributed statewide savings. The Judiciary noted that its request includes a reduction of \$1.1 million from restricted receipts to reflect the treatment of indirect cost recoveries. It subsequently advised that a corresponding increase from federal funds was needed to conform to new accounting guidance; to adjust for this, the Department requested \$2.5 million more than enacted from all funds and \$0.5 million more from restricted receipts.

The Judicial Department subsequently submitted a corrective action plan that would reduce general revenues by \$1.1 million. The plan would reduce staffing costs by \$0.8 million by holding positions vacant and making \$0.3 million of operating reductions, including forgoing copier replacements. *The Governor recommended \$0.3 million less than enacted and \$1.9 million less than requested, primarily for staffing costs. She included the enacted level of 724.3 positions.* **The Assembly reduced general revenues to reflect additional turnover savings, added federal funds for eligible personnel expenditures for the Veterans Court, and concurred with the remainder of the recommendation.**

**Pay-Go Judges Pensions.** The revised request includes an increase of \$0.3 million, including \$278,354 more from general revenues and \$6,500 more from restricted receipts for retirement costs for judges and magistrates hired before 1990 who are not part of the state employees' retirement system. The pension costs are paid through an annual appropriation on a pay as you go basis rather than the retirement trust fund. This revision reflects actual costs for current retirees, as well as two known retirements in FY 2016, which were not assumed in the enacted budget. The Judiciary noted there are currently six remaining active judges whose pensions will be paid this way and they all meet the eligibility threshold to retire. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Veterans' Treatment Calendar.** The Veterans' treatment calendar functions as a specialized calendar within the District Court. The specialized calendar is a jail diversion program aimed at addressing veterans charged primarily with misdemeanor offenses. During the FY 2016 budget process, the Assembly added \$0.2 million from federal funds to reflect a new grant award. Funding will allow the Judiciary to expand operations to serve a larger population of veterans and provide additional services as part of a jail diversion program aimed at addressing veterans, charged primarily with misdemeanor offenses. The Assembly also increased the number of District Court judges from 12 to 13 and established the Veterans' Calendar in statute. It added 1.0 full-time equivalent position and \$234,000 from general revenues for the new judge position.

The Judiciary requested \$0.3 million less than enacted, including \$0.2 million less from general revenues. This assumes that the new judge position will not be filled until toward the end of the final quarter of FY 2016, and there is also a reduction to reflect a revised estimate of expenditures from the federal grant. *The Governor recommended funding as requested. She subsequently requested an amendment to add \$0.1 million from federal funds in FY 2016 to reflect eligible personnel expenditures for a grant award for the Veteran's Court, which functions as a specialized calendar within District Court. The personnel expenditures were recently approved by the federal funding agency.* **The Assembly concurred.**

**Salaries and Benefits.** The Judiciary requested \$0.4 million more than enacted for salaries and benefits. This includes \$1.1 million more from general revenues, \$0.2 million less from federal funds, and \$0.6 million less from restricted receipts. The increase includes a shift of \$0.6 million of personnel expenditures from restricted receipts to general revenues, which would increase the amount of available restricted receipts for other uses. The restricted receipts are shifted from personnel costs, primarily to information technology expenditures. The request also restores \$0.4 million of turnover savings included in the enacted budget. The revised request contains \$1.7 million of turnover savings, which, based on the Judiciary's average salary per position of \$76,753, is equivalent to 22.0 positions.

The Judiciary subsequently submitted a corrective action plan that would reduce general revenues by \$1.1 million, including a \$0.8 million reduction in staffing costs, which would be achieved by holding additional positions vacant.

*The Governor recommended \$1.5 million less than enacted and \$1.9 million less than requested from all funds, including \$2.5 million less from general revenues. This included the reductions proposed in the corrective action plan, did not shift personnel costs to general revenues and included \$0.4 million of additional statewide medical benefit savings. It also included \$1.5 million of additional turnover for total*

turnover savings of \$3.2 million for FY 2016, which equates to 43.7 positions. As of the first pay period in February, the Judiciary had 61.6 vacant positions. **The Assembly reduced general revenue expenditures by \$400,000 to reflect additional turnover savings included in the third quarter reports issued by both the Department and the Budget Office.**

**Law Library.** The Judiciary requested \$35,000 more than enacted from general revenues for subscription purchases by the Law Library, based on the actual expenditures for FY 2015. The Law Library is a complete, publicly accessible legal reference service with over 110,000 volumes and computer aided legal research. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Case Management System.** The Judiciary requested \$1.5 million, or \$0.6 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 that relies on duplicative data input and paper files. The funding includes \$0.9 million from the state's Information Technology Investment Fund in the Department of Administration's budget, consistent with the enacted budget. The Judiciary also requested \$0.6 million from restricted receipts to reflect anticipated funding for a programmer/report writer, change orders, and hardware for the case management system; this funding was requested by the Judiciary last year but not included in the Governor's recommendation or the enacted budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Court Technology.** The Judiciary requested \$1.0 million more than enacted, including increases of \$0.5 million from general revenues and \$0.3 million from restricted receipts for information technology improvements throughout the court system, which are not related to its case management system. The new general revenue expenditures include \$0.3 million for maintenance on new software systems, \$0.3 million for video conferencing upgrades and \$0.1 million for copier replacements. The new restricted receipt expenditures include \$0.3 million for network routers, digital displays, and wireless routers. There is a shift of \$0.2 million from general revenues, primarily to restricted receipts, to fund anticipated information technology system maintenance, based on historical expenditures. The restricted receipts are derived from indirect cost recoveries on eligible federal grants. The Judiciary previously requested funding to be used for such information technology improvements, but the funding was not included in the enacted budget. Instead \$0.5 million was included for personnel expenditures.

The Judicial Department subsequently submitted a corrective action plan that would make operating reductions, including \$0.1 million by forgoing the copier replacements. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Interpreters and Translators.** The Department requested \$0.1 million more than enacted, including \$126,554 more from general revenues and \$6,000 more from restricted receipts for interpreter and translator services for FY 2016. The increased costs primarily reflect estimates for one trial, which is expected to begin in January 2016 and will require three American Sign Language interpreters and three Certified Deaf interpreters. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Postage and Postal Services.** The Department requested \$154,000 more than enacted from general revenues for postage and postal services for notices to be sent to the last known addresses of individuals who owe the court fines and fees. The Judiciary is required by Rhode Island General Law, Section 8-15-9.3 to send these notifications prior to posting delinquent accounts on the Judicial web site. The requirement was added as part of Article 25 of the FY 2006 enacted budget, which broadened court collection fine options through obtaining the social security numbers of those offenders entering into payment arrangements and permitting the director of finance to post offenders' names, addresses and amounts owed to a court website on accounts delinquent over 90 days, if the offender has not paid the overdue court fines in full or entered into a payment agreement. It was estimated that these legislative changes would allow

for the collection of \$4.0 million in unpaid court fines and fees. The Judiciary has not previously sent these notifications required by the law, but has proposed legislation to eliminate the requirement.

The Judicial Department's request also includes funding to send required tax intercept notices to individuals who owe fines to the Traffic Tribunal. The Judiciary estimated that it will send mailings to approximately 180,000 individuals for the overdue court fees notification and 30,000 individuals for the tax intercept notification. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Facilities and Operations.** The Department requested \$41,211 more from general revenues for contracted services and purchases related to facility repairs and maintenance. This includes janitorial services, inspection and repair of elevators and HVAC systems, as well as other routine building maintenance. The increase primarily reflects utility and snowplowing expenditures, which are partially offset by a reduction in building repairs. *The Governor recommended \$68,000 less than requested to reflect the Budget Office's estimate of electricity expenditures.* **The Assembly concurred.**

**Child Support Enforcement.** The Department requested \$1,000 more than enacted from federal funds to properly reflect its award and expenditures from the child support enforcement grant. The \$1,000 increase reflects an audit fee. The Judiciary utilizes the grant funds to enforce the support obligations owed by absent parents to their children, locate absent parents, establish paternity, and obtain child, spousal and medical support. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital Projects.** The Department requested the enacted level of \$5.5 million from Rhode Island Capital Plan funds for capital projects during FY 2016. This includes funding for the restoration of the Licht Judicial Complex, the build out of the shelled courtrooms at the Noel Judicial Complex, the replacement and/or restoration and/or cleaning of the heating, ventilation and air conditioning system for all judicial complexes, and asset protection projects. Funding is consistent with the amounts requested in the Judiciary's capital budget request. *The Governor recommended \$0.1 million more than requested from Rhode Island Capital Plan funds.* **The Assembly concurred. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

**Other Operations.** The Department requested \$0.2 million more for all other expenses. This includes \$0.1 million more from general revenues, \$0.1 million more from federal funds, and \$39,903 more from restricted receipts, primarily from the workers' compensation administrative fund. The requested changes are for expenditures such as office equipment and supplies, small scale repairs, and printing costs. The general revenue changes largely reflect actual FY 2015 experience. *The Governor recommended funding as requested.* **The Assembly concurred.**

## Military Staff

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 7,261,143	\$ 8,309,609	\$ 8,344,377	\$ 8,294,377
Contracted Services	1,282,801	1,434,168	1,428,195	1,500,242
<b>Subtotal</b>	<b>\$ 8,543,944</b>	<b>\$ 9,743,777</b>	<b>\$ 9,772,572</b>	<b>\$ 9,794,619</b>
Other State Operations	4,978,743	5,015,055	5,929,220	5,929,220
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	314,982	502,000	515,150	515,150
Capital	1,707,083	4,147,266	3,406,432	2,706,432
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 15,544,752</b>	<b>\$ 19,408,098</b>	<b>\$ 19,623,374</b>	<b>\$ 18,945,421</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,144,129	\$ 2,065,434	\$ 2,363,408	\$ 2,313,408
Federal Aid	12,353,422	15,361,864	14,636,581	14,708,628
Restricted Receipts	211,281	323,300	387,300	387,300
Other	835,920	1,657,500	2,236,085	1,536,085
<b>Total</b>	<b>\$ 15,544,752</b>	<b>\$ 19,408,098</b>	<b>\$ 19,623,374</b>	<b>\$ 18,945,421</b>
<b>FTE Authorization</b>	<b>85.0</b>	<b>92.0</b>	<b>92.0</b>	<b>92.0</b>
<b>FTE Average</b>	<b>78.6</b>			

**FY 2016 Revised Request.** The Military Staff's revised request includes \$1.0 million more than enacted, including \$0.5 million more from general revenues, \$0.3 million less from federal funds, \$0.1 million less from restricted receipts, and \$0.9 million more from Rhode Island Capital Plan funds. The general revenue request is \$492,626 more than the enacted budget adjusted for undistributed statewide savings.

The Military Staff subsequently submitted a corrective action plan that would reduce general revenues by \$0.3 million, which would primarily be achieved by postponing maintenance and repairs until FY 2017. *The Governor recommended \$0.8 million less than requested, including \$0.2 million less from general revenues, \$0.4 million less from federal funds, and \$0.2 million less from Rhode Island Capital Plan funds.* **The Assembly reduced general revenues to reflect participation in the Governor's Cybersecurity Commission working groups, which will not occur until FY 2017, added available federal funds for the anti-terrorism program and the distance learning center, and made adjustments to capital project schedules and funding.**

**Firefighters.** The Military Staff requested \$45,128 more than enacted for salaries and benefits for the Rhode Island National Guard firefighters program, including \$90,961 more from general revenues and \$45,833 less from federal funds. The request funds 30.0 full-time positions, including 17.0 full-time firefighters that are specialized in fire containment and disaster response involving National Guard vehicles, 10.0 crew chiefs, and 3.0 assistant chiefs. There are currently five vacancies in the program.

The enacted budget includes funding for 28.0 positions. The Military Staff indicated that its revised FY 2016 request reflects its plan to fill vacancies in FY 2016 for safety reasons. The Military Staff subsequently submitted a corrective action plan that would reduce general revenues by \$0.3 million, including a reduction of \$12,000, which would be achieved by delaying the hiring of vacant firefighter positions. The plan would hold three positions vacant until April 1, 2016 and make unidentified operating reductions. *The Governor recommended \$164 less than requested from general revenues to reflect additional statewide medical benefits savings. She did not include the \$12,000 reduction proposed in the corrective action plan.* **The Assembly concurred.**

**Activations.** The Military Staff requested \$75,000 from general revenues to support the activation of National Guard troops to provide support to civil authorities during both emergency and non-emergency events. The agency's request suggests that this could involve a state or federal emergency, including cybersecurity or weather events. Currently, funding required for activations is appropriated during the year in which it is needed. No funding is included in the enacted budget, and the current request is more of a placeholder with funds appropriated and then expended as needed. *The Governor recommended \$50,000, or \$25,000 less than requested to participate in the Governor's Cybersecurity Commission working groups.* **The Assembly removed \$50,000 from general revenues based on projected spending.**

**All Other Salaries and Benefits.** The Military Staff requested \$580 more than enacted, including \$28,741 more from general revenues and \$28,161 less from federal funds for salaries and benefits for the remaining 62.0 full-time equivalent positions. This primarily reflects a pay increase for the new Adjutant General approved after the Budget was enacted, offset by additional turnover savings from other positions. *The Governor recommended \$60,776 less than requested, including \$9,381 less from general revenues and \$50,815 less from federal funds to reflect additional turnover savings and medical benefits savings.* **The Assembly concurred.**

**Counterdrug Asset Forfeiture.** The Military Staff's revised request includes \$0.1 million more from restricted receipt expenditures planned from asset forfeitures generated from the Guard's counterdrug activities. The funds are part of the state's overall Google settlement, and will be used for travel expenses and supplies in support of the Guard's counterdrug operations. Total Google settlement funds allocated to Military Staff are \$5.0 million; the FY 2016 revised request includes \$0.1 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Military Funeral Honors.** The National Guard requested \$13,150 more than enacted from general revenues to reflect the projected cost for military funeral honors in FY 2016. 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". The National Guard pays stipends for two individuals. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Building Maintenance.** The Military Staff requested \$0.1 million more from all funds, including \$143,913 more from general revenues and \$43,818 less from federal funds for building maintenance and small-scale repairs, which primarily reflects repairs and maintenance projects delayed from FY 2015 to FY 2016. The funding is for minor renovations and repairs at all National Guard facilities, projects at other armories and militia facilities, custodial services at armories, and fire inspection. The Staff noted that its request includes adjustments to general revenues and federal funds based on revisions to the projects expected to move forward and better reflects the state and federal shares for these specific projects.

The Military Staff subsequently submitted a corrective action plan that would reduce general revenues by \$0.3 million, which would primarily be achieved by postponing maintenance and repairs to FY 2017. *The Governor recommended \$0.2 million less than requested, including \$0.1 million less from general revenues. The recommendation includes some of the reductions proposed in the agency's corrective action plan.* **The Assembly concurred.**

**Snow Removal.** The Military Staff requested \$0.6 million from all funds, including \$0.1 million from general revenues and \$0.5 million from federal sources for anticipated snow removal costs in FY 2016. The Military Staff noted that while it previously relied heavily on high mobility multipurpose wheeled vehicles and federal employees for snow plowing operations in January 2015, the United States Army issued a directive that snow plows are no longer authorized for use on these vehicles. The Master Cooperative Agreement allows for approximately 90 percent federal reimbursement for snow removal costs. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Utilities.** The Military Staff requested \$0.4 million more to reflect anticipated expenditures for electricity and fuel, which are shared expenses with the National Guard. This includes increases of \$0.3 million from federal funds and \$0.1 million from general revenues for the state match. *The Governor recommended \$0.2 million less than requested, including \$0.1 million less from general revenues to reflect the Budget Office's estimate of electricity expenditures.* **The Assembly concurred.**

**All Other Operations.** The Military Staff requested \$1.0 million less for all other expenses for the National Guard, including reductions of \$19,059 from general revenues and \$1.0 million from federal funds. This primarily reflects a reduction for minor construction projects, including delaying some of these projects from FY 2016 to FY 2017.

*The Governor recommended \$0.2 million less than requested, including \$7,658 less from general revenues. These are adjustments to reflect that the Military Staff's request inadvertently overfunded rental payments to the Airport Corporation and other expenses beyond what it had intended to request. She subsequently requested an amendment to add \$0.1 million to reflect the availability of additional federal funds in FY 2016 for two contract employees, including \$34,829 for security services for the anti-terrorism program and \$37,218 for information technology services for the distance learning center.* **The Assembly concurred with the amended recommendation.**

**Capital Projects.** The Military Staff requested \$0.8 million more than enacted from Rhode Island Capital Plan funds to be used for capital projects at buildings under its purview throughout the state. The revisions primarily reflect that work to complete the rehabilitation of the Benefit Street Armory has been delayed from FY 2015 to FY 2016. *The Governor recommended \$0.2 million less than requested from Rhode Island Capital Plan funds.* **The Assembly shifted \$0.5 million from FY 2016 to FY 2018 based on an updated Joint Force Headquarters building project schedule and removed \$0.2 million from the Asset Protection project based on anticipated expenditures. A detailed analysis of the projects is included in the Capital Budget section of this publication.**



## Rhode Island Emergency Management Agency

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 2,912,819	\$ 3,436,024	\$ 3,279,454	\$ 3,279,454
Contracted Services	484,467	807,408	911,323	911,323
<b>Subtotal</b>	<b>\$ 3,397,286</b>	<b>\$ 4,243,432</b>	<b>\$ 4,190,777</b>	<b>\$ 4,190,777</b>
Other State Operations	4,150,197	3,689,972	5,367,817	5,367,817
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	3,308,892	10,596,014	18,739,447	18,739,447
Capital	1,299,526	8,500	232,075	232,075
Capital Debt Service	-	-	-	-
Operating Transfers	2,379,952	-	-	-
<b>Total</b>	<b>\$ 14,535,853</b>	<b>\$ 18,537,918</b>	<b>\$ 28,530,116</b>	<b>\$ 28,530,116</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,796,019	\$ 1,766,002	\$ 1,762,453	\$ 1,762,453
Federal Aid	12,622,540	16,551,541	26,233,728	26,233,728
Restricted Receipts	117,294	220,375	301,860	301,860
Other	-	-	232,075	232,075
<b>Total</b>	<b>\$ 14,535,853</b>	<b>\$ 18,537,918</b>	<b>\$ 28,530,116</b>	<b>\$ 28,530,116</b>
<b>FTE Authorization</b>	<b>32.0</b>	<b>32.0</b>	<b>32.0</b>	<b>32.0</b>
<b>FTE Average</b>	<b>28.0</b>			

**FY 2016 Revised Request.** The Rhode Island Emergency Management Agency requested \$9.8 million more than enacted, including \$30,672 from general revenues, \$9.7 million from federal funds, and \$48,587 from restricted receipts. This primarily reflects prior year delays in awarding federal disaster aid and other federal grants. The general revenue request is \$32,899 more than the enacted budget adjusted for undistributed statewide savings. *The Governor recommended \$0.2 million more than requested, primarily from Rhode Island Capital Plan funds.* **The Assembly concurred.**

**Statewide Communications Network.** The Agency requested \$2.4 million from all funds, including \$1.3 million from general revenues and \$1.1 million from federal funds for expenses related to the Rhode Island Statewide Communications Network. The request includes the enacted level of federal funds and \$15,674 more than enacted from general revenues, primarily for the contract with Motorola to maintain the radio system. The general revenue increase primarily reflects the actual FY 2016 cost for the two-year renewal contract, which went into effect on July 1, 2015. *The Governor recommended \$347 less than requested from all funds, to reflect statewide medical benefit savings. She shifted \$11,799 from general revenues to restricted receipts for equipment purchases to reflect more funding available from indirect cost recoveries.* **The Assembly concurred.**

**Salaries and Benefits.** The Agency requested \$0.1 million less than enacted for salary and benefit expenditures for its 32.0 positions. The request includes an increase of \$17,970 from general revenues and reductions of \$149,617 from federal funds and \$3,705 from restricted receipts. This primarily reflects additional turnover savings and also reflects statewide medical benefit savings and actual employee benefit

selections. The request also includes shifting \$17,970 of expenses formerly funded from federal sources to general revenues. *The Governor recommended \$976 less than requested from general revenues to reflect additional statewide medical benefit savings.* **The Assembly concurred.**

**Disaster Funding.** The Agency requested \$2.7 million more than enacted 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 2016 for entities affected by Hurricane Sandy, Tropical Storm Irene, the 2010 floods, and the blizzards of 2012, 2013 and 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Emergency Operations and Performance Grants.** The Agency requested \$2.0 million more than enacted based on revised awards and projected expenditures from federal grants for emergency operations. The funding, which is primarily passed through to local emergency management agencies, is used for construction and renovation of a state or local government's principal emergency management operations centers and to provide support for emergency operations necessary to ensure continuity of government and operations in major disasters. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Federal Grants.** The Agency requested \$5.1 million more than enacted from federal funds to reflect revised grant awards and expenditures. The request includes changes to multiple grants to reflect funds carried forward from previous years, as well as updated expenditure plans. The major increases in grant spending involve the Federal Emergency Management Flood Clean Up reimbursements, staff training for emergency response, and Department of Homeland Security related security upgrades. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Operations.** The Agency requested \$49,320 more than enacted including \$2,972 less from general revenues and \$52,292 more from restricted receipts for all other expenditures. The request includes minor adjustments to operating costs and the restricted receipts primarily reflect more funding available through recovery of indirect costs on some of its federal grants. The increased funding would be used primarily for a contract employee working on federal emergency management grants. The Agency did not propose any offsetting reductions in general revenues. *The Governor recommended total funding as requested, but shifted \$21,099 from general revenues to restricted receipts to reflect more funding available from indirect cost recoveries.* **The Assembly concurred.**

**Capital.** The Agency's FY 2016 revised request did not include Rhode Island Capital Plan funds. This is inconsistent with the Agency's capital request, which includes \$0.9 million for the Hurricane Sandy Cleanup project, including \$0.7 million from federal funds and \$0.2 million from Rhode Island Capital Plan funds. The Agency noted that the capital request is correct and the \$0.9 million represents the remaining balance of state agency reimbursements. *The Governor included \$0.2 million from Rhode Island Capital Plan funds for the Hurricane Sandy Cleanup project.* **The Assembly concurred.**

## Department of Public Safety

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
Central Management	\$ 4,682,451	\$ 5,095,429	\$ 6,573,702	\$ 6,478,702
E-911	5,320,615	5,377,414	5,499,040	5,409,040
Fire Marshal	3,566,280	5,896,017	7,055,125	7,015,125
Capitol Police	3,661,128	3,645,409	3,711,058	3,711,058
Sheriffs	18,276,123	19,034,895	18,972,425	18,647,425
Municipal Police Training Academy	417,987	420,421	473,518	473,518
State Police	81,280,312	84,255,831	81,591,961	96,315,053
<b>Total</b>	<b>\$ 117,204,896</b>	<b>\$ 123,725,416</b>	<b>\$ 123,876,829</b>	<b>\$ 138,049,921</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 80,199,022	\$ 79,702,054	\$ 80,510,560	\$ 79,683,652
Contracted Services	699,329	753,405	996,593	996,593
<b>Subtotal</b>	<b>\$ 80,898,351</b>	<b>\$ 80,455,459</b>	<b>\$ 81,507,153</b>	<b>\$ 80,680,245</b>
Other State Operations	8,992,794	10,110,541	10,393,308	10,393,308
Aid to Local Units of Government	-	-	50,000	50,000
Assistance, Grants, and Benefits	21,048,943	20,005,672	21,824,823	36,824,823
Capital	6,264,808	13,153,744	10,101,545	10,101,545
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 117,204,896</b>	<b>\$ 123,725,416</b>	<b>\$ 123,876,829</b>	<b>\$ 138,049,921</b>
<b>Sources of Funds</b>				
General Revenue	\$ 99,121,734	\$ 97,060,493	\$ 93,257,274	\$ 93,657,274
Federal Aid	5,986,537	6,764,072	10,093,127	10,093,127
Restricted Receipts	6,601,587	11,176,346	11,493,242	25,493,242
Other	5,495,038	8,724,505	9,033,186	8,806,278
<b>Total</b>	<b>\$ 117,204,896</b>	<b>\$ 123,725,416</b>	<b>\$ 123,876,829</b>	<b>\$ 138,049,921</b>
<b>FTE Authorization</b>	<b>633.2</b>	<b>633.2</b>	<b>633.2</b>	<b>633.2</b>
<b>FTE Average</b>	<b>599.4</b>			

**FY 2016 Revised Request.** The Department of Public Safety requested revised expenditures of \$2.3 million more than enacted from all sources, including \$3.2 million less from general revenues, \$3.3 million more from federal sources, \$0.3 million more from restricted receipts, and \$2.0 million more from other fund sources. The request includes the authorized level of 633.2 full-time equivalent positions and is \$3.0 million less from general revenues than the enacted budget adjusted for undistributed statewide savings.

The request includes the shift of \$3.0 million of State Police staffing and operations costs from general revenues to restricted receipts available from Google, Inc. forfeiture funds for savings in the current year; this includes \$2.2 million for salary and benefit costs resulting from the September 2015 Troopers Association arbitration settlement of sworn members' cost-of-living increases for FY 2014 through FY

2016 and \$0.8 million of information technology expenses. The Department's FY 2017 operating budget request includes general revenues for these costs.

*The Governor recommended \$2.2 million less than requested, including \$0.6 million less from general revenues. She included the requested shift of State Police expenses from general revenues to Google, Inc. forfeiture funds. **The Assembly provided \$14.2 million more than recommended, including \$0.4 million from general revenues, \$14.0 million more from restricted receipts, and \$0.2 million less from other funds.***

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

**Information Technology and Communication Systems.** The Department requested \$0.2 million more than enacted from general revenues for new and updated information technology and communication systems infrastructure. The Department reported the increase is primarily related to the purchase of equipment to assist in the completion and deployment of the first phase of Next Generation 911 technology, which will allow text-based communications with both public safety answering points. The request includes \$0.1 million for headsets, network servers, and network services, as the Division's servers have reached the end of their useful life and cannot interface with Next Generation 911. It also includes \$0.1 million for the purchase and installation of a new SONET ring, which allows for more than one transmission path for data, preventing calls from being dropped. These expenses were not included in the Department's FY 2016 operating request and therefore are not in the enacted budget. *The Governor recommended funding as requested. **The Assembly concurred.***

**Other Operations.** The Department requested \$10,802 less than enacted from general revenues for all other E-911 expenses. This includes \$17,552 less for salaries and benefits to reflect more overtime expenditures, offset by increased turnover and statewide benefit savings.

Non-payroll costs increase by \$6,750, including \$2,500 less for building maintenance and \$2,750 more for psychological testing services for new telecommunicator recruits, consistent with historical expenditures, and \$6,500 for uniform purchases consistent with the Division's employment contract. *The Governor recommended \$58,919 less than requested, reflective of current vacancies, additional statewide medical benefit savings, and a reduction to correctly budget the October 4, 2015 cost-of-living adjustment. **The Assembly included \$0.1 million of additional turnover savings to reflect the Department's third quarter report and anticipated staffing expenditures.***

### **Fire Marshal**

**Fire Training Academy Staffing and Operations.** The Department requested \$0.2 million more than enacted from all sources for the staffing and operations of the Fire Training Academy. This includes \$83,150 more from Hazardous Materials Training and Fire Training Systems federal grant funds. Also included is \$0.1 million more from Fire Training Academy receipts to reflect anticipated courses to be held in FY 2016. Consistent with the enacted budget, the request includes \$0.1 million from general revenues for salary and benefit costs associated with the fire training academy director position. *The Governor recommended funding as requested. **The Assembly concurred.***

**Other Salaries and Benefits.** The Department requested \$148,438 less than enacted from all sources for salaries and benefits for the remaining 35.0 full-time equivalent positions in the Office of the Fire Marshal. This includes \$123,385 less from general revenues, \$26,032 less from federal funds, and \$979 more from Quonset Development Corporation funds for building inspections. The request reflects turnover savings associated with unanticipated vacancies in the second half of FY 2015 filled at a lower cost. Also included is \$12,000 less than enacted from all funds for overtime expenses, consistent with general revenue expenditures in FY 2015. The remainder of the request includes statewide benefit savings and is consistent

with updated Budget Office planning values. *The Governor recommended \$14,394 less than requested from general revenues, including additional statewide medical benefit savings, and a reduction to correctly budget the October 4, 2015 cost-of-living adjustment.* **The Assembly included an additional \$40,000 of turnover savings to reflect the Department's third quarter report.**

**Uniforms.** The request includes \$40,000 from general revenues for the purchase of uniforms for staff in the Office of the State Fire Marshal. The Department reports that it is in the process of instituting common policies regarding uniforms and basic equipment for each of its divisions. The Department reported that the policy includes the requirement that all union members wear a uniform that includes a shirt, pants, shoes or boots, and a hat. The decision to purchase uniforms for Fire Marshal staff was made in the summer of 2015, and was not included in the enacted budget. The request reflects a quote provided to the Department shortly after the policy was set. *The Governor did not recommend the uniform purchase.* **The Assembly concurred.**

**Grant Adjustments.** Excluding salaries and benefits, the Department requested \$0.3 million more than enacted from federal funds carried forward from FY 2015 for equipment in support of the Fire Marshal's Bomb Disposal unit and for hazardous materials training programs held at the State Fire Training Academy. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Fire Training Academy.** Consistent with its capital budget request, the Department requested \$0.3 million more than enacted from Rhode Island Capital Plan funds for the second phase of construction at the Fire Training Academy, reflective of increased project costs and an updated project schedule. *The Governor recommended \$0.6 million more than requested for FY 2016 to reflect an updated project schedule.* **The Assembly concurred. A detailed description of this project can be found in the Capital Budget section of this publication.**

**Other Operations.** The Department requested \$1,723 more than enacted from general revenues for all other Fire Marshal expenses. The request is consistent with FY 2015 expenditures for veterinary services for the Bomb Squad's K-9 unit, reflects vehicle purchases made in FY 2015 for the Office's fleet, and reduces overall telecommunications expenses to be more consistent with FY 2015 expenditures for the Office's three locations. *The Governor recommended \$2,634 more than enacted, which is \$911 more than requested for miscellaneous expenditures.* **The Assembly concurred.**

### Capitol Police

**Salaries and Benefits.** The Department requested \$62,048 more than enacted from general revenues for Capitol Police salaries and benefits based on current staffing, offset by increased overtime consistent with FY 2015 expenditures. As of the pay period ending December 12, 2015, the division reported 47.0 filled positions, 4.0 less than authorized. *The Governor recommended \$21,616 less than requested to reflect employee benefit selections, additional statewide medical benefit savings, and a reduction to correctly budget the October 4, 2015 cost-of-living adjustment.* **The Assembly concurred.**

**Recruitment.** The Department requested \$5,000 from general revenues for the recruitment of new police officers. The Department reported that additional staffing requests in FY 2015 resulted in the Capitol Police depleting its list of potential hires and believes that action in the current year is necessary to fulfill its statutory obligations to provide security functions at fourteen state agency and court buildings. The request includes \$2,750 for advertising, \$1,500 for psychological and medical testing of potential recruits, and \$750 to rent space to hold a recruitment event. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Operations.** The Department requested \$20,217 more than enacted from general revenues for all other Capitol Police expenses. Increases include \$6,000 for cellular phone expenses, \$11,000 for supplies

and equipment, and \$5,000 for uniforms, consistent with FY 2015 expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

### **Sheriffs**

**Salaries and Benefits.** The Department requested \$53,996 more than enacted from all sources for salary and benefit expenses for the authorized level of 180.0 full-time equivalent positions for the Division of Sheriffs. This includes \$32,996 more from general revenues and \$21,000 more from available federal Active Shooter Preparedness grant funds. The request reflects increased turnover and statewide medical benefit savings and is consistent with updated Budget Office planning values. Savings are offset by \$0.1 million more than enacted for overtime, reflective of FY 2014 and FY 2015 expenditures.

*The Governor recommended \$0.1 million less than requested to reflect current staffing, employee benefit selections, additional statewide medical benefit savings, and a reduction to correctly budget the October 4, 2015 cost-of-living adjustment. The total recommendation for overtime costs is \$20,000 less than requested from general revenues and \$26,585 less than FY 2015 expenditures.* **The Assembly included \$0.3 million of additional turnover savings to reflect the Department's third quarter report and anticipated staffing expenditures for the remainder of the fiscal year.**

**Recruit Academy.** The Department requested \$47,250 from all sources to hold a recruit academy for sheriffs in the current year. This includes \$24,750 from general revenues and \$22,500 from a proposed restricted receipt account dedicated to Sheriffs' academies. General revenue expenditures would be offset by the establishment of a fee of \$50 per application, which is consistent with the application fee charged by the State Police for recruits to its academies. The request assumes 450 applications would be received by the division. It should be noted that in addition to the establishment of a new restricted receipt account, the authority to charge an application fee would require legislative action, which was highly unlikely to occur in time to meet the proposed schedule.

The Department reported that the hiring of deputy sheriffs in FY 2014 and FY 2015 resulted in the depletion of the Sheriffs' roster of potential new hires. The request reflects the Department's belief that to ensure that the Division continues to fulfill its statutory obligations a recruit academy needs to occur in the current year.

The request includes \$38,750 for psychological and medical testing of an estimated 50 potential recruits, \$3,000 for training supplies, \$5,000 to advertise the academy, and \$500 to rent space to hold the academy for a period of six weeks. The request assumes that the academy will begin in early May 2016. The Department began accepting applications for the FY 2016 academy in fall 2015. The application deadline was December 28, 2015; the Division reported that it received 375 applications by that date. No applicant was charged the proposed fee.

*The Governor recommended total funding as requested; however, recommended funds are exclusively from general revenues.* **The Assembly concurred.**

**Other Operations.** The Department requested \$34,870 less than enacted from general revenues for all other Division of Sheriffs expenses. This includes \$12,060 less for facilities shared with the Judiciary and Corrections, \$9,000 less for prisoners' food, \$45,413 less for basic supplies and equipment, and \$26,000 less for out-of-state transportation costs, all reflective of FY 2015 expenditures. Reductions are partially offset by \$71,393 more than enacted for maintenance of the Sheriffs' fleet of vehicles based on updated revolving loan payments consistent with the purchase of new vehicles in FY 2015.

*The Governor recommended \$7,500 more than requested to reflect the restoration of witness fee payments in the Department's budget, which were apparently excluded from the FY 2016 recommended and enacted*

*budgets due to their anticipated shift to another budget. That shift did not occur. The Assembly concurred.*

### **Municipal Police Training Academy**

**Personnel and Operations.** The Department requested \$54,910 more than enacted from all funds for Municipal Police Training Academy expenses. This includes \$2,529 more from general revenues and \$52,381 more from federal funds. The request includes \$2,863 more for current staff costs, including statewide medical benefit savings and updated Budget Office planning values.

The request includes \$334 less from general revenues from a revision to oil changes and maintenance schedules for the Public Safety fleet. The savings are also included in the FY 2017 operating request for all departmental divisions. The Department could not provide any information regarding why the change would occur in the current year for only the Academy. The request also includes \$52,381 more from federal training funds, carried forward from FY 2015. *The Governor recommended \$1,813 less than requested. The recommendation reflects employee benefit selections, includes additional statewide medical benefit savings and a reduction to correctly budget the October 4, 2015 cost-of-living adjustment. The Assembly concurred.*

### **State Police**

**Arbitration Settlement.** The Department requested \$0.6 million from restricted receipts for retroactive salary and benefit expenses above amounts already set aside resulting from the September 2015 decision settling the contract arbitration between the state and the Rhode Island State Troopers Association.

The settlement provides cost-of-living increases of 3.5 percent, 3.0 percent, and 3.5 percent for the contract years ending April 30, 2014, April 30, 2015, and April 30, 2016, respectively, for a total increase of 10.0 percent. It also includes a one-time \$500 technology stipend in the current year. For FY 2014, FY 2015, and FY 2016, the Department assumed sworn members would be awarded increases of 2.0 percent for each year, similar to that received by other state employees.

The Troopers Association does not include all sworn members of the State Police; only those members with the ranks from trooper through detective sergeant may belong. However, the Department has historically provided non-union sworn members with increases equivalent to those awarded through Association contract negotiations on a go-forward basis. Including the noted \$0.6 million, the total award for FY 2014 through FY 2016 is \$5.2 million. This is \$2.3 million above the estimated costs already included in the current and prior budgets based on the contracts for other employees. The request includes an increase of 10.0 percent for non-union sworn members for the current year, consistent with past practices. No retroactive payments are assumed for those employees.

The FY 2016 settlement cost is discussed separately, in the Other Salaries and Benefits section of this analysis. *The Governor recommended funding as requested. The Assembly concurred.*

**56<sup>th</sup> Training Academy.** The Department requested \$12,353 more than enacted from all sources for the 56<sup>th</sup> Training Academy, including \$3,134 less from general revenues and \$15,487 more from restricted receipts available from Google, Inc. forfeiture funds. The request reflects statewide medical benefit savings and updated costs for recruit transportation, training officers, and other services. The Department's FY 2017 operating budget request includes \$4.7 million from general revenues for the salary and benefit costs associated with the graduation and swearing in of the 56<sup>th</sup> Training Academy class in July 2016. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Salaries and Benefits.** The Department requested \$0.7 million more than enacted from all sources for all other salary and benefit costs for the State Police. This reflects \$1.1 million for the current year cost of the recent arbitration settlement above amounts already budgeted, which were based on the increases awarded to other state employees. Increased costs are offset by \$0.4 million of additional turnover and statewide benefit savings.

By fund source, the changes include \$2.2 million less from general revenues, \$0.8 million more from federal funds, \$2.3 million more from restricted receipts, and \$0.2 million less from Department of Transportation reimbursement funds. Also included is \$0.2 million from reimbursements from other state agencies, including the Department of Revenue and the Department of Children, Youth and Families. Funding for State Police personnel costs from other state agencies does not constitute savings, as it shifts costs from one state agency to another. The Department received authority to use \$2.7 million of Google, Inc. forfeiture funds to cover the FY 2016 increase and costs above what was already set aside for FY 2014 and FY 2015.

*The Governor recommended \$0.2 million less than requested, including \$171,181 less from general revenues. The recommendation reflects employee benefit selections, unanticipated turnover savings, additional statewide medical benefit savings, and a reduction to correctly budget the October 4, 2015 cost-of-living adjustment for Division civilian employees. She subsequently requested an amendment to exclude \$0.2 million from reimbursements from other state agencies, which was included in her recommended budget in error. **The Assembly concurred and included an additional \$50,000 of turnover savings to reflect the Department's third quarter report and anticipated personnel expenditures.***

**Pre-1987 Pensions.** The Department requested \$633,628 more than enacted from all funds for 256 State Police pension benefits for sworn members who entered the Division before July 1, 1987. This includes \$0.4 million less from general revenues and \$1.0 million from restricted receipts available from Google Inc. forfeiture funds.

The 2015 Assembly authorized the creation of a trust fund for these benefits, seeded with \$15.0 million from restricted receipts available from Google, Inc. forfeiture funds and \$16.6 million from general revenues, to replace the annual pay-as-you-go appropriation. The request appears to be based on an updated census of beneficiaries and would be necessary for the current year if the benefits remained a pay-go appropriation. As the enacted budget reflected funding for these pensions on an actuarial basis, the request appears to include \$0.6 million more than is necessary from all funds.

*The Governor recommended funding as requested. As of February 2016, the Department had not received approval from the federal Department of Justice to utilize the Google, Inc. forfeiture funds to seed the trust. It is unclear why the approval was delayed. New expenditures from these funds for the recent arbitration settlement that occurred months later had already been approved.*

*The Governor subsequently requested an amendment to reflect the Department of Justice's approval of the trust and that the \$15.0 million initial expenditure from restricted receipts would occur in FY 2016 to seed the trust. She also included \$1.0 million more from general revenues to provide the enacted level of funding from that source in order to provide sufficient pay-go funding for FY 2016. **The Assembly concurred.***

**Modernization.** The Department requested \$2.8 million less than enacted from restricted receipts available from Google, Inc. forfeiture funds for State Police modernization programs, including fleet purchases and staff training. The request reflects the Department's prioritization of capital projects, recruitment, and technology purchases as well as the shift of arbitration settlement expenditures from state sources to Google forfeiture funds in the current year.

From FY 2012 through the current year, the enacted budget has included funds for State Police modernization programs, including fleet purchases, information technology purchases, and staff training. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Software Licenses.** The Department requested \$10,556 more than enacted from all sources for software maintenance agreements for the Division of State Police; this includes the shift of \$0.8 million of annual costs from general revenues to restricted receipts available from Google, Inc. forfeiture funds. The Department reported that the request reflects its prioritization of these licensing agreements for the current year; and, that consistent with federal guidelines regarding the use of forfeiture funds, it has received permission from the Department of Justice to expend the funds as requested. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Unspecified Equipment Purchases.** The Department requested \$0.1 million from restricted receipts available from forfeited property for unspecified supply and equipment purchases. These receipts result from cases the Division has closed without assistance, cases shared with municipal law enforcement agencies, and funds resulting from cases shared with the federal government. Property retained as a result of cases shared with local law enforcement agencies must be shared with the other public safety agencies that assisted in the cases' investigation. Funds were last shared in FY 2013. *The Governor recommended funding as requested.* **The Assembly concurred.**

**State Fleet.** The Department requested \$0.6 million more than enacted from all funds for State Police fleet costs. This includes \$0.3 million more from general revenues and \$0.1 million more from Department of Transportation reimbursement funds for highway details, consistent with historical expenditures. The request also includes \$0.3 million more from federal funds for vehicle equipment packages. The Department reported that these funds were excluded from its FY 2016 operating request and the enacted budget in error.

The Division has purchased new vehicles each fiscal year since FY 2011; this includes expenditures from Google, Inc. forfeiture funds for vehicles in FY 2013, expenditures from federal funds to purchase vehicles in FY 2014, and the purchase of seven sport utility vehicles in FY 2015. *The Governor recommended \$48,082 less than requested from general revenues to reflect anticipated maintenance costs for a newer fleet of vehicles.* **The Assembly concurred.**

**Capital.** Consistent with its capital budget request, the Department requested \$31,596 more than enacted from all sources for significant repair and renovation at the Lincoln barracks, a feasibility study regarding the construction of new Wickford and Hope Valley barracks, unspecified asset protection projects at its headquarters building, renovation of office space for the Computer Crimes Unit, construction of a secure garage for its fleet of vehicles, and information technology upgrades for multiple divisions. The request includes \$1.8 million more than enacted from Rhode Island Capital Plan funds and \$1.7 million less than enacted from restricted receipts available from Google, Inc. forfeiture funds, reflective of updated project costs and timeframes. *The Governor recommended \$2.3 million less than requested from Rhode Island Capital Plan funds.* **The Assembly concurred. A more detailed description of the capital projects is available in the Capital Budget section of this publication.**

**Other Operations.** The Department requested \$0.2 million less than enacted from all sources for all other State Police expenses. This includes \$0.3 million less from general revenues, \$18,780 more from restricted receipts available for polygraph testing, and \$15,750 more from reimbursements from the Department of Revenue for Gaming Unit supplies. The request is largely consistent with FY 2015 expenditures for communications systems expenses, including sworn members' cell phone charges, postage costs, fuel and utilities, general office supplies, staff travel, and training services.

*The Governor recommended \$0.1 million less than requested, including \$75,000 less to reflect statewide utility savings. She also included \$10,500 less than requested for information technology support services, \$10,350 less for contracted records management services, and \$2,964 less for veterinary services for the State Police K-9 squad. Although the recommendation is essentially consistent with the enacted level for these expenses, it is less than FY 2015 expenditures. **The Assembly concurred.***

### **Central Management**

**Grant Adjustments.** The Department requested \$1.4 million more 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 awards and funds carried forward from the prior year. *The Governor recommended funding as requested. **The Assembly concurred.***

**Other Operations.** The Department requested \$0.1 million more than enacted from all funds for all other Central Management expenses, including \$11,925 less from general revenues and \$67,341 more from federal funds. The request includes \$61,401 more for salaries and benefits for the authorized level of 16.6 full-time positions, is consistent with updated Budget Office planning values, and includes statewide medical benefit savings. The request restores turnover savings equivalent to 0.3 of a full-time equivalent position; the enacted budget assumes savings equivalent to 0.9 of a position. As of the pay period ending December 12, 2015, the Division reported 1.6 vacancies.

The request also includes \$5,940 more from general revenues for operations expenses, consistent with FY 2015 expenditures and reflecting the completion of the division's new offices at the end of FY 2015. *The Governor recommended \$9,175 less than requested from general revenues to reflect current staffing, additional statewide medical benefit savings, and a reduction to correctly budget the October 4, 2015 cost-of-living adjustment. **The Assembly included an additional \$0.1 million of turnover savings to reflect the Department's third quarter report and concurred with the remainder of the recommendation.***

## Office of the Public Defender

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 9,701,447	\$ 10,391,716	\$ 10,274,225	\$ 10,274,225
Contracted Services	167,812	221,363	255,813	255,813
<b>Subtotal</b>	<b>\$ 9,869,259</b>	<b>\$ 10,613,079</b>	<b>\$ 10,530,038</b>	<b>\$ 10,530,038</b>
Other State Operations	950,465	979,768	978,990	978,990
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	40,464	60,000	60,000	60,000
Capital	42,034	47,500	47,500	47,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 10,902,222</b>	<b>\$ 11,700,347</b>	<b>\$ 11,616,528</b>	<b>\$ 11,616,528</b>
<b>Sources of Funds</b>				
General Revenue	\$ 10,829,860	\$ 11,621,977	\$ 11,503,708	\$ 11,503,708
Federal Aid	72,362	78,370	112,820	112,820
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 10,902,222</b>	<b>\$ 11,700,347</b>	<b>\$ 11,616,528</b>	<b>\$ 11,616,528</b>
<b>FTE Authorization</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>
<b>FTE Average</b>	<b>88.1</b>			

**FY 2016 Revised Request.** The Office of the Public Defender requested \$7,039 less than enacted from all funds, including \$41,489 less from general revenues and \$34,450 more from federal funds. The general revenue request is \$12,736 less than the enacted budget adjusted for undistributed statewide savings. *The Governor recommended \$83,813 less than enacted and \$76,780 less than requested, all from general revenues. The Assembly concurred.*

**Salaries and Benefits.** The Office requested \$0.1 million less than enacted from general revenues for salaries and benefits. The requested change primarily reflects turnover savings associated with the replacement of retired employees and also reflects statewide medical benefit savings and actual employee benefit selections. *The Governor recommended \$28,045 less than requested to reflect additional statewide medical benefit savings. The Assembly concurred.*

**Intake Interviewers and Case Management.** The Office requested \$44,032 more than enacted from all sources, including \$9,032 more from general revenues and \$35,000 more from federal funds for case management services. The general revenue funding also includes the continued procurement of three seasonal part-time intake interviewers, who are expected to assist in data entry functions and conduct interviews to help determine individuals who are financially eligible for public representation. The requested increase reflects available federal funds from a grant for case management services, including the assessment and evaluation of juvenile clients and placement into social service community programs, and additional general revenues to be used toward this activity. *The Governor recommended \$13,342 less*

than requested from general revenues based on actual spending in recent fiscal years and year-to-date spending. **The Assembly concurred.**

**Trial Related Expenses.** The Office requested \$5,396 more than enacted from all sources, including \$5,946 more from general revenues and \$550 less from federal funds for contracted trial related expenses, primarily medical experts. *The Governor recommended \$2,136 less than requested from general revenues for stenographic services based on the year-to-date spending and historical expenditures.* **The Assembly concurred.**

**All Other Operations.** The Office requested \$32,979 more than enacted from general revenues for all other operations. The primary reason for the change is \$28,780 more for court overhead charges based on recent historical expenditures and updated charges issued by the Judiciary. *The Governor recommended \$33,257 less than requested from general revenues.*

*The recommendation did not include the increase for court overhead charges and supporting documents note that the FY 2016 enacted budget and revised recommendation include an overall limit of \$932,340 charged by the Judiciary to other agencies occupying space throughout the court system.* **The Assembly concurred.**

## Department of Environmental Management

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditure by Program</b>				
Office of the Director	\$ 8,010,866	\$ 8,413,281	\$ 9,730,431	\$ 9,730,431
Bureau of Natural Resources	54,550,949	60,055,812	62,256,415	59,801,245
Bureau of Environmental Protection	26,406,919	30,835,528	30,807,521	31,652,911
<b>Subtotal</b>	<b>\$ 88,968,734</b>	<b>\$ 99,304,621</b>	<b>\$ 102,794,367</b>	<b>\$ 101,184,587</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 47,307,071	\$ 49,382,620	\$ 49,390,959	\$ 49,441,787
Contracted Services	4,998,802	6,620,958	7,387,422	6,896,397
<b>Subtotal</b>	<b>\$ 52,305,873</b>	<b>\$ 56,003,578</b>	<b>\$ 56,778,381</b>	<b>\$ 56,338,184</b>
Other State Operations	11,701,783	12,379,692	14,685,758	14,104,752
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	7,206,246	6,951,661	7,118,566	7,682,800
Capital	17,727,132	23,919,690	24,080,585	22,927,774
Capital Debt Service	-	-	-	-
Operating Transfers	27,700	50,000	131,077	131,077
<b>Total</b>	<b>\$ 88,968,734</b>	<b>\$ 99,304,621</b>	<b>\$ 102,794,367</b>	<b>\$ 101,184,587</b>
<b>Sources of Funds</b>				
General Revenue	\$ 36,110,396	\$ 37,586,385	\$ 38,425,074	\$ 38,350,074
Federal Aid	26,411,282	29,307,477	31,376,799	31,376,799
Restricted Receipts	12,186,477	18,354,537	19,462,047	19,462,047
Other	14,260,579	14,056,222	13,530,447	11,995,667
<b>Total</b>	<b>\$ 88,968,734</b>	<b>\$ 99,304,621</b>	<b>\$ 102,794,367</b>	<b>\$ 101,184,587</b>
<b>FTE Authorization</b>	<b>399.0</b>	<b>399.0</b>	<b>399.0</b>	<b>399.0</b>
<b>FTE Average</b>	<b>384.0</b>			

**FY 2016 Revised Request.** The Department requested \$4.2 million more than enacted. This includes increases of \$1.1 million from general revenues, \$2.1 million from federal funds, and \$1.1 million from restricted receipts. The general revenue request is \$1.2 million more than the enacted budget adjusted for undistributed statewide savings.

The Department subsequently submitted a corrective action plan that would reduce general revenues by \$355,374. The plan would hold several positions vacant until April 1, 2016 and make unidentified operating reductions. *The Governor recommended \$3.5 million more than enacted, which is \$0.7 million less than requested. General revenues are \$0.8 million more than enacted and \$0.2 million less than requested. She subsequently requested an amendment to add funding for statewide recreational trail projects. The Assembly reduced general revenues to reflect additional turnover savings, made adjustments to capital project schedules and funding, and concurred with the remainder of the recommendation.*

**Chief Public Affairs Officer.** The Department requested \$0.1 million from general revenues in FY 2016 for a new Chief Public Affairs Officer position in the Office of the Director, which has been filled since

October 4, 2015. The Department indicated that the Chief Public Affairs Officer's primary duties are to strengthen the Department's communications, marketing and outreach functions, as well as increasing its presence in social media and digital platforms. It noted that no one was previously performing these duties, and this newly created position represents a new focus on public relations for the Department.

The Department noted that while its request includes the Chief Public Affairs Officer and a new Assistant Chief of Planning, two positions associated with the Bays, Rivers and Watersheds Coordination Team were eliminated and vacated during FY 2015, the Chair of the Coordination Team and a Clerk Secretary position. *The Governor recommended funding as requested. The Assembly concurred.*

**Assistant Chief of Planning.** The Department requested \$0.1 million from general revenues for a new Assistant Chief of Planning in the Office of the Director, which it anticipated would be filled in the second half of FY 2016. The Department indicated that this newly created position would assist the Director and senior staff with strategic planning and performance measures, as well as other special projects assigned by the Director.

The Department noted that while its request includes the Assistant Chief of Planning and the new Chief Public Affairs Officer, two positions associated with the Bays, Rivers and Watersheds Coordination Team were eliminated and vacated during FY 2015, the Chair of the Coordination Team and a Clerk Secretary position. *The Governor's recommendation included the new position in the personnel roster, but did not include additional funding for FY 2016 or FY 2017. The recommendation assumes holding the position vacant through the end of FY 2017. The Assembly concurred.*

**Regional Greenhouse Gas Initiative.** Prior to FY 2015, Rhode Island General Laws allowed the Department of Environmental Management and the Office of Energy Resources to use \$0.3 million or 5.0 percent, whichever is less, of the receipts from the Regional Greenhouse Gas auctions for administrative purposes. Article 7 of 2014-H 7133 increased the administrative percentage to 10.0 percent or \$0.3 million, whichever is greater.

The Department's request includes \$0.8 million more than enacted from restricted receipts. The Department indicated that the increase includes \$0.3 million that was used to purchase 10 electric vehicles, \$0.1 million for a farm to energy program to provide energy efficiencies and renewable energy for farms in the state, and \$0.1 million for a program to provide tree plantings on private property intended to lower home energy costs. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Salaries and Benefits.** The Department requested \$0.2 million more than enacted for other salaries and benefits. This includes \$0.1 million less than enacted from general revenues and \$0.3 million more from federal and restricted sources. The request includes \$0.1 million less from general revenues for statewide medical benefit savings and \$0.3 million more from non-general revenue sources to restore turnover savings to reflect anticipated staffing costs for positions at the Department. This additional funding equates to filling approximately two additional positions.

Regarding the fund shift from general revenues to restricted receipts, the Department noted 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 Department subsequently submitted a corrective action plan that would reduce general revenues by \$355,374. The plan would hold three positions vacant until April 1, 2016 and make unidentified operating reductions. *The Governor recommended \$0.3 million less than requested, all from general revenues to reflect not restoring the turnover savings and additional statewide medical benefits savings. The Assembly*

**reduced general revenue expenditures by \$75,000 to reflect additional turnover savings included in the third quarter reports issued by both the Department and the Budget Office.**

**August Thunderstorms - Tree and Debris Removal.** The August 4, 2015 macro-burst thunderstorm caused damage around the state, including at state facilities. The Department of Environmental Management indicated that as a result of the macro-burst thunderstorm it incurred \$804,520 in unbudgeted expenses for services for tree removal, trimming, and clearing of debris and stumps at nine state facilities, including Eisenhower House, Fort Adams State Park, Burlingame Campgrounds, Veterans Memorial Highway, Colt State Park, East Bay Bikepath, Dean Parkway, Meshanticut State Park, and Haines Park. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Bays, Rivers and Watersheds.** The Department requested \$405,500 more than enacted 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. Pursuant to Article 16 of 2015-H 5900, Substitute A, as amended, which abolished the Bays, Rivers and Watersheds Coordination Team, the restricted receipts will now be utilized by the Department for efforts relating to watershed and marine monitoring, water pollution abatement, and climate change. The Department noted that the funding for FY 2016 is for projects previously selected and approved through the Bays, Rivers and Watersheds Coordination Team. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Information Technology Improvements.** The Department requested \$80,000 from general revenues for licensing costs associated with Microsoft Office 365, for which no funding is included in the enacted budget. This conversion to Microsoft Office 365 is being done across state government and most agencies requested the funding last year in their FY 2016 operating budget requests. The Department indicated it was not aware of this requirement until early in FY 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Federal Grants.** The Department requested \$2.0 million more than enacted from federal funds to more accurately reflect anticipated awards for 34 grants across the Department. Major changes include \$0.4 million more from a new federal grant for land purchases and \$0.9 million more for the pilot permit bank program, a revolving loan fund for commercial fishermen. *The Governor recommended funding as requested.* **The Assembly concurred with the total funding recommended, but made technical adjustments consistent with information provided by the Department and the Budget Office.**

**Oil Spill Prevention, Administration and Response Fund.** The Department requested \$0.1 million less than enacted from the Oil Spill Prevention, Administration, and Response fund, which is derived from a \$0.05 per barrel fee on petroleum products received at marine terminals in Rhode Island. The requested amount better reflects historical expenditures. 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 recommended funding as requested.* **The Assembly concurred.**

**Other Parks and Recreation.** The Department requested \$17,370 less than enacted from general revenues for other Division of Parks and Recreation expenses. The Department's proposal includes a decrease for road maintenance and repairs, an increase for state vehicles, and changes to other areas to reflect the actual spending in recent fiscal years. The Department's request is for \$2.8 million, which is \$39,527 less than its average spending for the last two completed fiscal years. *The Governor recommended \$57,859 more than requested for electricity charges to better reflect the actual spending in recent fiscal years.* **The Assembly concurred.**

**Payments to Host Beach Communities.** The Department requested \$37,151 more than enacted from general revenues for payments to host beach communities, which totals \$441,035. The Department collects fees for daily and seasonal parking at seven facilities across the state and reimburses the four host communities of Charlestown, Westerly, Narragansett and South Kingstown 16.0 percent of all daily parking fees collected from Memorial Day to Labor Day. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Foundry Lease Payment.** The Department requested \$28,800 more than enacted from general revenues for lease related expenses. This includes \$13,510 less for property taxes to reflect its actual payment and \$42,310 more for utilities at its headquarters facility, located at the Foundry building in Providence. In March 2005, the Department entered a ten-year lease agreement with the Foundry Associates, which is in effect from July 8, 2006 through July 7, 2016. The FY 2016 enacted budget includes Article 4, Section 4, which authorizes a new lease agreement between the state and Foundry Parcel 15 Associates, LLC beginning July 1, 2016 for a term not to exceed 10 years at a total cost not to exceed \$25.2 million. *The Governor recommended funding essentially as requested.* **The Assembly concurred.**

**Capital Projects.** The Department requested 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, and revitalization of the currently closed World War II State Park in Woonsocket.

The operating request is consistent with the Department's FY 2017 through FY 2021 capital request. *The Governor recommended \$13.2 million for ten capital projects, which is \$0.5 million less than requested.* **The Assembly reduced Rhode Island Capital Plan funds by \$2.9 million in FY 2016. It added \$0.4 million to the Fort Adams Sailing Improvements project to reflect final invoices and shifted \$3.2 million from FY 2016 to subsequent years to reflect updated project schedules for the Dams Repair, Marine Infrastructure/Pier Development, and Natural Resources Offices/Visitor's Center projects. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

**Statewide Trail Recreational Projects.** The Department requested \$0.1 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 Governor recommended funding as requested. She subsequently requested an amendment to add \$1.3 million for statewide trail improvements, and trail design, construction, and maintenance work at Rocky Point and Oaks Bluff.* **The Assembly concurred with the amended recommendation.**

**All Other Operations.** The Department requested \$0.1 million less than enacted from all sources, including \$29,754 more from general revenues and \$148,725 less from restricted receipts for all other expenditures. The requested general revenues include several small increases, including in the agriculture program. The restricted receipts include \$41,000 more for the Environmental Response Fund II to reflect anticipated revenues derived from fines which are levied against entities found in violation of the state's environmental regulations and used for expenses related to environmental emergency response and preparedness and \$0.2 million less to better reflect historical expenditures for the Natural Heritage Revolving Fund, which is used to make loans to municipalities, land trusts, and non-profit conservation foundations for open space preservation. *The Governor recommended \$0.1 million more than requested from general revenues primarily to reimburse the Department of Transportation for work on the state bikeways development project.* **The Assembly concurred.**

## Coastal Resources Management Council

	FY 2015		FY 2016		FY 2016		FY 2016
	Reported		Enacted		Revised		Final
<b>Expenditures by Category</b>							
Salaries and Benefits	\$ 3,306,870	\$	3,482,033	\$	3,418,794	\$	3,418,794
Contracted Services	874,874		761,645		3,035,585		1,400,599
<b>Subtotal</b>	<b>\$ 4,181,744</b>		<b>4,243,678</b>		<b>\$ 6,454,379</b>		<b>\$ 4,819,393</b>
Other State Operations	188,386		101,589		167,430		167,505
Assistance, Grants, and Benefits	285,550		250,200		250,200		250,200
Capital	13,500		1,073,916		343,401		20,000
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
<b>Total</b>	<b>\$ 4,669,180</b>	\$	<b>5,669,383</b>	\$	<b>7,215,410</b>	\$	<b>5,257,098</b>
<b>Sources of Funds</b>							
General Revenue	\$ 2,313,282	\$	2,433,260	\$	2,421,855	\$	2,421,855
Federal Aid	1,876,791		2,614,348		4,220,154		2,585,243
Restricted Receipts	180,733		250,000		250,000		250,000
Other	298,374		371,775		323,401		-
<b>Total</b>	<b>\$ 4,669,180</b>	\$	<b>5,669,383</b>	\$	<b>7,215,410</b>	\$	<b>5,257,098</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>27.2</b>						

**FY 2016 Revised Request.** The Coastal Resources Management Council requested \$1.3 million more than enacted from all sources, including \$29,193 more from general revenues, \$1.6 million more from federal funds, and \$0.4 million less from other funds. The general revenue request is \$36,151 more than the enacted budget adjusted for undistributed statewide savings. *The Governor recommended \$1.5 million more than enacted, which is \$0.2 million more than requested.* **The Assembly added federal funds to reflect a new grant from the Department of Housing and Urban Development, reduced funding for capital projects to reflect project changes and completion, and concurred with the remainder of the recommendation.**

**Salaries and Benefits.** The Council requested \$11,332 more than enacted from all sources for salaries and benefits, including \$30,183 more from general revenues and \$18,851 less from federal funds. The request includes statewide medical benefit savings, employee benefit selections and restoration of turnover savings. The Council anticipated filling its only vacancy, a principal civil engineer position, during the third quarter of FY 2016. The Council's request funds the position from general revenues, but the enacted budget assumes the position will be funded from federal sources, as in previous years. The Council attributed the shift to potential reductions in federal funds, but its revised request shows an overall increase from its primary federal grant for personnel and operating expenditures. *The Governor recommended \$0.1 million less than requested, which reflects additional turnover savings, adjustments to employee benefit calculations, and additional statewide medical benefit savings.* **The Assembly concurred.**

**Pawtuxet River Modeling Project.** The Council requested \$0.1 million from federal funds for a project to create a validated geographic information system-based watershed and river model for the Pawtuxet River watershed, assess flooding risks to public and private property along the river, and evaluate dam

management issues. The Council further indicated that the flood risk assessment information will be used to prepare adaptation and mitigation plans. The project commenced in September 2015 and has an expected completion date of February 2017.

*The Governor recommended funding as requested. She subsequently requested an amendment to add \$0.2 million from federal funds in FY 2016 to reflect a new grant from the United States Department of Housing and Urban Development. This includes \$25,089 to be used toward the Pawtuxet River Modeling Project and the other \$150,000 is for a Coastal Environmental Risk Index project, building on work already done on the Shoreline Change Beach Special Area Management Plan. The \$150,000 will be used for a cooperative agreement between the Council and the University of Rhode Island to develop an online geographic information system-based tool to assess the risk to structures and infrastructure in coastal areas from storm surge, waves, sea level rise, and shoreline erosion. The Assembly concurred with the amended recommendation.*

**Aquatic Invasive Species.** The Council requested \$36,000, or \$26,883 more than enacted from federal funds to reflect 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 funds are awarded on an annual basis and the Council's revised request reflects an updated estimate of the planned work. *The Governor recommended funding as requested. The Assembly concurred.*

**Capital Projects.** The Council requested \$2.6 million, including \$2.3 million from federal funds and \$0.3 million from restricted receipts from the Oil Spill Prevention, Administration and Response Fund for three projects in FY 2016. This is \$0.9 million more than enacted. The Council's FY 2016 revised request is not consistent with its FY 2017 through FY 2021 capital request, in that the operating request for FY 2016 includes \$2.7 million less from federal funds for the South Coast Restoration Project, and \$1.5 million more from federal funds for the Narrow River Salt Marsh Restoration Project. The Council noted that it inadvertently included \$0.6 million from Rhode Island Capital Plan funds in FY 2017 instead of \$0.3 million each in FY 2016 and FY 2017, which would be consistent with the approved plan. *The Governor recommended \$0.3 million more than requested from Rhode Island Capital Plan funds consistent with the approved plan. The Assembly reduced federal funds by \$1.8 million and Rhode Island Capital Plan funds by \$0.3 million to reflect project changes and completion. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

**Shoreline Change Beach Special Area Management Plans.** The Council requested \$0.4 million, or \$0.2 million more than enacted for a special area management plan divided into three phases to address erosion issues along the Rhode Island shoreline. The change primarily reflects unspent federal funds carried forward from FY 2015. The funding includes \$0.4 million from federal sources for two projects and \$1,626 from other funds for a shoreline protection initiative that was included in the enacted budget. Funds are used to identify at risk areas and infrastructure based on coastal hazard overlay; develop shoreline change mapping and analysis; and research storm surge inundation and wave analysis. *The Governor recommended funding as requested. The Assembly removed the remaining \$1,626 from Rhode Island Capital Plan funds in FY 2016 to reflect that the project has been completed.*

**All Other Operations.** The Council requested \$0.1 million more than enacted, including \$990 less from general revenues and \$71,163 more from federal funds for all other expenditures. This request is \$320,917 less than the Council's FY 2015 spending for these items. The federal expenditure changes include \$14,500 more for information technology expenditures, \$10,000 more for office supplies, and \$6,500 more for postage to better reflect historical spending. *The Governor recommended funding as requested. The Assembly concurred.*

## Department of Transportation

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
<b>Expenditures by Program</b>				
Central Management	\$ 10,915,965	\$ 10,722,215	\$ 12,635,490	\$ 12,635,490
Management and Budget	451,431	4,530,251	3,695,084	3,695,084
Infrastructure Program	404,273,074	448,564,012	466,528,335	464,528,335
<b>Total</b>	<b>\$ 415,640,470</b>	<b>\$ 463,816,478</b>	<b>\$ 482,858,909</b>	<b>\$ 480,858,909</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 65,025,546	\$ 74,885,997	\$ 75,689,841	\$ 75,689,841
Contracted Services	40,174,952	30,898,800	39,528,100	39,528,100
<b>Subtotal</b>	<b>\$ 105,200,498</b>	<b>\$ 105,784,797</b>	<b>\$ 115,217,941</b>	<b>\$ 115,217,941</b>
Other State Operations	39,250,124	42,918,764	34,181,887	34,181,887
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	9,397,574	33,949,795	37,241,084	37,241,084
Capital	122,578,529	155,974,801	210,051,288	208,051,288
Capital Debt Service	-	-	-	-
Operating Transfers	139,213,745	125,188,321	86,166,709	86,166,709
<b>Total</b>	<b>\$ 415,640,470</b>	<b>\$ 463,816,478</b>	<b>\$ 482,858,909</b>	<b>\$ 480,858,909</b>
<b>Sources of Funds</b>				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	267,656,266	263,615,422	274,256,147	274,256,147
Restricted Receipts	2,411,276	1,000,000	159,506	159,506
Other	145,572,928	199,201,056	208,443,256	208,443,256
<b>Total</b>	<b>\$ 415,640,470</b>	<b>\$ 463,816,478</b>	<b>\$ 482,858,909</b>	<b>\$ 482,858,909</b>
<b>FTE Authorization</b>	<b>752.6</b>	<b>752.6</b>	<b>752.0</b>	<b>752.0</b>
<b>FTE Average</b>	<b>661.6</b>			

**FY 2016 Revised Request.** The Department requested \$24.7 million more than enacted from all sources, including \$10.6 million more from federal funds, \$0.8 million less from restricted receipts and \$14.5 million more from other funds, of which \$13.1 million is from Rhode Island Capital Plan funds. The Department requested staffing of 752.0 full-time equivalent positions, 0.6 fewer than authorized.

*The Governor recommended \$5.6 million less than requested, including \$5.4 million less from Rhode Island Capital Plan funds to primarily reflect funds carried forward from FY 2015, and staffing consistent with the revised request. The Assembly concurred, with the exception of providing \$2.0 million less from Rhode Island Capital Plan funds.*

**The Assembly adopted new RhodeWorks legislation in 2016-H 7409, Substitute A, as amended, that the Governor signed into law on February 11, 2016. The legislation allows the Department to borrow \$300.0 million through the Grant Anticipation Revenue Vehicle (GARVEE) Program and refinance existing GARVEE debt. The legislation does not include any bonds backed by toll revenue.**

## Reorganization

The 2015 Assembly enacted legislation in Article 15 of 2015-H 5900, Substitute A, as amended, repealing the current department divisions: administration (including the business management office, legal counsel, public information office, audit office, property management office), planning, public works, maintenance, and airports. The legislation requires the Department of Transportation to be organized in accordance with a project management-based program and utilize an asset management system in order to manage the delivery of projects from conception to completion, the director to appoint a chief operating officer to oversee daily operations of the Department, and repealed the requirement for a deputy director who must be a highway engineer.

The legislation requires the following divisions: finance, planning, project management, and operations and maintenance. It also requires the offices of civil rights, safety, external affairs, legal, personnel, information services and other divisions or subdivisions as the Director deems necessary. The Department is currently working on the reorganization.

## Fund Sources

The Department of Transportation receives funding through five major sources: federal funds, general obligation bond proceeds, gasoline tax proceeds, Rhode Island Capital Plan funds and transportation related fees collected by the Division of Motor Vehicles. General obligation bond proceeds have been historically used as the state's match for federal funds; however, increasing amounts of motor vehicle fees and Rhode Island Capital Plan funds are being used as the state match in lieu of future bonding; no new bonds have been authorized since 2010. The Department also receives funding from other sources, such as restricted receipts and 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 for FY 2016.

Source	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
Federal Highway Admin. Funds	\$ 183,684,580	\$ 156,225,143	\$ 207,000,000	\$ 207,000,000
Other Federal Funds	83,971,686	107,390,279	67,256,147	67,256,147
Gasoline Tax*	84,483,122	94,641,867	99,777,324	99,777,324
General Obligation Bonds**	[1,124,953]	-	[5,875,047]	[5,875,047]
Unallocated Bond Proceeds	-	[8,000,000]	-	-
Land Sale Revenue	1,490,988	1,500,000	1,000,000	1,000,000
Interstate 195 Land Sales	-	9,300,000	1,500,000	1,500,000
Rhode Island Capital Plan Funds	22,679,324	39,300,000	46,988,530	44,988,530
Restricted Receipts	2,411,276	1,000,000	159,506	159,506
Motor Vehicle Fee Transfer	36,679,432	54,349,189	59,067,402	59,067,402
Other Funds	240,062	110,000	110,000	110,000
<b>Total</b>	<b>\$ 415,640,470</b>	<b>\$ 463,816,478</b>	<b>\$ 482,858,909</b>	<b>\$ 480,858,909</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 shown for illustrative purposes.

**Federal Funds - Highway Administration.** The Department receives an average of \$210 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 noted can lead to increases or decreases in funding during the state fiscal year.

These federal funds are apportioned to states according to authorizations contained in federal law. The Moving Ahead for Progress in the 21st Century Act (MAP-21) for highway and transit programs was set to expire on September 30, 2014. Before the expiration, Congress provided a short term fix in July by transferring \$10.8 billion to the fund. This transfer was offset by new revenues of \$6.4 billion from pension smoothing, \$3.5 billion from customer users' fees and \$1.0 billion from excess funding in the Leaking Underground Storage Tank Fund. This transfer into the fund continued to fund all state apportionments at the enacted level through May 31, 2015, which is two-thirds of the federal fiscal year. Congress extended the deadline for two additional months. On December 4, 2015, the President signed into law, the Fixing America's Surface Transportation (FAST) Act for \$305 billion for five years. Under this authorization, the state would receive an average of \$231 million annually. This is approximately \$21 million more through federal fiscal year 2021 than the Department is currently receiving and is not reflected in its proposed 10-year plan.

The Highway Improvement Program represents those highway and intermodal projects that utilize federal funds administered by the Federal Highway Administration. The program utilizes state funds for matching purposes in the form of proceeds from general obligation bonds. Federal funds earmarked for the Department's transit projects administered by the Federal Transit Administration are not included under this project, but are included in the Fixed Guideway Project. Rhode Island Public Transit Authority projects using transit funds are included in the Authority's capital budget submission. The Highway Improvement Program is directed towards implementing the Department's capital program as identified in the Transportation Improvement Program. This is adopted by the State Planning Council and approved by the Governor and establishes priorities for planning, design, and project implementation. The current plan expires on September 30, 2016. The Department, in conjunction with the State Planning Council, proposed its 10-year plan for federal FY 2016 through FY 2025 in October 2015. Federal law requires that a statewide transportation improvement plan covers a period of no less than four years. The Department noted that two states have moved to establish 10 year plans: New Jersey and North Carolina.

The following table illustrates the proportion of funding allotted to each program area in the FY 2016 budget. It excludes salary and benefit costs.

<b>Program Area</b>	<b>FY 2016 Final</b>	<b>Share of Total</b>
Administrative Program	\$ 5,890,775	3.3%
Bike/Pedestrian Program	5,388,697	3.0%
Bridge Program	24,801,400	13.8%
CMAQ Program	5,369,381	3.0%
Highway Program	15,167,049	8.5%
Interstate Program	9,856,225	5.5%
GARVEE Projects	27,043,226	15.1%
Federal Highway Earmark Projects	17,930,414	10.0%
Pavement Management Program	16,839,825	9.4%
Traffic Safety Program	19,044,186	10.6%
Transit	26,895,620	15.0%
Other Programs	5,077,337	2.8%
<b>Total</b>	<b>\$ 179,304,136</b>	<b>100%</b>

**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 \$67.3 million from these funds, which is \$40.1 million less than enacted, reflective of the Department's proposal to refinance current debt. The debt service savings will be used for capital projects. *The Governor concurred.* **The Assembly concurred.**

**General Obligation Bond Proceeds.** The state has utilized General Obligation bonds to provide a match totaling \$40 million for federal funds in addition to the match used for GARVEE projects, which is provided by the Motor Fuel Tax Revenue bonds. General Obligation bond debt service is paid with gasoline tax revenue and the Motor Fuel Tax Revenue Bonds' debt service is paid by \$0.02 cents of the gasoline tax. The voters approved \$60.0 million of general obligation bonds in both November 2002 and 2004 that matched federal highway funds and was programmed for FY 2004 through FY 2007. The voters approved \$80.0 million in November 2006, 2008 and 2010 to provide \$40.0 million each year, with funding programmed through FY 2014. As noted previously, an initiative by the 2011 Assembly replaced borrowing with pay-go sources. *The recommendation does not assume new general obligation bond borrowing for the Department.* **The Assembly concurred.**

**Unallocated Bond Proceeds.** During previous debt authorizations, the actual state match from general obligation bond authorizations fluctuated, based on the amount of federal funds received in a given fiscal year. In these cases, the bond proceeds were kept in a separate account and remained unallocated. Over several years, the funds accumulated to a level of approximately \$25 million, which the Department has used as "working capital" during the year to make payments to vendors.

In his FY 2015 budget recommendation, Governor Chafee included a portion of these funds to be used for maintenance related activities by the Department. As part of the transportation funding reforms previously described, the Assembly programmed these funds to enhance available resources, including \$17.0 million in FY 2015 and \$8.0 million in FY 2016. It should be noted that, as with all general obligation bond proceeds, these sources are not shown in the Department's operating budget.

Based on a report of the Intermodal Surface Transportation Fund produced by the Controller in August 2015, it appears that \$23 million of the general obligation bond proceeds are available; however, the Department's capital budget request did not assume use of these funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Land Sale Revenue.** Sales of Department owned land can be used to purchase land and equipment, or to offset operating costs throughout the Department, including personnel expenses. Funding is being used for purchases related to the Department's materials testing facility on Jefferson Boulevard, which is currently being built out. The Department's FY 2016 revised request includes \$1.0 million from this source. *The Governor concurred.* **The Assembly concurred.**

**Interstate 195 Land Sales.** The Department requested \$1.5 million in its FY 2016 revised request to reflect updated payments for the relocation of Interstate 195. The Department sold the land made available from the relocation to finance a portion of project expenses. The 2011 Assembly enacted 2011-H 5994, Substitute A, as amended, which provided that after the appraisal of the parcels, they would be purchased by the Economic Development Corporation through the issuance of bonds. The payment of the bond proceeds to the Department has allowed it to complete the relocation project, while the Corporation is eligible to sell the parcels at its own pace.

The principal amount for the bonds is \$38.4 million, amortized over a ten-year period. The Department requested \$1.5 million, \$7.8 million less than enacted to reflect projected expenses in FY 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Rhode Island Capital Plan Funds.** These funds are appropriated according to the Department’s capital budget request, and appear as other funds in the Department’s operating budget. Funds are used for projects such as the building of storage and maintenance facilities, as well as upgrades to Department owned property, such as roof repairs or fire alarm installation. Beginning in FY 2013, approximately \$20 million from this source was included to be used as a portion of the state match for federal highway funds. The Department requested \$52.4 million from this source in its FY 2016 revised request. This is \$13.1 million more than enacted to primarily reflect reappropriation of unspent funds from FY 2015.

*The Governor recommended \$47.0 million, \$7.7 million less than enacted and \$5.4 million less than requested. The Assembly removed \$2.0 million from Rhode Island Capital Plan funds, based on current spending plans including use of excess winter maintenance funds.*

**Restricted Receipts.** This source is comprised of funds the Department receives when it performs work for municipalities, and is used to fund personnel costs for employees who perform work on the projects. This source contributes \$0.2 million to the Department, and is based on projected municipal work for FY 2016. *The Governor recommended funding as requested. The Assembly concurred.*

**Motor Vehicle Fee Transfers.** Consistent with the enacted budget, the revised request includes \$54.3 million of transportation related fees and surcharges collected by the Division of Motor Vehicles and 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. The table below 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	\$ 5,868,949
2015	\$ 7,611,636	\$ 1,989,693	\$ 3,098,765	\$ 12,700,094
2016	\$ 11,420,781	\$ 2,981,213	\$ 4,648,148	\$ 19,050,142

The requested level of \$16.8 million reflects the last phase for these increases, and represents the approximate level of funding for future years.

In addition to the surcharges, portions of other fees collected by the Division of Motor Vehicles are transferred to the Department. The Assembly included Article 21 of 2014-H 7133 Substitute A, as amended, which allocates new revenue sources, as well as transferring existing sources currently deposited into general revenues, into the Highway Maintenance Account for the Department of Transportation to use for costs related to maintenance and repairs of highways, roads and bridges.

The new sources of funding include an increase in the vehicle emission inspection fee from \$39 to \$55, the transfer of rental car surcharges, and the addition of a \$25 surcharge for good driving dismissals. The legislation also establishes a schedule to transfer the majority of all other transportation related fees currently collected by the Division of Motor Vehicles to the Highway Maintenance Account. These fees were initially estimated at \$50 million per year and are deposited as general revenues. The inspection fee, the good driver dismissal surcharge and car rental surcharges are transferred as of FY 2015, and the remaining revenues will be transferred incrementally beginning with 25.0 percent in FY 2016 and 75.0 percent in FY 2017, with all of the funds being transferred in FY 2018. The table below shows the source and the total including surcharges explained previously.

Source	FY 2015 Reported	FY 2016 Enacted	FY 2016 Gov. Rev.	FY 2016 Final
Inspection Sticker Increase	\$ 11,208,502	\$ 11,839,072	\$ 11,276,631	\$ 11,276,631
Title Fees	9,291,159	9,310,812	9,347,634	9,347,634
Rental Car Surcharge	3,061,494	2,939,601	3,092,230	3,092,230
Good Driving Surcharge	418,183	400,000	418,183	418,183
License and Registration Transfer	-	13,033,333	12,250,000	12,250,000
<b>Subtotal</b>	<b>\$ 23,979,338</b>	<b>\$ 37,522,818</b>	<b>\$ 36,384,678</b>	<b>\$ 36,384,678</b>
Surcharges	12,700,094	16,826,371	19,050,142	19,050,142
<b>Total</b>	<b>\$ 36,679,432</b>	<b>\$ 54,349,189</b>	<b>\$ 55,434,820</b>	<b>\$ 55,434,820</b>

The new funds were established in the Highway Maintenance Account, which is within the Intermodal Surface Transportation Fund, and account for \$37.5 million in FY 2016. This includes \$24.5 million from the fee surcharge increase and a transfer of \$13.0 million or 25.0 percent of the fees collected by the Division of Motor Vehicles to the Department. As part of her budget recommendation, the Governor included Article 21 of 2015-H 5900 to delay the transfer of transportation related fees collected by the Division of Motor Vehicles to the Department. The Assembly did not concur and maintained the current law transfer. *The recommendation reflects the current law transfer. The revised budget includes a total \$55.4 million of transportation related fees and surcharges collected by the Division of Motor Vehicles and transferred to the Department. This is \$1.1 million more than enacted to reflect an upward revision to the estimate. The Assembly concurred.*

**Other Funds.** These funds are derived from the sale of Department owned surplus property and equipment, proceeds from the state infrastructure bank and proceeds derived from the sale of outdoor advertising at the Department's maintenance facilities. The Department's revised request includes the enacted amount of \$110,000 from these sources. *The Governor concurred. The Assembly concurred.*

**Gasoline Tax Proceeds.** The distribution of proceeds derived from the gasoline tax remained the same from FY 2009 through FY 2015. However, as previously noted, FY 2016 is the first year the gasoline tax is related to changes in the Consumer Price Index, commonly referred to as inflation. This is projected to increase the gasoline tax by one cent, for a total of 34 cents in FY 2016. The distribution of the gasoline tax is illustrated in the following table.

Entity	FY 2015 Reported	FY 2016 Enacted	FY 2016 Revised	FY 2016 Final
Department of Transportation	18.25	19.25	19.25	19.25
Rhode Island Public Transit Authority	9.75	9.75	9.75	9.75
Turnpike and Bridge Authority	3.5	3.5	3.5	3.5
Elderly Transportation	1.0	1.0	1.0	1.0
Underground Storage Tank Fund	0.5	0.5	0.5	0.5
<b>Total (in cents)</b>	<b>33.0</b>	<b>34.0</b>	<b>34.0</b>	<b>34.0</b>

**Department of Transportation Gasoline Tax.** Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 32 cents per gallon, indexed to the Consumer Price Index every other year, rounded to

the nearest cent, effective July 1, 2014. Additionally, Section 46-12.9-11 of the Rhode Island General Laws establishes a one-cent environmental protection regulatory fee, half of which is deposited in the Intermodal Surface Transportation Fund. The disposition of proceeds is outlined in Section 31-36-20 of the General Laws. Upon receipt, all gasoline tax proceeds are deposited into the Intermodal Surface Transportation Fund from which statutory transfers are made to the Department of Transportation, the Rhode Island Public Transit Authority, the Rhode Island Turnpike and Bridge Authority, and the elderly/disabled transportation program.

The following table shows the recent history of available gasoline tax proceeds and other non-federal funds included in the FY 2016 budget.

<b>Non Federal Sources</b>	<b>FY 2015 Reported</b>	<b>FY 2016 Enacted</b>	<b>FY 2016 Revised</b>	<b>FY 2016 Final</b>
<i>Gas Tax Yield per Cent</i>	4.396	4.428	4.367	4.367
<i>RIDOT Cents</i>	18.25	19.25	19.25	19.25
<i>RIPTA Cents</i>	9.75	9.75	9.75	9.75
<i>Turnpike and Bridge Authority Cents</i>	3.50	3.50	3.50	3.50
Balance Forward	\$ 4,026,159	\$ 111,954	\$ 10,756,162	\$ 10,756,162
Gas Tax	138,580,117	143,925,535	141,937,412	141,937,412
Motor Vehicle Fees & Surcharges	36,679,432	54,349,189	55,434,820	55,434,820
Surplus Property & Outdoor Advertising	240,062	110,000	110,000	110,000
Restricted Receipts	1,837,247	1,000,000	159,506	159,506
Interstate 195 Land Sales	-	9,300,000	1,500,000	1,500,000
Land Sales	1,490,988	1,500,000	1,000,000	1,000,000
Rhode Island Capital Plan Funds	22,679,324	39,300,000	46,988,530	44,988,530
<b>Total Revenues</b>	<b>\$ 205,533,329</b>	<b>\$ 249,596,678</b>	<b>\$ 257,886,430</b>	<b>\$ 255,886,430</b>
<b>Transportation Expenses</b>				
General Maintenance	\$ 21,499,940	\$ 21,645,156	\$ 27,410,033	\$ 27,410,033
Winter Maintenance	22,530,406	17,071,324	20,595,451	20,595,451
Vehicle Maintenance	4,966,897	6,254,149	8,466,583	8,466,583
Other Operations	3,182,824	31,803,530	30,209,525	30,209,525
GARVEE Bond Debt Service	8,792,627	8,856,956	8,734,610	8,734,610
G.O. Debt Service*	46,011,342	46,011,342	46,011,342	46,011,342
State Match - Gas Tax	2,873,137	2,616,814	2,789,991	2,789,991
State Match - RICAP	18,861,470	34,650,000	43,438,530	43,438,530
Internal Service Funds Transparency*	2,685,998	2,608,494	3,272,326	3,272,326
Restricted Receipts	2,411,276	1,000,000	159,506	159,506
Interstate 195 Land Sales	1,003	9,300,000	1,500,000	1,500,000
Land Sales	727,527	1,500,000	1,000,000	1,000,000
Surplus Property & Outdoor Advertising	-	110,000	110,000	110,000
Equipment Replacement	2,500,000	2,000,000	2,000,000	-
Facilities	1,317,854	2,650,000	1,550,000	1,550,000
RIPTA - Gas Tax	42,960,321	43,177,661	42,581,224	42,581,224
RIPTA - Highway Account - 5%	-	2,065,793	2,771,741	2,771,741
Turnpike and Bridge Authority	15,358,922	15,499,673	15,285,568	15,285,568
<b>Total Expenditures</b>	<b>\$ 196,681,544</b>	<b>\$ 248,820,892</b>	<b>\$ 257,886,430</b>	<b>\$ 255,886,430</b>
Surplus/Deficit	\$ 8,851,785	\$ 775,786	\$ -	\$ -

\*Shown in the Department of Administration's budget.

The Department's revised budget request assumes the enacted per penny yield of \$4.428 million. *The revised budget assumes a per penny yield of \$4.367 million, which is \$61,173 less than enacted and requested. The Assembly concurred.*

## Expenditures

**Maintenance Staff.** The Department's request includes the reclassification of 40 existing vacant positions that are currently in Central Management, Management and Budget, and Engineering as maintenance staff. These positions will be used for increased state funded operations in the areas of drainage, road striping, and bridge maintenance. The request assumes a net savings of \$1.1 million from the reclassification, as the average cost of the current positions is \$99,485 and the average cost of the maintenance staff is \$72,154. The reclassification results in the addition of 12 bridge maintenance workers, 20 highway maintenance operators, three foremen, two superintendents, an electrician, environmental scientist, and a manager of highway construction and maintenance operations.

The Department indicated that recruiting for the maintenance positions will be ongoing and as of December 18, 2015, it had not added any new maintenance positions as part of this initiative; however, a few maintenance positions that were vacant have been filled. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Salaries and Benefits.** The Department requested \$1.9 million more from all sources of funds for all other salary and benefit costs. This includes \$0.7 million more for overtime; however, it is \$0.4 million less than FY 2015 reported expenditures. Of the overtime increase, \$0.5 million is for projected winter maintenance operations and \$0.2 million is for the Maintenance Division. The request includes \$0.4 million to fund 4.0 new positions in Central Management, including a deputy director, which is currently filled. The Department received approval to fill the remaining three positions, consisting of a chief of staff, a policy director and a communications director and the request assumes that the positions will be filled in January. The request also includes \$0.2 million for six months of funding for three new positions in Management and Budget.

The request assumes \$2.7 million in turnover savings from 33 vacancies. While this is \$0.1 million more than enacted, it is likely understated because the Department has had an average of 122.5 full-time equivalent positions vacant through November 2015. *The Governor recommended \$22,106 less than requested to reflect turnover savings.* **The Assembly concurred.**

**Statewide Transportation Study.** The Department requested new expenditures of \$350,000 from gasoline tax proceeds to conduct a statewide transportation study. The Department indicated that the study will include recommendations on the restructuring of its internal procedures to include the administration of project management, reorganizing policies, and modifications to current personnel assignments. The Department is currently working on the request for proposals, which is estimated to be issued by January. The Department hopes to have a vendor on board by mid-February. A request for proposals was issued last year; however, the awarded vendor withdrew, citing a conflict of interest. *The Governor recommended funding as requested.* **The Assembly concurred.**

**RhodeWorks Program.** The Department requested \$850,000 in expenditures relating to RhodeWorks, an initiative to accelerate the replacement and reconstruction of state bridges, with the goal of reducing the percentage of deficient bridges. The program would involve \$500 million in new funding from revenue bonds backed by tolls on commercial trucks and \$400 million in federal match.

Of the requested \$850,000, \$0.1 million is for public relations, \$0.3 million is for engineering services and \$450,000 is for outside legal services. According to the Department, expenditures related to RhodeWorks totaled \$475,854 as of November 20, 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

**GARVEE Refinancing.** The 2003 Assembly adopted legislation authorizing the Department to finance five capital projects through the issuance of bonds by the Economic Development Corporation for a period

of 20 years. The financing mechanism allowed the state to borrow against future federal funds in order to construct the projects: Washington Bridge, Sakonnet River Bridge, Route 195 Relocation, Freight Rail Improvement, and Phase II of the Route 403 project. The Department's capital budget request assumes a proposal to refinance the projects that were financed through Motor Fuel Revenue and Grant Anticipation Revenue Vehicle bonds. The current outstanding debt is \$288.9 million and would be fully amortized in FY 2021. In total, an additional \$14 million of long term debt will be incurred to save a projected \$120 million during the next three fiscal years, including \$40.3 million in FY 2016. The debt service savings would be used for capital projects and is assumed as part of the RhodeWorks proposal. This proposal requires legislative approval. The request includes \$12.3 million to make two interest only payments in FY 2016. *The Governor recommended funding as requested. The Assembly concurred.*

**Highway Improvement Projects.** The Department requested \$179.3 million from federal funds matched by \$15.6 million from motor vehicle surcharges and \$48.0 million from Rhode Island Capital Plan funds for highway projects in FY 2016. This is \$62.4 million more than enacted, including \$13.3 million from Rhode Island Capital Plan funds, which appears to be overstated by \$4.5 million, based on FY 2015 reported expenditures. The request is \$49.1 million more from federal funds, \$40.3 million of which is to reflect debt service savings from the Department's proposal to refinance projects that were financed through Motor Fuel Revenue and Grant Anticipation Revenue Vehicle bonds, consistent with the Department's capital budget. *The Governor concurred, with the exception of correcting the overstated Rhode Island Capital Plan funds. The Assembly concurred.*

The following table shows program expenditures and their proportionate share of total Federal Highway Administration fund expenditures.

Program Area	FY 2016 Final	Share of Total
Administrative Program	\$ 5,890,775	3.3%
Bike/Pedestrian Program	5,388,697	3.0%
Bridge Program	24,801,400	13.8%
CMAQ Program	5,369,381	3.0%
Highway Program	15,167,049	8.5%
Interstate Program	9,856,225	5.5%
GARVEE Projects	27,043,226	15.1%
Federal Highway Earmark Projects	17,930,414	10.0%
Pavement Management Program	16,839,825	9.4%
Traffic Safety Program	19,044,186	10.6%
Transit	26,895,620	15.0%
Other Programs	5,077,337	2.8%
<b>Total</b>	<b>\$ 179,304,136</b>	<b>100%</b>

**Commuter Rail.** The Department requested \$23.7 million or \$1.9 million more than enacted from federal transit funds for the Commuter Rail project, which will extend commuter rail service along Amtrak's northeast corridor south of Providence. Service operates between Providence and North Kingstown, with stops at T.F. Green Airport and the Wickford Junction. The Department noted the request also reflects new projects at Kingston and Providence, as well as plans for future stops at Cranston and East Greenwich. Expenditures include construction of stations, tracks and signals; right-of-way acquisition; and the purchase of locomotives, rail coaches, or other equipment to accommodate rail passenger service. *The Governor recommended funding as requested. The Assembly concurred.*

**Interstate 195 Relocation.** The Department's FY 2016 revised request includes \$1.5 million, \$7.8 million less than enacted to reflect updated expenses for the relocation of Interstate 195. *The Governor recommended funding as requested. The Assembly concurred.*

**Winter Maintenance Operations.** Excluding salaries and benefits, the Department requested \$18.4 million from gasoline tax proceeds for expenses related to the winter maintenance program for FY 2016. Funding is used to pay for vendor contracts, as well as to purchase salt, sand and liquid de-icers. The request is \$3.0 million or 19.3 percent more than enacted to reflect anticipated increases of \$0.6 million for material costs and \$2.3 million for vendor contracts during the winter of FY 2016. The average annual cost for winter maintenance operations from FY 2011 through FY 2015 is \$15.7 million. The current request is \$2.7 million above that and \$1.7 million less than FY 2015 reported expenditures. *The Governor recommended funding as requested.*

**Based on current spending plans, the Assembly removed a total of \$3.0 million from Rhode Island Capital Plan funds for capital equipment replacement and assumed use of excess winter maintenance funds. This includes \$2.0 million less in FY 2016 and \$1.0 million less in FY 2017.**

**Highway Lighting.** The Department requested FY 2016 revised expenditures of \$4.2 million, \$0.5 million or 12.2 percent more than enacted for electricity costs associated with lighting masts and traffic signals along state owned highways and roads. Reported expenditures for FY 2015 were \$4.1 million or \$444,226 above the final appropriation. The Department indicated that this is to reflect rate increases that occurred in January and November 2014.

The Department is in the process of converting the existing state highway system lighting to LEDs. The Department has installed approximately 600 LEDs and the expectation by the State Energy Office is to have 945 installed by the end of December 2015, with the goal of having all 7,500 state highway lights converted to LEDs by September 2016. The Department expects some savings from electricity to occur once the conversion is completed. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Vehicles Replacement and Maintenance.** The Department is planning to perform lane striping operations. The request includes \$2.3 million more than enacted to purchase numerous vehicles, including \$1.6 million for lane striping vehicles, consisting of: two trucks mounted with attenuators, two road cone placement vehicles, a stake body utility truck and one paint rig. The request also includes \$335,000 to purchase vehicles for bridge maintenance, including a knuckle crane truck and a water tank truck and \$125,000 to purchase six catch basin cleaning trucks. As mentioned earlier, the Department's request includes funding for additional maintenance staff to perform these tasks. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Equipment Purchases.** The Department requested \$0.8 million from land sale revenue for equipment purchases in the Infrastructure Engineering Division. The request is \$0.6 million less than enacted to reflect anticipated land sale revenue during FY 2016. Funding would be used for purchases related to the Department's materials testing facility on Jefferson Boulevard, which is currently being built out. As of the end of FY 2015, the Department had \$5.7 million available in this account. It should be noted that these land sale revenues are distinct from the relocation of Interstate 195. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Maintenance Operations.** The Department requested \$0.9 million more than enacted, including \$0.6 million to repair pot holes. In 2014, the Department initiated a three-year contract with a vendor to expedite repairs of pot holes. The Department notes that annually, claim costs associated with pot holes are \$0.2 million, with an average claim cost of \$225. The request also includes \$0.1 million for repairing and replacing lighting structures along state roadways and \$0.1 million for a maintenance study of the Department's fleet. *The Governor recommended funding as requested.* **The Assembly concurred.**

**National Highway Transportation Safety Administration Grants.** The Department's revised request includes \$0.4 million more than enacted from the National Highway Transportation Safety Administration

for FY 2016. The request reflects updated federal awards and expenditures. Major changes include \$0.5 million more for primary seatbelt law enforcement, \$0.2 million more for impaired driving prevention programs and \$0.3 million less for other highway safety programs. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Public Transit Authority Operations.** The request includes the enacted amount of \$45.2 million to the Public Transit Authority. Currently, the Rhode Island Public Transit Authority receives 9.75 cents of the 34 cent gasoline tax. The funds are transferred to the Authority but reflected in the Department of Transportation's budget as a grant to the Authority in order to account for the gas tax in the state's accounting structure, since the Authority is a quasi-public corporation. The Authority will also receive its share of funding from the Highway Maintenance Account. The share is based on 5.0 percent of all fines and fees collected into the account. *The Governor recommended \$0.1 million more than requested, including \$0.6 million less from gasoline tax reflecting a downward revision in the estimate, offset by a \$0.7 million transfer from the Highway Maintenance Account not reflected properly in the enacted budget.* **The Assembly concurred.**

**Turnpike and Bridge Authority Transfer.** The request includes the enacted amount of \$15.5 million of gasoline tax revenue to be transferred to the Rhode Island Turnpike and Bridge Authority for operations related to the four bridges under its purview: Newport Pell, Sakonnet River, Mount Hope, and Jamestown bridges. *The Governor recommended \$214,105 less than requested to reflect a downward revision in the gasoline tax yield estimate.* **The Assembly concurred.**

**All Other Operating.** The Department requested \$0.4 million more than enacted for all other expenses. This includes \$1.8 million more from federal funds for congested mitigation air quality grants to fund transportation projects and programs to help meet the requirements of the federal Clean Air Act; \$0.9 million less from restricted receipts to reflect anticipated receipts that the Department will receive from municipalities for work it will perform in FY 2016; and a reduction of \$0.5 million from the gasoline tax, reflective of anticipated expenditures for the Department to upgrade its financial management system. *The Governor recommended \$21,777 more than requested from all funds.* **The Assembly concurred.**

**Capital Equipment Replacement.** The Department requested the enacted amount of \$2.0 million from Rhode Island Capital Plan funds to replace capital equipment. This project involves the purchase of heavy trucks, sweepers, loaders, backhoes and tractors to replace the Maintenance Division's existing fleet. *The Governor recommended funding as requested.*

**Based on current spending plans, the Assembly removed a total of \$3.0 million from Rhode Island Capital Plan funds and assumed use of excess winter maintenance funds. This includes \$2.0 million less in FY 2016 and \$1.0 million less in FY 2017.**

**Other Rhode Island Capital Plan Fund Projects.** The Department requested \$2.4 million, \$0.2 million less than enacted from Rhode Island Capital Plan funds for six ongoing projects at the Department. This includes \$0.8 million less to reflect a delay in the relocation of the Portsmouth Maintenance Facility. The Department indicated that the project went out to bid in FY 2015; however, the lowest bid was substantially above the budget. The project will go out to bid again in the winter of FY 2016 and construction will begin in the spring of 2016, with the majority of the construction taking place in FY 2017. The request appears to have excluded \$0.3 million for the Rhode Island Public Transit Authority's Land and Buildings project; however, it is included in the Authority's capital budget request.

*The Governor recommended \$1.1 million less than enacted, delaying \$1.0 million for the relocation of the Portsmouth Maintenance Facility and reducing asset protection projects by \$0.1 million. The recommendation includes \$0.2 million for the Authority's project.* **The Assembly concurred. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

