
Section VI

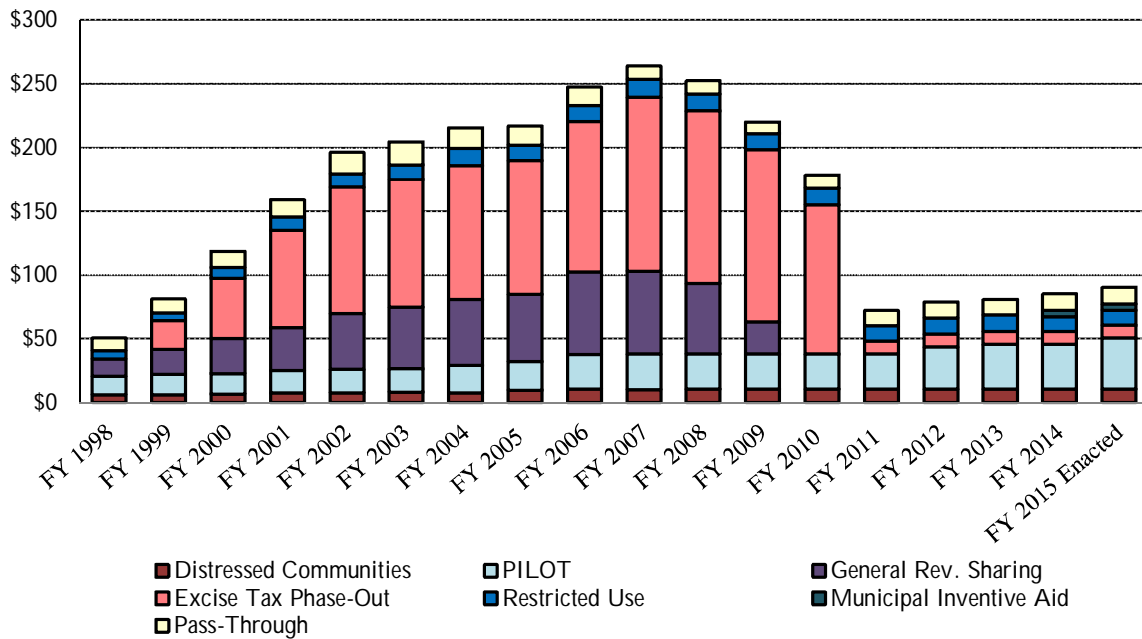
Special Reports

State Aid to Local Governments

Introduction

The Assembly provided state aid to cities and towns totaling \$72.1 million in FY 2014 and \$77.3 million in FY 2015. Funding for general aid programs includes the enacted level of \$60.5 million for FY 2014 and \$65.5 million for FY 2015. The recommendation for restricted use programs includes \$11.6 million, which is \$0.1 million less than enacted for FY 2014 and \$11.8 million, which is \$0.1 million more than enacted for FY 2015. Local communities will also receive \$13.2 million for FY 2014 and \$14.3 million for FY 2015 in public service corporation property taxes that the state collects and passes through to the communities.

The following graph shows historical funding data, in millions. The graph below also shows the allocation of funding for state aid programs from FY 1998 through the FY 2015 enacted amount.



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

General. The Assembly provided \$60.5 million in FY 2014 and \$65.5 million in FY 2015 for general state aid to local governments.

Fiscal Year	1990	1995	2000	2005	2010	2013	2014	2015 Enacted
General Aid - State Sources								
Distressed Communities	\$ -	\$ 7.2	\$ 6.6	\$ 9.5	\$ 10.4	\$ 10.4	\$ 10.4	\$ 10.4
PILOT	0.3	12.2	16.1	22.7	27.6	35.1	35.1	40.1
Excise Tax Phase-Out	-	-	47.3	105.0	117.2	10.0	10.0	10.0
Municipal Incentive Aid	-	-	-	-	-	-	5.0	5.0
General Rev. Sharing	27.8	13.6	27.6	52.4	-	-	-	-
Subtotal	\$ 28.1	\$ 33.0	\$ 97.5	\$ 189.7	\$ 155.1	\$ 55.5	\$ 60.5	\$ 65.5
Restricted Use Aid - State Sources								
Library Resource Aid	\$ 1.6	\$ 3.3	\$ 5.7	\$ 8.1	\$ 8.8	8.8	\$ 8.8	\$ 8.8
Library Const. Aid	1.3	1.9	1.6	2.5	2.6	2.5	2.3	2.3
Police & Fire Incentive	4.1	1.3	0.9	1.1	-	-	-	-
Prop. Val. Reimb.	-	-	0.0	0.6	1.6	1.6	0.5	0.6
Actuarial Valuation	-	-	-	-	-	0.0	-	-
Oversight Reimbursement	-	-	-	-	-	-	0.1	0.1
Subtotal	\$ 7.2	\$ 6.5	\$ 8.2	\$ 12.3	\$ 13.0	\$ 12.9	\$ 11.6	\$ 11.8
Total - State Sources	\$ 35.2	\$ 39.5	\$ 105.7	\$ 202.0	\$ 168.2	\$ 68.3	\$ 72.1	\$ 77.3
Other Aid - Pass-Through								
Public Service Corp.	\$ 9.9	\$ 7.2	\$ 12.8	\$ 14.6	\$ 10.2	\$ 12.7	\$ 13.2	\$ 14.3

- **Distressed Communities Relief Fund.** The Assembly funded the Distressed Communities Relief Fund at the enacted level of \$10.4 million for both FY 2014 and FY 2015. Communities' aid distribution is based on updated qualifying tax levies. In FY 2013, Cranston qualified for aid. Communities entering and exiting the program receive 50.0 percent of what would otherwise be full funding under the formula. Cranston does not qualify as distressed for FY 2015. The Assembly includes the redistribution of 50.0 percent of Cranston's FY 2014 allocation to the other six communities for FY 2015.

- **Payment in Lieu of Taxes Program.** The Assembly provided \$40.1 million to fund the Payment in Lieu of Taxes program for FY 2015. This is \$5.0 million more than recommended and provided in FY 2014. This program reimburses cities and towns for property taxes which would have been due on real property owned by nonprofit educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility exempt from taxation by state law. Reimbursement is statutorily based on 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. The state makes one payment to communities in July of each year. If the appropriation is less than the necessary amount, the reimbursements are ratably reduced. The FY 2014 payment represented a reimbursement of 22.0 percent of the value. The FY 2015 enacted level represents a reimbursement of 25.4 percent of the value. The Assembly additionally enacted a revision to statute, requiring municipalities to submit data for the following year's distribution prior to receiving the current year's payment, effective July 1, 2015.

- **Motor Vehicle Excise Tax Phase-Out.** The Assembly provided the enacted amount of \$10.0 million for the Motor Vehicles Excise Tax phase-out program for FY 2015. The 2010 Assembly enacted legislation mandating a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation. The legislation allows municipalities to provide an additional exemption; however, that additional exemption will not be subject to reimbursement.

- **Municipal Incentive Aid.** The Assembly provided the enacted amount of \$5.0 million for the Municipal Incentive Aid program, which encourages sustainable funding of retirement plans and

reduction of unfunded liabilities. For FY 2014, a municipality may receive funding if it has no locally administered pension plan; if it submitted an approved Funding Improvement Plan no later than June 1, 2013, or if it is not required to submit a Funding Improvement Plan. For FY 2015 and FY 2016, a municipality must fund 100 percent of its annual required contribution; if there is no local plan or a Funding Improvement Plan has been implemented, the municipality remains eligible. Coventry did not submit its Funding Improvement Plan by the deadline for FY 2014 funding. The Assembly additionally enacted a revision to statute, allowing a non-compliant municipality's allocation to be reappropriated to the following fiscal year, to provide an opportunity for compliance.

- **Library Resource Sharing Aid.** The Budget includes \$8.8 million for FY 2015, which is the enacted amount, but \$1.0 million or 11.4 percent less than current law requirements. Current law allows for 25.0 percent reimbursement of second prior year expenditures.
- **Library Construction Aid.** The Assembly provided \$2.3 million to fund library construction aid requirements. The state reimburses libraries up to half the total costs for eligible projects on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project. The 2011 Assembly adopted legislation to set a three-year moratorium on the acceptance of applications for library construction aid projects. The Chief of Library Services will begin accepting applications for library projects on July 1, 2014.
- **Property Valuation Reimbursement.** The Assembly provided full funding of \$0.5 million for FY 2014 and \$0.6 million for FY 2015 to reimburse communities conducting property valuation updates.
- **Public Service Corporation Tax.** The Budget assumes the state will collect \$13.2 million and \$14.3 million of property taxes from public service corporations on behalf of municipalities for FY 2014 and FY 2015, respectively. These funds are passed back to cities and towns in July of each year.

State Aid

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

Restricted use aid includes payments made to a municipality for a specific purpose or payments to non-governmental entities providing a public service. These include library aid and police and fire incentive pay plan sharing. The largest source of restricted aid is education aid, which is not included here. That information is shown separately in the Education Aid report in this publication.

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

General State Aid

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

Rankings	Central			East		North		West		
	Burrillville	Falls	Coventry	Cranston	Providence	Providence	Pawtucket	Providence	Warwick	Woonsocket
FY 2012										
Levy/Full Value	22	25	5	8	11	7	15	1	3	6
Per Capita Income 2000	6	1	11	9	7	10	4	2	5	3
Personal Income/Full Value	10	1	6	15	13	4	3	8	5	2
Full Value Per Capita	7	1	9	10	8	6	3	4	5	2
Qualifying Rankings	2	3	2	1	2	3	3	3	4	4
FY 2013										
Levy/Full Value	22	23	12	3	15	2	6	1	5	4
Per Capita Income 2000	10	1	12	7	8	9	4	3	5	2
Personal Income/Full Value	8	1	11	10	14	4	3	7	5	2
Full Value Per Capita	8	1	9	7	10	6	3	4	5	2
Qualifying Rankings	2	3	0	3	1	3	4	4	4	4
FY 2014										
Levy/Full Value	20	3	14	5	10	4	8	1	6	2
Per Capita Income 2000	11	1	10	7	9	6	4	3	5	2
Personal Income/Full Value	5	1	11	12	13	6	3	8	4	2
Full Value Per Capita	7	1	10	8	9	6	3	4	5	2
Qualifying Rankings	2	4	0	3	0	4	4	4	4	4
FY 2015										
Levy/Full Value	17	1	16	7	11	5	8	2	6	3
Per Capita Income 2000	12	1	10	8	6	7	4	3	5	2
Personal Income/Full Value	5	1	15	16	22	6	3	14	4	2
Full Value Per Capita	7	1	11	9	10	6	3	4	5	2
Qualifying Rankings	2	4	0	2	1	4	4	3	4	4

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

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

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

Consistent with FY 2014, the Governor's FY 2015 budget did not include this legislation; absent the legislation, all of the funds are distributed on a weighted basis. This is consistent with current law; however, it differs from past practices. Historically, a majority of the funds, \$9.6 million, was distributed on a weighted allocation and legislation was included in past budgets to allow \$0.8 million previously linked to lottery revenues to be shared equally among the communities.

Most funds are distributed based on the ratio of an eligible municipality's tax levy to the total tax levy of all eligible municipalities. However, when a new community qualifies, that community receives 50.0 percent of current law requirements the first year it qualifies. The remaining 50.0 percent is distributed to the other distressed communities proportionately. When a community falls out of the program, it receives a one-time transition payment of 50.0 percent of the prior year requirement exclusive of any reduction for first year qualification. Cranston entered the program in FY 2013 and will no longer qualify as of FY 2015, receiving its full allocation for only FY 2014. For FY 2015, it will receive a transition payment.

The Governor recommended the enacted level of \$10.4 million for both FY 2014 and FY 2015 to fund the Distressed Communities Relief Program. Communities' aid distribution in FY 2015 is based on updated qualifying tax levies. The Assembly concurred.

For FY 2015, seven communities will receive distressed aid, consistent with the enacted budget: Central Falls, Cranston, North Providence, Pawtucket, Providence, West Warwick, and Woonsocket. It should be noted that Cranston no longer qualifies as a distressed community for FY 2015; 50.0 percent of Cranston's allocation will be redistributed to the other six communities for FY 2015.

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

The Governor recommended funding for FY 2015 at the enacted amount of \$35.1 million. FY 2014 funding was \$9.9 million less than the current law allowance of 27.0 percent and represents a reimbursement of 22.0 percent of the value. The state makes one payment to communities in July of each year.

The Assembly provided \$40.1 million for the program for FY 2015, representing a \$5.0 million increase and a reimbursement of 25.4 percent of the value. The Assembly additionally enacted a revision to statute, requiring municipalities to submit data for the following year's distribution prior to receiving the current year's payment, effective July 1, 2015.

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

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

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

The Governor included legislation in his FY 2010 revised budget to eliminate the third and the fourth quarter reimbursements to municipalities and allow municipalities to levy a supplemental tax to capture the loss of the reimbursement for FY 2010, subject to certification from the Department of Revenue,

and an affirmative vote of at least four-fifths of the full membership of the municipalities' governing body. Exemptions in FY 2011 and thereafter would be subject to the annual appropriations act.

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

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

The Governor recommended \$10.0 million for FY 2015 to level fund the program at the enacted amount. The Division of Municipal Finance reported that the Governor's budget included a distribution based on December 2011 data, as it did not have updated data. The Division released a new recommended distribution of the recommended funds, based on December 2012 data, in May 2014. The Assembly concurred.

Municipal Incentive Aid. The Assembly provided the enacted amount of \$5.0 million for the Municipal Incentive Aid program, which encourages sustainable funding of retirement plans and reduction of unfunded liabilities.

Eligibility for funding in FY 2015 and FY 2016 differs from FY 2014 which was the first year of the program. For FY 2014, a municipality may receive funds under one of three conditions: firstly, if it has no locally administered pension plan; secondly, if it has submitted an approved Funding Improvement Plan, if required, no later than June 1, 2013; or thirdly, if its locally administered plan is not required to submit a Funding Improvement Plan. For FY 2015 and FY 2016, a municipality that still has a local plan that did not require a Funding Improvement Plan must be funding 100 percent of its annual required contribution. Those with no local plans or those implementing Funding Improvement Plans would continue to be eligible. Municipalities required to implement a Funding Improvement Plan must do so within 18 months after certification that the plan is in critical status.

For FY 2014, 38 municipalities qualified for the program. Coventry did not submit its Funding Improvement Plan by the deadline. The Governor's recommended budget included the redistribution of Coventry's allocation to the other cities and towns for FY 2014. The Assembly did not concur and enacted a revision to statute, allowing a non-compliant municipality's allocation to be reappropriated to the following fiscal year, to provide an opportunity to come into compliance.

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

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

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

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

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

The 2009 Assembly concurred with the Governor's recommendation to subject the program permanently to appropriation and delete the requirement for a distribution of 3.0 percent of second prior year state tax revenues for FY 2010 and each year thereafter. No funding was provided in FY 2010. It has not been funded since.

Restricted Use State Aid

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

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

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

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

The Governor recommended the enacted level of \$8.8 million, which is \$1.0 million or 11.4 percent less than current law requirements. Current law allows 25.0 percent reimbursement of second prior year expenditures. The Assembly concurred.

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

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

Reimbursable costs also include any cost of borrowing for the state share during the construction period. Examples of costs not eligible for state funds include the cost of fundraising by the municipality or the free library or the costs of public relations. In a case where the library is a component of local government, payments are made to the municipality. Payments for free public libraries are made directly to the libraries.

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

The 2011 Assembly adopted legislation to set a three-year moratorium on the acceptance of applications for library construction aid projects through July 1, 2014. Applications will be accepted for FY 2015.

The Governor recommended full funding of \$2.3 million in FY 2014 and FY 2015 to fund library construction aid. The Assembly concurred.

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

The amount of the incentive is based on a point system, which is related to the individual's level of

educational attainment. The state payments go directly to the municipalities which, in turn, make payments to the participants in the program.

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

The Governor did not recommend reinstating funding for this program for FY 2015. The Assembly concurred.

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

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

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

The Governor did not recommend reinstating funding for this program for FY 2015. The Assembly concurred.

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

The Governor recommended \$0.5 million for FY 2014, including \$86,396 of unused funds reappropriated from FY 2013 to reimburse Providence and \$0.6 million for FY 2015 to reimburse communities conducting property valuation updates. Barrington, Cranston, and East Greenwich are scheduled to conduct property revaluations in FY 2014 and East Providence, Warren, and Warwick are conducting property revaluations in FY 2015.

Actuarial Valuations. Pension legislation adopted by the 2011 Assembly requires municipalities administering local plans to complete actuarial reviews and to submit them to the study commission, with the state reimbursing communities for half the cost. The Governor included legislation in Article 26 of 2012-H 7323, clarifying that the state will reimburse municipalities for half of the cost of the actuarial valuations that are due on April 1, 2012. He included \$234,000 from general revenues for FY 2012; subsequently, he reappropriated \$61,417 to FY 2013, representing unexpended resources from FY 2012.

Subsequent annual actuarial valuations will not be reimbursed by the state.

Oversight Reimbursement. Legislation enacted by the 2013 Assembly requires that municipalities, which have improved in financial standing so as to no longer require a budget commission or receiver, appoint an executive officer to act as a chief financial administrator. The state is required to reimburse half the cost of the advisors. For FY 2014 and FY 2015, Central Falls and East Providence are required to contract a financial officer. The Governor recommended \$0.1 million for both FY 2014 and FY 2015 to reimburse municipalities for anticipated costs for a financial officer. The Assembly concurred.

Pass-Through Revenues

Public Service Corporation Tax. The Budget assumes the state will collect \$13.2 million and \$14.3 million of property taxes from public service corporations on behalf of municipalities for FY 2014 and FY 2015, respectively. These funds are passed back to cities and towns in July of each year.

The Assembly concurred with the Governor's proposal included in 2009-H 5019 Substitute A, as amended to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rates. Annual tax collections had dropped from \$16.6 million in FY 2004 to \$10.2 million in FY 2010.

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

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

Other Local Revenues

Meals and Beverage. The 2003 Assembly enacted a one percent additional tax on gross receipts from sale of food and beverages sold in or from eating and drinking establishments effective August 1, 2003. Meals are defined as sold ready for immediate consumption, regardless of when or where consumed. Eating establishments are defined to include all entities preparing these foods, including caterers. The Division of Taxation collects the tax and distributes it to the city or town where the meals and beverages were delivered. Distributions for FY 2013 totaled \$21.4 million; they were \$21.0 million and \$19.4 million for FY 2012 and FY 2011, respectively.

The 2011 Assembly adopted legislation, updated in subsequent years, in preparation for the passage of federal legislation empowering states to require the collection and remittance of sales and use taxes by

remote sellers. Effective the date permitted by federal legislation, local meals and beverage tax will increase from 1.0 percent to 1.5 percent. The Governor's FY 2015 budget includes legislation to reverse these provisions. The Assembly did not concur.

Hotel Tax. The 2004 Assembly enacted a one percent additional tax on occupancy charges effective January 1, 2005. The tax is paid by anyone receiving monetary charge for occupancy of any space furnished in buildings or structures with a minimum of three rooms that are kept, used, maintained, advertised as or held out to the public to be a space where living quarters are supplied for pay to transient use (generally less than 31 days). The Division of Taxation collects the tax for all except the City of Newport and distributes it to the city or town where the occupancy occurred. Distributions for FY 2013 totaled \$3.0 million; they were \$2.1 million and \$1.9 million for FY 2012 and FY 2011, respectively.

The 2011 Assembly adopted legislation, updated in subsequent years, in preparation for the passage of federal legislation empowering states to require the collection and remittance of sales and use taxes by remote sellers. Effective the date permitted by federal legislation, local meals and beverage tax will increase from 1.0 percent to 1.5 percent. The Governor's FY 2015 budget includes legislation to reverse these provisions. The Assembly did not concur.

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

Distribution by Community

General Aid Total

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

<i>Community</i>	<i>FY 2014 Enacted</i>	<i>FY 2014 Gov. Rev. *</i>	<i>FY 2014 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 328,398	\$ 344,716	\$ 328,236	\$ (162)
Bristol	918,043	904,091	918,712	668
Burrillville	398,460	380,657	397,225	(1,235)
Central Falls	379,693	374,460	375,365	(4,328)
Charlestown	77,455	79,956	77,457	2
Coventry*	378,558	235,735	385,693	7,135
Cranston	8,901,839	8,905,659	8,841,551	(60,289)
Cumberland	369,142	394,284	381,198	12,056
East Greenwich	388,218	357,790	389,325	1,107
East Providence	849,050	885,140	976,901	127,851
Exeter	114,339	120,355	113,152	(1,187)
Foster	90,357	77,735	89,293	(1,064)
Glocester	139,534	146,081	139,418	(116)
Hopkinton	101,455	105,212	100,594	(861)
Jamestown	61,454	49,386	61,414	(40)
Johnston	510,003	540,531	512,983	2,980
Lincoln	332,787	309,516	337,754	4,967
Little Compton	40,279	31,274	40,750	471
Middletown	160,616	150,165	161,697	1,081
Narragansett	170,727	141,395	172,003	1,276
Newport	1,351,526	1,302,357	1,352,122	596
New Shoreham	12,466	8,610	11,645	(821)
North Kingstown	350,322	325,229	353,988	3,666
North Providence	1,890,947	1,919,247	1,892,235	1,288
North Smithfield	224,706	238,191	233,182	8,476
Pawtucket	2,743,041	2,784,134	2,734,629	(8,412)
Portsmouth	187,780	167,029	186,830	(950)
Providence	31,217,636	31,239,340	31,214,071	(3,565)
Richmond	93,903	97,725	94,496	593
Scituate	173,223	123,883	173,293	70
Smithfield	914,142	915,256	918,664	4,522
South Kingstown	466,884	445,896	470,055	3,171
Tiverton	181,942	138,183	181,839	(103)
Warren	131,696	137,781	132,685	989
Warwick	2,767,867	2,890,753	2,670,238	(97,629)
Westerly	454,558	432,001	451,645	(2,913)
West Greenwich	78,964	81,858	87,623	8,659
West Warwick	1,027,849	1,011,601	1,033,229	5,380
Woonsocket	1,485,012	1,505,535	1,471,682	(13,330)
Total	\$ 60,464,867	\$ 60,298,741	\$ 60,464,867	\$ -

*The Governor recommended the redistribution of Coventry's \$0.2 million Municipal Incentive Aid allocation to the rest of the communities for FY 2014. The Assembly extended the deadline and assumes Coventry will meet it.

General Aid Total

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

<i>Community</i>	<i>FY 2014 Enacted</i>	<i>FY 2015 Gov. Rec.</i>	<i>FY 2015 Enacted</i>	<i>Change to FY 2014 Final</i>
Barrington	\$ 328,398	\$ 344,716	\$ 330,474	\$ 2,238
Bristol	918,043	904,091	1,050,964	132,252
Burrillville	398,460	380,657	419,599	22,374
Central Falls	379,693	401,768	399,607	24,242
Charlestown	77,455	79,956	77,457	-
Coventry*	378,558	401,861	385,693	-
Cranston	8,901,839	7,745,340	8,488,692	(352,859)
Cumberland	369,142	394,284	381,216	17
East Greenwich	388,218	357,790	544,659	155,334
East Providence	849,050	885,140	1,023,506	46,605
Exeter	114,339	120,355	113,152	-
Foster	90,357	77,735	89,352	59
Glocester	139,534	146,081	139,418	-
Hopkinton	101,455	105,212	100,594	-
Jamestown	61,454	49,386	61,414	-
Johnston	510,003	540,531	512,983	-
Lincoln	332,787	309,516	337,754	-
Little Compton	40,279	31,274	40,750	-
Middletown	160,616	150,165	161,697	-
Narragansett	170,727	141,395	172,003	-
Newport	1,351,526	1,302,357	1,565,948	213,826
New Shoreham	12,466	8,610	11,645	-
North Kingstown	350,322	325,229	353,642	(347)
North Providence	1,890,947	2,021,131	2,081,761	189,526
North Smithfield	224,706	238,191	233,182	-
Pawtucket	2,743,041	2,919,534	2,942,994	208,365
Portsmouth	187,780	167,029	186,830	-
Providence	31,217,636	31,881,531	34,738,635	3,524,564
Richmond	93,903	97,725	94,496	-
Scituate	173,223	123,883	173,293	-
Smithfield	914,142	915,256	1,027,810	109,145
South Kingstown	466,884	445,896	501,503	31,448
Tiverton	181,942	138,183	181,839	-
Warren	131,696	137,781	132,685	-
Warwick	2,767,867	2,890,753	3,039,830	369,592
Westerly	454,558	432,001	475,907	24,263
West Greenwich	78,964	81,858	87,623	-
West Warwick	1,027,849	1,118,921	1,140,549	107,320
Woonsocket	1,485,012	1,651,752	1,663,717	192,035
Total	\$ 60,464,867	\$ 60,464,867	\$ 65,464,867	\$ 5,000,000

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2014 Enacted</i>	<i>FY 2014 Gov. Rev.</i>	<i>FY 2014 Final</i>	<i>Change to Enacted</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	170,622	170,622	170,622	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	2,320,642	2,320,642	2,320,642	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	-	-	-	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	846,788	846,788	846,788	-
North Smithfield	-	-	-	-
Pawtucket	1,252,008	1,252,008	1,252,008	-
Portsmouth	-	-	-	-
Providence	4,429,560	4,429,560	4,429,560	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	675,775	675,775	675,775	-
Woonsocket	689,062	689,062	689,062	-
Total	\$ 10,384,458	\$ 10,384,458	\$ 10,384,458	\$ -

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2014 Enacted</i>	<i>FY 2015 Gov. Rec.</i>	<i>FY 2015 Enacted</i>	<i>Change to FY 2014 Final</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	170,622	197,930	197,930	27,308
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	2,320,642	1,160,322	1,160,322	(1,160,320)
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	-	-	-	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	846,788	948,672	948,672	101,884
North Smithfield	-	-	-	-
Pawtucket	1,252,008	1,387,409	1,387,409	135,401
Portsmouth	-	-	-	-
Providence	4,429,560	5,071,751	5,071,751	642,191
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	675,775	783,095	783,095	107,320
Woonsocket	689,062	835,279	835,279	146,217
Total	\$ 10,384,458	\$ 10,384,458	\$ 10,384,458	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2014 Enacted</i>	<i>FY 2014 Gov. Rev.</i>	<i>FY 2014 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 13,387	\$ 13,387	\$ 13,387	\$ -
Bristol	692,850	692,849	692,849	(1)
Burrillville	112,264	112,265	112,265	1
Central Falls	24,639	24,638	24,638	(1)
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	5,236,468	5,236,467	5,236,467	(1)
Cumberland	101	101	101	-
East Greenwich	204,946	204,947	204,947	1
East Providence	176,390	176,390	176,390	-
Exeter	-	-	-	-
Foster	372	372	372	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,101,494	1,101,495	1,101,495	1
New Shoreham	-	-	-	-
North Kingstown	1,941	1,941	1,941	-
North Providence	544,065	544,065	544,065	-
North Smithfield	-	-	-	-
Pawtucket	472,601	472,601	472,601	-
Portsmouth	-	-	-	-
Providence	24,227,138	24,227,138	24,227,138	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	537,747	537,747	537,747	-
South Kingstown	154,721	154,721	154,721	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,226,062	1,226,062	1,226,062	-
Westerly	121,833	121,833	121,833	-
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	231,391	231,391	231,391	-
Total	\$ 35,080,409	\$ 35,080,409	\$ 35,080,409	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2015 Gov. Rec.</i>	<i>FY 2015 Adj. Gov. Rec. *</i>	<i>FY 2015 Enacted</i>	<i>Change to FY 2014 Final</i>
Barrington	\$ 13,387	\$ 13,676	\$ 15,625	\$ 2,238
Bristol	692,849	722,171	825,101	132,252
Burrillville	112,265	117,843	134,639	22,374
Central Falls	24,638	18,881	21,572	(3,066)
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	5,236,467	5,289,953	6,043,928	807,461
Cumberland	101	103	118	17
East Greenwich	204,947	315,336	360,281	155,334
East Providence	176,390	195,176	222,995	46,605
Exeter	-	-	-	-
Foster	372	377	431	59
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,101,495	1,151,236	1,315,321	213,826
New Shoreham	-	-	-	-
North Kingstown	1,941	1,395	1,594	(347)
North Providence	544,065	552,902	631,707	87,642
North Smithfield	-	-	-	-
Pawtucket	472,601	477,506	545,565	72,964
Portsmouth	-	-	-	-
Providence	24,227,138	23,727,621	27,109,511	2,882,373
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	537,747	566,193	646,892	109,145
South Kingstown	154,721	162,945	186,169	31,448
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,226,062	1,396,598	1,595,654	369,592
Westerly	121,833	127,869	146,095	24,263
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	231,391	242,627	277,209	45,818
Total	\$ 35,080,409	\$ 35,080,409	\$ 40,080,409	\$ 5,000,000

**Reflects updated assessment data certified by the Division of Municipal Finance.*

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2014 Enacted</i>	<i>FY 2014 Gov. Rev. *</i>	<i>FY 2014 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 237,138	\$ 253,456	\$ 236,976	\$ (162)
Bristol	115,531	101,579	116,200	669
Burrillville	210,552	192,748	209,316	(1,236)
Central Falls	92,588	87,356	88,261	(4,327)
Charlestown	40,195	42,696	40,197	2
Coventry	212,432	235,735	219,567	7,135
Cranston	962,964	966,785	902,676	(60,288)
Cumberland	210,819	235,961	222,875	12,056
East Greenwich	120,869	90,440	121,975	1,106
East Providence	448,434	484,524	576,285	127,851
Exeter	83,465	89,481	82,278	(1,187)
Foster	68,286	55,664	67,222	(1,064)
Glocester	93,156	99,703	93,040	(116)
Hopkinton	62,734	66,491	61,873	(861)
Jamestown	35,751	23,683	35,711	(40)
Johnston	373,565	404,093	376,545	2,980
Lincoln	232,641	209,370	237,608	4,967
Little Compton	23,665	14,660	24,136	471
Middletown	83,649	73,198	84,730	1,081
Narragansett	95,050	65,718	96,326	1,276
Newport	133,343	84,173	133,938	595
New Shoreham	7,945	4,089	7,124	(821)
North Kingstown	222,551	197,458	226,217	3,666
North Providence	347,631	375,931	348,919	1,288
North Smithfield	168,480	181,965	176,956	8,476
Pawtucket	679,794	720,887	671,382	(8,412)
Portsmouth	105,623	84,872	104,673	(950)
Providence	1,715,886	1,737,590	1,712,321	(3,565)
Richmond	57,421	61,243	58,014	593
Scituate	124,283	74,943	124,353	70
Smithfield	274,622	275,736	279,144	4,522
South Kingstown	167,774	146,786	170,945	3,171
Tiverton	107,432	63,673	107,329	(103)
Warren	80,778	86,863	81,767	989
Warwick	1,147,235	1,270,121	1,049,606	(97,629)
Westerly	224,286	201,730	221,373	(2,913)
West Greenwich	50,367	53,261	59,026	8,659
West Warwick	213,269	197,021	218,649	5,380
Woonsocket	367,796	388,319	354,466	(13,330)
Total	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ -

**Governor's recommendation subject to change based on Division of Municipal Finance data update; the FY 2014 final distribution reflects updated data.*

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2014 Enacted</i>	<i>FY 2015 Gov. Rec. *</i>	<i>FY 2015 Enacted</i>	<i>Change to FY 2014 Final</i>
Barrington	\$ 237,138	\$ 253,456	\$ 236,976	\$ -
Bristol	115,531	101,579	116,200	-
Burrillville	210,552	192,748	209,316	-
Central Falls	92,588	87,356	88,261	-
Charlestown	40,195	42,696	40,197	-
Coventry	212,432	235,735	219,567	-
Cranston	962,964	966,785	902,676	-
Cumberland	210,819	235,961	222,875	-
East Greenwich	120,869	90,440	121,975	-
East Providence	448,434	484,524	576,285	-
Exeter	83,465	89,481	82,278	-
Foster	68,286	55,664	67,222	-
Glocester	93,156	99,703	93,040	-
Hopkinton	62,734	66,491	61,873	-
Jamestown	35,751	23,683	35,711	-
Johnston	373,565	404,093	376,545	-
Lincoln	232,641	209,370	237,608	-
Little Compton	23,665	14,660	24,136	-
Middletown	83,649	73,198	84,730	-
Narragansett	95,050	65,718	96,326	-
Newport	133,343	84,173	133,938	-
New Shoreham	7,945	4,089	7,124	-
North Kingstown	222,551	197,458	226,217	-
North Providence	347,631	375,931	348,919	-
North Smithfield	168,480	181,965	176,956	-
Pawtucket	679,794	720,887	671,382	-
Portsmouth	105,623	84,872	104,673	-
Providence	1,715,886	1,737,590	1,712,321	-
Richmond	57,421	61,243	58,014	-
Scituate	124,283	74,943	124,353	-
Smithfield	274,622	275,736	279,144	-
South Kingstown	167,774	146,786	170,945	-
Tiverton	107,432	63,673	107,329	-
Warren	80,778	86,863	81,767	-
Warwick	1,147,235	1,270,121	1,049,606	-
Westerly	224,286	201,730	221,373	-
West Greenwich	50,367	53,261	59,026	-
West Warwick	213,269	197,021	218,649	-
Woonsocket	367,796	388,319	354,466	-
Total	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ -

**Governor's recommendation subject to change based on Division of Municipal Finance data update; the FY 2015 enacted distribution reflects updated data.*

Municipal Incentive Aid

<i>City or Town</i>	<i>FY 2014 Enacted</i>	<i>FY 2014 Gov. Rev.</i>	<i>FY 2014 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 77,873	\$ 77,873	\$ 77,873	\$ -
Bristol	109,663	109,663	109,663	-
Burrillville	75,644	75,644	75,644	-
Central Falls	91,844	91,844	91,844	-
Charlestown	37,260	37,260	37,260	-
Coventry*	166,126	-	166,126	-
Cranston	381,766	381,766	381,766	-
Cumberland	158,223	158,223	158,223	-
East Greenwich	62,403	62,403	62,403	-
East Providence	224,226	224,226	224,226	-
Exeter	30,874	30,874	30,874	-
Foster	21,699	21,699	21,699	-
Glocester	46,378	46,378	46,378	-
Hopkinton	38,721	38,721	38,721	-
Jamestown	25,703	25,703	25,703	-
Johnston	136,438	136,438	136,438	-
Lincoln	100,146	100,146	100,146	-
Little Compton	16,614	16,614	16,614	-
Middletown	76,967	76,967	76,967	-
Narragansett	75,677	75,677	75,677	-
Newport	116,689	116,689	116,689	-
New Shoreham	4,521	4,521	4,521	-
North Kingstown	125,831	125,831	125,831	-
North Providence	152,463	152,463	152,463	-
North Smithfield	56,226	56,226	56,226	-
Pawtucket	338,638	338,638	338,638	-
Portsmouth	82,157	82,157	82,157	-
Providence	845,052	845,052	845,052	-
Richmond	36,482	36,482	36,482	-
Scituate	48,940	48,940	48,940	-
Smithfield	101,774	101,774	101,774	-
South Kingstown	144,389	144,389	144,389	-
Tiverton	74,510	74,510	74,510	-
Warren	50,918	50,918	50,918	-
Warwick	394,570	394,570	394,570	-
Westerly	108,439	108,439	108,439	-
West Greenwich	28,597	28,597	28,597	-
West Warwick	138,805	138,805	138,805	-
Woonsocket	196,763	196,763	196,763	-
Total	\$ 5,000,000	\$ 4,833,874	\$ 5,000,000	\$ -

Municipal Incentive Aid

<i>City or Town</i>	<i>FY 2014 Enacted</i>	<i>FY 2015 Gov. Rec.</i>	<i>FY 2015 Enacted*</i>	<i>Change to FY 2014 Final</i>
Barrington	\$ 77,873	\$ 77,873	\$ 77,873	\$ -
Bristol	109,663	109,663	109,663	-
Burrillville	75,644	75,644	75,644	-
Central Falls	91,844	91,844	91,844	-
Charlestown	37,260	37,260	37,260	-
Coventry*	166,126	166,126	166,126	-
Cranston	381,766	381,766	381,766	-
Cumberland	158,223	158,223	158,223	-
East Greenwich	62,403	62,403	62,403	-
East Providence	224,226	224,226	224,226	-
Exeter	30,874	30,874	30,874	-
Foster	21,699	21,699	21,699	-
Glocester	46,378	46,378	46,378	-
Hopkinton	38,721	38,721	38,721	-
Jamestown	25,703	25,703	25,703	-
Johnston	136,438	136,438	136,438	-
Lincoln	100,146	100,146	100,146	-
Little Compton	16,614	16,614	16,614	-
Middletown	76,967	76,967	76,967	-
Narragansett	75,677	75,677	75,677	-
Newport	116,689	116,689	116,689	-
New Shoreham	4,521	4,521	4,521	-
North Kingstown	125,831	125,831	125,831	-
North Providence	152,463	152,463	152,463	-
North Smithfield	56,226	56,226	56,226	-
Pawtucket	338,638	338,638	338,638	-
Portsmouth	82,157	82,157	82,157	-
Providence	845,052	845,052	845,052	-
Richmond	36,482	36,482	36,482	-
Scituate	48,940	48,940	48,940	-
Smithfield	101,774	101,774	101,774	-
South Kingstown	144,389	144,389	144,389	-
Tiverton	74,510	74,510	74,510	-
Warren	50,918	50,918	50,918	-
Warwick	394,570	394,570	394,570	-
Westerly	108,439	108,439	108,439	-
West Greenwich	28,597	28,597	28,597	-
West Warwick	138,805	138,805	138,805	-
Woonsocket	196,763	196,763	196,763	-
Total	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ -

**FY 2015 distribution subject to change based on updated population data.*

Library Aid

<i>City or Town</i>	<i>FY 2014 Enacted</i>	<i>FY 2014 Gov. Rev.</i>	<i>FY 2014 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 341,149	\$ 341,148	\$ 341,149	\$ -
Bristol	129,784	129,784	129,784	-
Burrillville	129,564	129,564	129,564	-
Central Falls	14,022	14,022	14,022	-
Charlestown	47,837	47,837	47,837	-
Coventry	215,315	215,315	215,315	-
Cranston	541,181	541,181	541,181	-
Cumberland	268,332	268,332	268,332	-
East Greenwich	121,963	121,962	121,963	-
East Providence	403,334	403,334	403,334	-
Exeter	41,703	41,703	41,703	-
Foster	31,569	31,569	31,569	-
Glocester	71,674	71,674	71,674	-
Hopkinton	34,084	34,084	34,084	-
Jamestown	80,467	80,467	80,467	-
Johnston	120,380	120,380	120,380	-
Lincoln	191,841	191,841	191,841	-
Little Compton	29,670	29,670	29,670	-
Middletown	135,566	135,566	135,566	-
Narragansett	123,055	123,055	123,055	-
Newport	378,526	378,526	378,526	-
New Shoreham	78,316	78,316	78,316	-
North Kingstown	263,710	263,709	263,710	-
North Providence	171,750	171,750	171,750	-
North Smithfield	63,341	63,341	63,341	-
Pawtucket	315,245	315,245	315,245	-
Portsmouth	103,446	103,446	103,446	-
Providence*	2,257,761	2,257,766	2,257,761	-
Richmond	26,139	26,139	26,139	-
Scituate	95,169	95,169	95,169	-
Smithfield	269,659	269,659	269,659	-
South Kingstown	203,946	203,945	203,946	-
Tiverton	94,109	94,109	94,109	-
Warren	53,561	53,561	53,561	-
Warwick	688,368	688,368	688,368	-
Westerly	265,543	265,542	265,543	-
West Greenwich	27,126	27,126	27,126	-
West Warwick	147,770	147,770	147,770	-
Woonsocket	197,423	197,423	197,423	-
Total	\$ 8,773,398	\$ 8,773,398	\$ 8,773,398	\$ -

*Includes the Statewide Reference Library Resource Grant.

Library Aid

<i>City or Town</i>	<i>FY 2014 Enacted</i>	<i>FY 2015 Gov. Rec.</i>	<i>FY 2015 Enacted</i>	<i>Change to FY 2014 Final</i>
Barrington	\$ 341,149	\$ 341,488	\$ 341,488	\$ 339
Bristol	129,784	139,595	139,595	9,811
Burrillville	129,564	141,022	141,022	11,458
Central Falls	14,022	17,569	17,569	3,547
Charlestown	47,837	47,766	47,766	(71)
Coventry	215,315	222,474	222,474	7,159
Cranston	541,181	539,079	539,079	(2,102)
Cumberland	268,332	273,112	273,112	4,780
East Greenwich	121,963	121,085	121,085	(878)
East Providence	403,334	363,025	363,025	(40,309)
Exeter	41,703	45,664	45,664	3,961
Foster	31,569	31,550	31,550	(19)
Glocester	71,674	71,631	71,631	(43)
Hopkinton	34,084	34,685	34,685	601
Jamestown	80,467	87,697	87,697	7,230
Johnston	120,380	124,729	124,729	4,349
Lincoln	191,841	191,018	191,018	(823)
Little Compton	29,670	30,298	30,298	628
Middletown	135,566	137,973	137,973	2,407
Narragansett	123,055	122,983	122,983	(72)
Newport	378,526	381,739	381,739	3,213
New Shoreham	78,316	78,270	78,270	(46)
North Kingstown	263,710	273,440	273,440	9,730
North Providence	171,750	176,242	176,242	4,492
North Smithfield	63,341	63,304	63,304	(37)
Pawtucket	315,245	329,493	329,493	14,248
Portsmouth	103,446	103,554	103,554	108
Providence*	2,257,761	2,207,807	2,207,807	(49,954)
Richmond	26,139	26,531	26,531	392
Scituate	95,169	95,113	95,113	(56)
Smithfield	269,659	269,275	269,275	(384)
South Kingstown	203,946	199,345	199,345	(4,601)
Tiverton	94,109	102,842	102,842	8,733
Warren	53,561	53,916	53,916	355
Warwick	688,368	691,943	691,943	3,575
Westerly	265,543	255,839	255,839	(9,704)
West Greenwich	27,126	28,154	28,154	1,028
West Warwick	147,770	155,644	155,644	7,874
Woonsocket	197,423	196,505	196,505	(919)
Total	\$ 8,773,398	\$ 8,773,398	\$ 8,773,398	\$ -

*Includes the Statewide Reference Library Resource Grant.

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2014 Enacted</i>	<i>FY 2014 Gov. Rev.</i>	<i>FY 2014 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 205,617	\$ 205,617	\$ 205,617	\$ -
Bristol	289,555	289,555	289,555	-
Burrillville	199,730	199,730	199,730	-
Central Falls	242,507	242,507	242,507	-
Charlestown	98,381	98,381	98,381	-
Coventry	438,642	438,642	438,642	-
Cranston	1,008,020	1,008,020	1,008,020	-
Cumberland	417,774	417,774	417,774	-
East Greenwich	164,770	164,770	164,770	-
East Providence	592,051	592,051	592,051	-
Exeter	81,520	81,520	81,520	-
Foster	57,295	57,295	57,295	-
Glocester	122,456	122,456	122,456	-
Hopkinton	102,239	102,239	102,239	-
Jamestown	67,867	67,867	67,867	-
Johnston	360,253	360,253	360,253	-
Lincoln	264,428	264,428	264,428	-
Little Compton	43,867	43,867	43,867	-
Middletown	203,225	203,225	203,225	-
Narragansett	199,818	199,818	199,818	-
Newport	308,107	308,107	308,107	-
New Shoreham	11,937	11,937	11,937	-
North Kingstown	332,245	332,245	332,245	-
North Providence	402,567	402,567	402,567	-
North Smithfield	148,460	148,460	148,460	-
Pawtucket	894,145	894,145	894,145	-
Portsmouth	216,929	216,929	216,929	-
Providence	2,231,291	2,231,291	2,231,291	-
Richmond	96,326	96,326	96,326	-
Scituate	129,220	129,220	129,220	-
Smithfield	268,724	268,724	268,724	-
South Kingstown	381,247	381,247	381,247	-
Tiverton	196,736	196,736	196,736	-
Warren	134,444	134,444	134,444	-
Warwick	1,041,829	1,041,829	1,041,829	-
Westerly	286,324	286,324	286,324	-
West Greenwich	75,508	75,508	75,508	-
West Warwick	366,504	366,504	366,504	-
Woonsocket	519,536	519,536	519,536	-
Total	\$ 13,202,094	\$ 13,202,094	\$ 13,202,094	\$ -

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2014 Enacted</i>	<i>FY 2015 Gov. Rec.</i>	<i>FY 2015 Enacted</i>	<i>Change to FY 2014 Final</i>
Barrington	\$ 205,617	\$ 205,617	\$ 221,639	\$ 16,022
Bristol	289,555	289,555	308,928	19,373
Burrillville	199,730	199,730	216,868	17,138
Central Falls	242,507	242,507	262,600	20,093
Charlestown	98,381	98,381	106,035	7,654
Coventry	438,642	438,642	474,601	35,959
Cranston	1,008,020	1,008,020	1,090,383	82,363
Cumberland	417,774	417,774	454,704	36,930
East Greenwich	164,770	164,770	178,130	13,360
East Providence	592,051	592,051	639,014	46,963
Exeter	81,520	81,520	90,136	8,616
Foster	57,295	57,295	62,363	5,068
Glocester	122,456	122,456	132,587	10,131
Hopkinton	102,239	102,239	110,548	8,309
Jamestown	67,867	67,867	73,464	5,597
Johnston	360,253	360,253	390,714	30,461
Lincoln	264,428	264,428	286,509	22,081
Little Compton	43,867	43,867	47,318	3,451
Middletown	203,225	203,225	218,914	15,689
Narragansett	199,818	199,818	214,997	15,179
Newport	308,107	308,107	330,398	22,291
New Shoreham	11,937	11,937	11,697	(240)
North Kingstown	332,245	332,245	358,048	25,803
North Providence	402,567	402,567	435,538	32,971
North Smithfield	148,460	148,460	161,729	13,269
Pawtucket	894,145	894,145	965,684	71,539
Portsmouth	216,929	216,929	234,854	17,925
Providence	2,231,291	2,231,291	2,415,159	183,868
Richmond	96,326	96,326	103,920	7,594
Scituate	129,220	129,220	140,191	10,971
Smithfield	268,724	268,724	291,036	22,312
South Kingstown	381,247	381,247	412,970	31,723
Tiverton	196,736	196,736	213,316	16,580
Warren	134,444	134,444	144,380	9,936
Warwick	1,041,829	1,041,829	1,120,907	79,078
Westerly	286,324	286,324	308,860	22,536
West Greenwich	75,508	75,508	82,423	6,915
West Warwick	366,504	366,504	394,835	28,331
Woonsocket	519,536	519,536	559,030	39,494
Total	\$ 13,202,094	\$ 13,202,094	\$ 14,265,427	\$ 1,063,333

Meals and Beverage Tax

<i>City or Town</i>	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>	<i>FY 2013</i>
Barrington	\$ 135,553	\$ 135,625	\$ 135,686	\$ 137,483
Bristol	303,168	327,042	340,439	333,801
Burrillville	172,887	174,052	170,110	194,053
Central Falls	88,173	92,902	100,396	95,042
Charlestown	97,087	102,788	106,466	109,250
Coventry	333,263	331,317	359,173	353,161
Cranston	1,321,908	1,342,820	1,464,102	1,496,186
Cumberland	350,310	357,915	377,291	387,440
East Greenwich	428,133	447,265	467,401	505,899
East Providence	729,001	740,237	789,039	815,946
Exeter	71,128	72,117	73,550	77,753
Foster	17,376	15,627	14,081	14,837
Glocester	54,010	57,017	70,135	72,985
Hopkinton	43,754	43,541	47,474	51,648
Jamestown	80,395	79,350	81,039	77,397
Johnston	429,028	455,592	464,125	464,676
Lincoln	609,715	623,233	680,568	680,872
Little Compton	39,576	36,462	32,462	38,168
Middletown	561,285	565,079	609,116	601,666
Narragansett	460,758	460,945	534,213	500,618
Newport	1,526,834	1,627,651	1,833,841	1,912,423
New Shoreham	225,939	225,192	256,173	257,729
North Kingstown	419,321	424,631	463,093	462,381
North Providence	344,523	338,650	333,767	348,156
North Smithfield	160,440	156,161	181,683	195,593
Pawtucket	633,198	643,598	670,833	649,192
Portsmouth	166,628	168,433	172,717	177,469
Providence	3,961,890	4,047,090	4,443,753	4,555,807
Richmond	102,635	110,470	116,580	118,985
Scituate	52,460	53,285	60,262	67,382
Smithfield	513,546	524,556	558,121	582,110
South Kingstown	536,657	561,221	623,204	642,828
Tiverton	151,924	156,098	189,157	188,622
Warren	202,368	208,132	241,958	230,369
Warwick	2,151,135	2,130,242	2,319,661	2,338,168
Westerly	593,704	625,338	704,012	713,100
West Greenwich	95,914	101,165	97,853	103,943
West Warwick	322,737	324,975	311,829	313,596
Woonsocket	494,686	495,850	500,016	488,443
Total	\$ 18,983,046	\$ 19,383,665	\$ 20,995,381	\$ 21,355,178

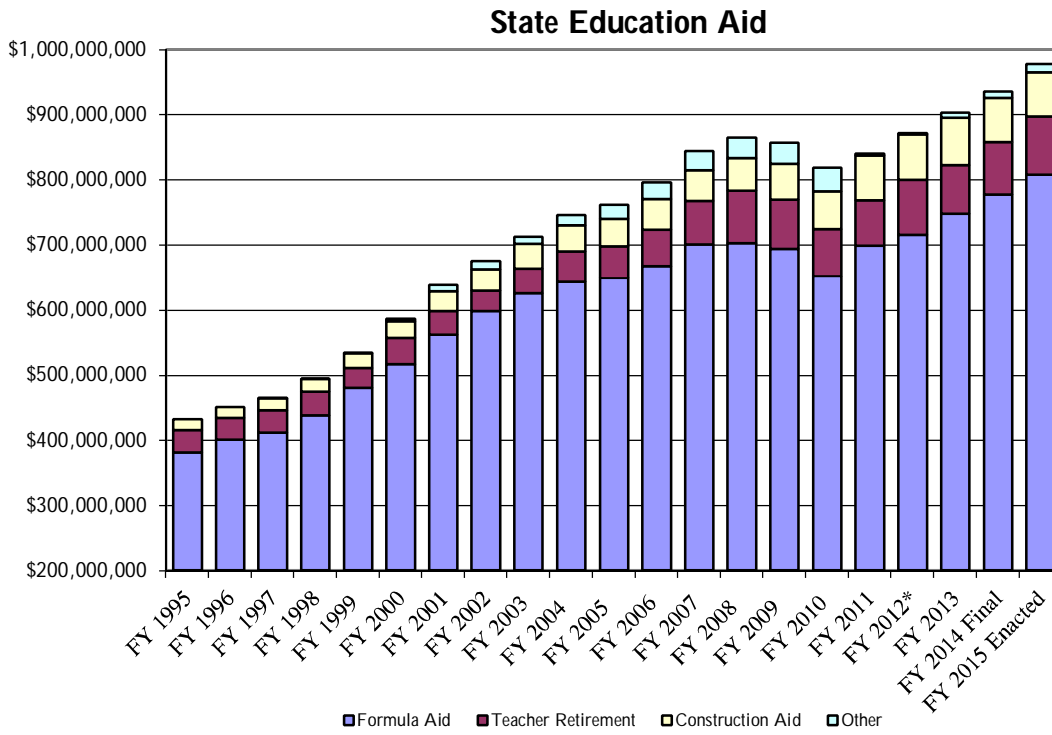
Local Hotel Tax

<i>City or Town</i>	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>	<i>FY 2013</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	12,395	14,742	13,073	14,631
Burrillville	-	-	-	-
Central Falls	-	-	-	-
Charlestown	6,622	9,477	8,766	8,232
Coventry	29,063	33,396	30,491	29,526
Cranston	7,708	3,301	3,967	3,929
Cumberland	-	-	-	-
East Greenwich	133	189	158	229
East Providence	12,544	13,695	15,378	15,256
Exeter	-	-	-	-
Foster	136	74	57	38
Glocester	700	825	781	816
Hopkinton	6	-	-	-
Jamestown	3,635	3,818	4,409	4,043
Johnston	3,471	2,885	2,824	3,020
Lincoln	33,457	36,521	38,782	41,808
Little Compton	4,512	5,589	3,777	4,474
Middletown	233,101	232,431	263,989	259,616
Narragansett	30,542	37,474	34,552	34,265
Newport	-	-	-	790,380
New Shoreham	92,485	99,549	99,845	112,692
North Kingstown	5,751	9,739	28,071	31,236
North Providence	-	-	-	-
North Smithfield	844	956	1,108	1,379
Pawtucket	20,151	19,148	18,645	20,463
Portsmouth	2,769	2,967	3,627	3,943
Providence	644,561	707,255	753,159	782,201
Richmond	1,439	1,517	1,499	1,596
Scituate	1,621	1,622	1,717	1,458
Smithfield	39,029	52,094	56,265	56,971
South Kingstown	45,334	50,496	53,940	56,764
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	352,362	353,993	386,408	416,065
Westerly	71,162	116,835	143,201	163,639
West Greenwich	31,174	35,515	36,480	39,230
West Warwick	40,852	42,026	38,451	36,974
Woonsocket	16,805	17,533	23,292	27,010
Total	\$ 1,744,364	\$ 1,905,664	\$ 2,066,715	\$ 2,961,884

Education Aid

Summary

The Assembly enacted \$977.7 million for FY 2015 total aid for local school districts. This is \$39.2 million more than enacted for FY 2014. Funding for FY 2015 includes \$807.1 million in direct distributions to local school districts, \$12.3 million in categorical funding, \$0.8 million in other aid for distribution by the Department, \$89.5 million for the state's contribution to teacher retirement, and \$67.9 million for school construction costs.



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

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

There is redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities, the formula is being phased in over a ten-year period. The budget for FY 2015 represents the fourth year of the phase in.

Education Aid by Component

The Assembly enacted \$977.7 million for FY 2015 education aid for distribution to districts including Central Falls, Davies Career and Technical Center, charter schools and the Metropolitan Career and Technical School. This includes teacher retirement and school housing aid as well as other formula aid for distribution by the Department of Elementary and Secondary Education. This is \$39.2 million more than enacted for FY 2014.

The following table compares the FY 2015 recommended funding for the major components of education aid to the FY 2014 enacted budget and the Governor's recommendation. It is followed by an explanation of each of the items in the table.

Education Aid	FY 2014 Enacted	FY 2015 Governor	FY 2015 Enacted	Change to Enacted	Change to Governor
Operating Aid					
Local Districts	\$ 651,943,283	\$ 679,057,002	\$ 679,524,923	\$ 27,581,640	\$ 467,921
Central Falls	38,399,591	38,845,852	39,010,583	610,992	164,731
Met School*	11,085,049	10,536,607	10,501,360	(583,689)	(35,247)
Davies Career & Technical*	12,792,048	12,227,793	12,240,174	(551,874)	12,381
Charter Schools	55,148,059	63,145,163	59,166,676	4,018,617	(3,978,487)
UCAP	296,703	670,967	574,513	277,810	(96,454)
Group Homes Funding	7,131,000	6,093,000	6,093,233	(1,037,767)	233
Subtotal	\$ 776,795,733	\$ 810,576,384	\$ 807,111,462	\$ 30,315,729	\$ (3,464,922)
Categorical Funding					
High Cost Special Education	\$ 1,000,000	\$ 1,500,000	\$ 1,500,000	\$ 500,000	\$ -
Career and Technical	3,000,000	3,500,000	3,500,000	500,000	-
Early Childhood	1,950,000	2,950,000	2,950,000	1,000,000	-
Transportation	3,263,520	4,351,360	4,351,360	1,087,840	-
Subtotal	\$ 9,213,520	\$ 12,301,360	\$ 12,301,360	\$ 3,087,840	\$ -
Set-Aside Funds					
All Day Kindergarten Pilot Program	\$ 250,000	\$ 250,000	\$ 250,000	-	\$ -
Textbook Loans	240,000	-	240,000	-	240,000
School Breakfast	270,000	-	270,000	-	270,000
Subtotal	\$ 760,000	\$ 250,000	\$ 760,000	\$ -	\$ 510,000
Total	\$ 786,769,253	\$ 823,127,744	\$ 820,172,822	\$ 33,403,569	\$ (2,954,922)
Other Aid					
Teacher Retirement	\$ 81,691,253	\$ 89,829,396	\$ 89,529,396	\$ 7,838,143	\$ (300,000)
Construction Aid	69,949,504	67,949,504	67,949,504	(2,000,000)	-
Statewide Total	\$ 938,410,010	\$ 980,906,644	\$ 977,651,722	\$ 39,241,712	\$ (3,254,922)

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

The funding formula calculation for FY 2015 uses March 14, 2014 student enrollment data adjusted for FY 2015 projected charter school enrollments, a per pupil core instruction amount of \$8,966 and state share ratio variables updated with June 30, 2013 data. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. Districts are billed quarterly for students attending charter and state schools. The Governor's recommendation was based on June 30, 2013 student enrollment data.

Operating Aid

Local Districts. The Budget includes \$679.5 million for formula aid to locally operated school districts. This is \$27.6 million more than enacted. This reflects the fourth year of the funding formula. It is \$0.5 million more than the Governor recommended based on updated enrollment data. The update includes redistribution among districts with some receiving more and some receiving less than the Governor's budget assumed.

Central Falls Operations. The Budget includes \$39.0 million for formula aid for the Central Falls School District. This is \$0.6 million or 1.6 percent more than FY 2014 enacted aid and \$0.2 million more than the Governor recommended based on updated enrollment data. Beginning with FY 2012, Central Falls is funded pursuant to the funding formula.

The formula includes a transition fund to stabilize the Central Falls school district until the city can begin paying its local share. This is the first year of the transition funding and the budget includes \$1.8 million. The budget also includes a \$1.2 million reduction, reflecting year four of the funding formula. This reduction reflects a declining Central Falls enrollment primarily due to the proliferation of charter schools.

Metropolitan Career and Technical School. The Budget includes \$10.5 million for formula aid for the Metropolitan Career and Technical School. This is \$0.6 million or 5.3 percent less than the FY 2014 enacted level and \$35,247 less than the Governor recommended based on updated enrollment data. Prior to FY 2012, the Met School was fully state supported.

The Met School is funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which must pay that to the School. The estimated local contribution is \$4.8 million once the formula is fully phased in. Tables at the end of this report include estimated enrollment by sending district for FY 2015.

Davies Career and Technical School. The Budget includes \$12.2 million from general revenues for formula aid to support the Davies Career and Technical School. This is \$0.6 million or 4.3 percent less than the FY 2014 enacted level and \$12,381 more than the Governor recommended based on updated enrollment data.

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

The local share for FY 2015 is estimated at \$3.7 million and is shown in the school's budget as restricted receipt expenditures. Davies' operating budget will continue to be submitted as part of the Department's budget and Davies' employees are still state employees. Tables at the end of this report include estimated enrollment by sending district for FY 2015.

Charter Schools. The Budget includes \$59.2 million for formula aid to charter schools. This is \$4.0 million or 7.3 percent more than the FY 2014 enacted level and \$4.0 million less than the Governor recommended based on enrollment data and two new schools opening during the 2014-2015 school year. The Governor's budget had assumed that three schools will receive approval to open for FY 2015; however, the Board of Education only approved two. Beginning in FY 2012, charter schools are funded pursuant to the education funding formula. Charter schools are funded like other districts.

The state share is that of the sending district for each student and the local contribution is the local per pupil cost of each sending district which must pay that to the school.

Charter schools are public schools authorized by the state to operate independently from many state and local district rules and regulations. The 2010 Assembly increased the statewide total to no more than 35 charters; it had previously been no more than 20 charters serving no more than 4.0 percent of the state's school age population. At least half of the 35 total charters are reserved for charter school applications designed to increase the educational opportunities for at-risk pupils. Mayoral academies are charter schools and included in the total. There are currently 19 charter schools in Rhode Island. For FY 2015, that number would grow to 21. Table 6 at the end of this report includes estimated enrollment for FY 2015.

Urban Collaborative Accelerated Program. The Budget includes \$0.6 million for the second year of funding for the Urban Collaborative Accelerated Program for FY 2015. This is \$0.3 million more than enacted and \$0.1 million less than recommended based on updated enrollment data. The 2012 Assembly adopted legislation that requires that beginning in FY 2014, the Urban Collaborative Accelerated Program (UCAP) will be funded pursuant to the education funding formula. These students were in the district enrollment counts and the state is currently paying education aid for these students to the sending communities. The state will remit education aid for these students directly to the school and the sending districts will send the local share to the school similar to the way the Met School is funded. The Urban Collaborative Accelerated Program operates as an independent public school dedicated to reducing the dropout rates in Providence, Central Falls and Cranston. Tables at the end of this report include estimated enrollment by sending district for FY 2015.

Group Homes. The Budget includes \$6.1 million for group home aid, based on 448 beds and a proposal from the Department to change the way group home beds affect total funding. The proposal, allowed under law, deducts the impact of group home beds from the education funding data, which results in a decrease in funding that is phased-in over the remaining years of the transition period. This is a departure from current practice in which the required fixed payment is made for each bed open as of December 31 outside the other formula distributions. Table 3 shows the enacted aid as well as the Governor's FY 2015 recommendation, FY 2014 enacted and FY 2014 revised allocations; FY 2015 aid is \$1.0 million less than enacted and \$233 more than the Governor recommended based on updated enrollment data.

The 2007 Assembly enacted legislation to ensure that the payment of communities' group home aid more closely reflects the actual number of group home beds open at the time of the budget. The legislation mandates that increases in beds prior to December 31 of each year shall be paid as part of the supplemental budget for that year and included in the budget year recommendation. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2014 would not be reflected until FY 2015. This is unlike increases which are funded as part of the supplemental budget. The 2008 Assembly increased the per bed amount from \$15,000 to \$22,000 for the group home beds associated with Bradley Hospital's residential CRAFT program.

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

The 2001 Assembly enacted legislation to provide a per bed allotment to districts in which group homes are located. The legislation relieved the sending district of financial responsibility for students placed in out of district group homes. In FY 2015, the 19 communities hosting group homes, which have a total of 448 beds, will receive \$15,000 per bed, with the exception of the CRAFT beds adjusted by the impact of these beds on education funding data. This is the per pupil rate that was provided in the FY 2002 budget in an attempt to reflect the mix of regular and special education students residing in these homes; it has never increased.

Categorical Funding

The education funding formula allows for additional resources from the state to districts for high-cost special education students, career and technical programs, early childhood education programs, and transportation costs. For each categorical fund, the Department of Elementary and Secondary Education will prorate the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year.

High Cost Special Education. The funding formula allows for additional funding from the state for high cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Budget includes \$1.5 million for FY 2015, which is \$0.5 million more than enacted and consistent with the Governor's recommendation.

Career and Technical Programs. The funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and career pathways in critical and emerging industries and to help offset the higher than average costs associated with facilities, equipment, maintenance, repair and supplies necessary for maintaining the quality of highly specialized programs. The Budget includes \$3.5 million for FY 2015, which is \$0.5 million more than enacted and consistent with the Governor's recommendation. These funds are not shown in the distribution tables.

Early Childhood Education. The funding formula allows for additional resources from the state to increase access to voluntary, free, high-quality pre-kindergarten programs. The Budget includes \$3.0 million for FY 2015, which is \$1.0 million more than enacted and consistent with the Governor's recommendation. These funds are currently distributed through a request for proposal process and have been going directly to childcare programs. These funds are not shown in the distribution tables.

Transportation. The funding formula allows for additional resources from the state to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts. The state will assume the costs of non-public out-of-district transportation for those districts participating in the statewide transportation system and will share in the costs associated with transporting students within regional school districts. The state and regional school district will share equally the student transportation costs net any federal sources of revenue for these expenditures. The Budget includes \$4.4 million for FY 2015, which is \$1.1 million more than enacted and consistent with the Governor's recommendation.

Set-Aside Funds

All Day Kindergarten Pilot Program. The Budget includes \$250,000 for a full day kindergarten incentive grant program, consistent with the enacted budget and the Governor's recommendation. This

would provide one-time, startup funding for school districts that move from offering a part-time kindergarten to a full-day kindergarten. The Commissioner shall approve up to four eligible districts per year to voluntarily implement a full-day kindergarten program. Funds would be appropriated based upon criteria established by the Commissioner.

Funding was historically provided through the full day kindergarten investment fund that was established by the 2000 Assembly and funded until FY 2012 with the implementation of the education funding formula. Funding was appropriated based on the number of students enrolled in full-day kindergarten programs and the tax equity index of each district. The program is intended to support startup costs associated with moving from a part-time to a full-time kindergarten.

Textbook Loan Program. The Budget includes the enacted level of \$240,000 for the textbook loan program. The state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. The Governor had proposed legislation to eliminate the state reimbursement; the Assembly did not concur and restored the enacted level of funding. FY 2011 expenditures were \$241,490. The FY 2012 entitlement was \$265,698; FY 2013 expenditures were \$237,032. The FY 2014 expenditures were \$195,052.

School Breakfast. The Budget includes \$270,000 to reimburse administrative costs associated with the state's school breakfast program. This is consistent with the enacted level. State law mandates that all public schools provide a breakfast program and provides that costs, other than transportation, associated with this program in excess of available federal money that funds the meals, shall be borne exclusively by the state. The Governor had proposed legislation to remove the state appropriation requirement for reimbursing districts. The Assembly did not concur and restored the enacted level of funding.

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

Other Aid

Teacher Retirement. The Budget includes \$89.5 million to fund the state's 40.0 percent share of the employer contribution for teacher retirement, an increase of \$9.0 million or 11.2 percent to the FY 2014 revised budget and \$0.3 million less than the Governor recommended. This reflects payroll growth and updated rates. Prior to changes enacted in a special legislative session during the fall of 2011, teachers had contributed 9.5 percent of their salaries; that rate is set in the General Laws. Beginning July 1, 2012, teachers contribute 8.75 percent.

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

School Housing (Construction) Aid. The Budget includes \$67.9 million for construction aid to local districts. This is \$0.3 million more than the FY 2014 entitlement and consistent with the Governor's recommendation. The state reimburses cities and towns for a share of school capital projects. The shares are based on a district's wealth compared to the aggregate state wealth, and the minimum share for each district is 35.0 percent for FY 2014. The funding formula legislation had included a two-year phased increase in the state's minimum housing aid share to provide that no local receives less than a 40.0 percent state reimbursement by FY 2013 for projects completed after June 30, 2011. The previous minimum had been 30.0 percent.

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

The 2011 Assembly instituted a three-year moratorium on the approval of new school housing aid projects with exception for projects necessitated by health and safety reasons effective July 1, 2011 through July 1, 2014. The 2014 Assembly extends the moratorium to May 1, 2015.

Calculation and Distribution Tables

The ten tables on the following pages include the calculation and distribution of the FY 2015 enacted education aid to districts, charter and state schools. Tables 1A and 1B show the total recommended funding and Tables 2 through 8 illustrate different components of the funding formula. Table 9 has education aid to districts for FY 2009 through FY 2013 for comparison purposes.

Table 1A: Total Education Aid for Districts for FY 2015

Table 1B: Total Education Aid for Charter and State Schools for FY 2015

Table 2: Calculation of Funding Formula for FY 2015

Table 3: Group Home Aid

Table 4: Calculation of State Share Ratio

Table 5: Transition Plan for Districts

Table 6: FY 2015 Estimated Charter & State School Enrollment by Sending District

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

Table 8: Categorical Aid

Table 9: Education Aid for FY 2009 - FY 2013

Tables 1A: Total Education Aid for Districts for FY 2015

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

B. Column **B** is the amount of group home aid districts will receive in FY 2015. Changes from FY 2014 are shown in Table 3. Group home aid is paid pursuant to current law in addition to aid paid through the funding formula. Distributions reflect reducing each district's enrollment by the number of group home beds from the funding formula data and phasing the reduction in over the remaining years of the transition period.

C. The formula allows for additional resources from the state for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. Column **C** shows the distribution from high-cost special education and transportation funds.

D. Column **D** shows FY 2015 total enacted education aid.

E. Column **E** is the FY 2014 enacted aid.

F. Column **F** is the difference between the FY 2015 total enacted education aid shown in Column **D** and the FY 2014 enacted budget in Column **E**.

G. Column **G** is the Governor's FY 2015 recommended budget. It was based on June 30, 2013 student enrollment data.

H. Column **H** is the difference between the FY 2015 total enacted education aid shown in Column **D** and the Governor's FY 2015 recommendation shown in Column **G**.

Table 1A: Total Education Aid for Districts for FY 2015

	A	B	C	D
District	FY 2015 Formula Aid	Group Home Aid	All Categoricals	Total FY 2015 Enacted
Barrington	\$ 4,605,698	\$ -	\$ 95,720	\$ 4,701,418
Burrillville	12,881,581	266,361	25,668	13,173,610
Charlestown	1,708,666	-	-	1,708,666
Coventry	20,875,838	107,883	56,103	21,039,824
Cranston	46,449,281	53,182	537,915	47,040,378
Cumberland	15,614,645	-	141,791	15,756,436
East Greenwich	2,393,843	-	75,712	2,469,555
East Providence	28,665,701	575,275	132,024	29,373,000
Foster	1,178,486	-	14,706	1,193,192
Glocester	2,616,917	-	23,566	2,640,483
Hopkinton	5,576,348	-	-	5,576,348
Jamestown	399,684	-	7,150	406,834
Johnston	12,903,198	-	289,611	13,192,809
Lincoln	9,663,768	123,826	68,268	9,855,862
Little Compton	401,928	-	-	401,928
Middletown	8,516,447	374,656	14,206	8,905,309
Narragansett	1,987,115	-	6,805	1,993,920
Newport	10,368,288	254,914	-	10,623,202
New Shoreham	82,308	-	8,795	91,103
North Kingstown	10,713,691	-	11,776	10,725,467
North Providence	16,205,220	211,819	190,821	16,607,860
North Smithfield	5,442,117	110,978	34,750	5,587,845
Pawtucket	74,103,107	606,854	132,974	74,842,935
Portsmouth	4,303,673	547,476	31,278	4,882,427
Providence	213,028,339	1,541,907	552,393	215,122,639
Richmond	5,205,437	-	-	5,205,437
Scituate	3,913,719	-	46,718	3,960,437
Smithfield	4,798,909	233,753	82,550	5,115,212
South Kingstown	7,533,978	308,034	135,145	7,977,157
Tiverton	5,800,664	-	27,501	5,828,165
Warwick	35,657,698	301,470	105,609	36,064,777
Westerly	7,620,088	-	84,105	7,704,193
West Warwick	20,973,995	-	53,608	21,027,603
Woonsocket	50,568,580	98,870	22,828	50,690,278
Bristol-Warren	15,946,147	114,733	689,065	16,749,945
Chariho	229,922	-	1,086,523	1,316,445
Exeter-West Greenwich	5,642,766	261,242	733,619	6,637,627
Foster-Glocester	4,947,130	-	257,331	5,204,461
Central Falls	39,010,585	-	74,421	39,085,006
Total	\$ 718,535,507	\$ 6,093,233	\$ 5,851,055	\$ 730,479,795
<i>Adjusted Chariho</i>	12,720,373	-	1,086,523	13,806,896

Table 1A: Total Education Aid for Districts for FY 2015

<i>District</i>	<i>E</i>	<i>F</i>	<i>G</i>	<i>H</i>
	<i>FY 2014 Enacted</i>	<i>Total FY 2015 Change to Enacted</i>	<i>FY 2015 Governor</i>	<i>Total FY 2015 Change to Governor</i>
Barrington	\$ 3,918,965	\$ 782,454	\$ 4,708,910	\$ (7,492)
Burrillville	12,712,387	461,224	13,149,618	23,993
Charlestown	1,706,995	1,671	1,711,607	(2,940)
Coventry	20,180,158	859,666	21,355,358	(315,534)
Cranston	42,922,101	4,118,277	47,191,324	(150,946)
Cumberland	14,621,350	1,135,087	15,760,030	(3,594)
East Greenwich	2,266,168	203,386	2,497,666	(28,111)
East Providence	27,403,793	1,969,207	29,448,070	(75,071)
Foster	1,189,070	4,123	1,192,364	829
Glocester	2,683,922	(43,439)	2,666,355	(25,872)
Hopkinton	5,515,535	60,813	5,614,461	(38,113)
Jamestown	359,449	47,385	408,613	(1,779)
Johnston	11,636,085	1,556,725	13,249,669	(56,859)
Lincoln	8,822,047	1,033,814	9,863,322	(7,460)
Little Compton	365,270	36,658	404,941	(3,013)
Middletown	8,678,862	226,446	8,965,266	(59,957)
Narragansett	1,799,609	194,311	2,017,703	(23,783)
Newport	10,371,310	251,892	10,682,365	(59,163)
New Shoreham	75,366	15,737	90,084	1,019
North Kingstown	10,791,146	(65,678)	10,726,167	(700)
North Providence	14,744,604	1,863,256	16,481,577	126,283
North Smithfield	5,244,804	343,042	5,600,098	(12,253)
Pawtucket	70,719,232	4,123,703	74,991,001	(148,066)
Portsmouth	4,570,144	312,282	4,887,635	(5,208)
Providence	203,678,050	11,444,589	213,809,167	1,313,472
Richmond	5,335,436	(129,999)	5,195,425	10,011
Scituate	3,685,657	274,781	3,960,292	146
Smithfield	4,684,041	431,171	5,036,541	78,671
South Kingstown	7,785,495	191,662	7,967,638	9,519
Tiverton	5,769,004	59,161	5,853,852	(25,687)
Warwick	34,762,103	1,302,675	36,301,192	(236,415)
Westerly	7,122,961	581,233	7,727,359	(23,166)
West Warwick	20,265,989	761,614	20,940,439	87,164
Woonsocket	47,972,469	2,717,809	50,546,603	143,675
Bristol-Warren	16,455,588	294,356	16,763,494	(13,549)
Chariho	268,242	1,048,203	1,316,445	-
Exeter-West Greenwich	5,858,269	779,358	6,614,425	23,202
Foster-Glocester	5,001,610	202,851	5,229,556	(25,094)
Central Falls	38,399,592	685,414	38,920,273	164,732
Total	\$ 690,342,875	\$ 40,136,921	\$ 729,846,904	\$ 632,891
<i>Adjusted Chariho</i>	12,826,208	980,688	13,837,938	(31,042)

Table 1B: Total Education Aid for Charter and State Schools for FY 2015

- A.** Column **A** is the FY 2014 enacted formula aid.
- B.** Column **B** includes mid-year revisions to FY 2014 based on current law requirements that any changes in enrollment as of October 1 that are greater than 10.0 percent get adjusted in that year.
- C.** Column **C** is the base formula aid calculation for FY 2015. It uses March 14, 2014 enrollment and lottery data.
- D.** Column **D** is the difference between FY 2015 base funding and FY 2014 revised formula aid.
- E.** Column **E** shows the transition calculation. Charter and state schools that will receive more state funding will have the additional funding phased in over seven years and those that are going to receive less state funding will have that loss phased in over ten years.
- F.** Column **F** is the FY 2015 enacted formula aid. It is the transition calculation in Column **E** added or subtracted from the FY 2014 revised formula aid shown in Column **B**. Growth due to adding grades is paid in the year of the growth.
- G.** Column **G** is the difference between the fourth year of funding under the formula and total state formula aid shown in Column **C**.
- H.** Column **H** shows the Governor's FY 2015 recommended formula aid.
- I.** Column **I** is the difference between the FY 2015 enacted formula aid shown in Column **F** and the Governor's recommendation shown in Column **H**.

Table 1B: Total Education Aid for Charter and State Schools for FY 2015

<i>School</i>	<i>A</i> <i>FY 2014</i> <i>Enacted</i> <i>Formula Aid</i>	<i>B</i> <i>FY 2014</i> <i>Revised</i> <i>Formula Aid</i>	<i>C</i> <i>FY 2015 Base</i> <i>Formula</i> <i>Funding</i>	<i>D</i> <i>Difference</i>	<i>E</i> <i>Transition</i> <i>= 1/4th or</i> <i>1/7th*</i>
Achievement First	\$ 1,745,202	\$ 1,745,202	\$ 2,705,111	\$ 959,909	\$ 959,909
Beacon	1,682,079	1,682,079	1,663,348	(18,731)	(2,676)
Blackstone	1,619,062	1,619,062	1,754,350	135,288	33,822
Compass	561,195	561,195	377,410	(183,785)	(26,255)
Engineering Early College	-	-	-	-	-
Greene School	892,101	888,954	1,094,071	201,970	50,493
Highlander	3,331,257	3,331,257	3,754,605	423,348	423,348
Hope Academy	-	-	369,149	369,149	369,149
International	2,867,619	2,867,619	2,866,684	(935)	(134)
Kingston Hill	653,830	653,830	456,333	(197,497)	(28,214)
Learning Community	6,122,147	6,122,147	6,184,713	62,566	15,642
New England Laborers	1,230,541	1,230,541	977,469	(253,072)	(36,153)
Nowell	1,573,568	1,573,568	1,666,327	92,759	23,190
Nurses Institute	2,478,686	2,478,686	2,599,870	121,184	30,296
Paul Cuffee	7,962,677	7,962,677	7,962,724	47	12
RI Mayoral Academies Blackstone Prep.	7,818,591	7,818,591	9,068,092	1,249,501	1,249,501
Segue Institute	2,596,191	2,596,191	2,809,251	213,060	53,265
Southside Elementary	-	-	255,742	255,742	255,742
Textron	2,342,238	2,255,254	2,173,805	(168,433)	(24,062)
Times2 Academy	7,013,322	7,013,322	6,827,673	(185,649)	(26,521)
Trinity	1,448,044	1,448,044	1,755,462	307,418	307,418
Village Green	1,209,709	1,209,709	1,600,555	390,846	390,846
<i>Charter Schools Subtotal</i>	<i>\$ 55,148,059</i>	<i>\$ 55,057,928</i>	<i>\$ 58,922,744</i>	<i>\$ 3,774,685</i>	<i>\$ 4,018,617</i>
Davies Career and Tech**	12,792,048	12,792,048	8,133,283	(4,658,765)	(551,874)
Met School	11,085,049	11,085,049	6,999,226	(4,085,823)	(583,689)
Urban Collaborative	296,703	296,703	1,438,504	1,141,801	277,810
Total	\$ 79,321,859	\$ 79,231,728	\$ 75,493,757	\$(3,828,102)	\$ 3,160,864

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

** Includes data adjustment based on current law

Table 1B: Total Education Aid for Charter and State Schools for FY 2015

<i>School</i>	<i>F</i> <i>FY 2015</i> <i>Enacted Aid</i>	<i>G</i> <i>Change to</i> <i>Base</i> <i>Calculation</i>	<i>H</i> <i>FY 2015</i> <i>Governor</i> <i>Recommendation</i>	<i>I</i> <i>Change to</i> <i>Governor</i>
Achievement First	\$ 2,705,111	\$ -	\$ 4,408,893	\$ (1,703,782)
Beacon	1,679,403	16,055	1,675,426	3,977
Blackstone	1,652,884	(101,466)	1,655,787	(2,903)
Compass	534,940	157,530	546,658	(11,718)
Engineering Early College	-	-	1,067,169	(1,067,169)
Greene School	942,594	(151,478)	924,518	18,075
Highlander	3,754,605	-	3,758,673	(4,068)
Hope Academy	369,149	-	808,669	(439,520)
International	2,867,485	801	2,864,354	3,132
Kingston Hill	625,616	169,283	618,614	7,002
Learning Community	6,137,789	(46,925)	6,145,261	(7,472)
New England Laborers	1,194,388	216,919	1,208,033	(13,646)
Nowell	1,596,758	(69,569)	1,579,358	17,400
Nurses Institute	2,508,982	(90,888)	2,487,652	21,330
Paul Cuffee	7,962,689	(35)	7,981,633	(18,944)
RI Mayoral Academies Blackstone Prep.	9,068,092	-	9,501,709	(433,617)
Segue Institute	2,649,456	(159,795)	2,631,920	17,537
Southside Elementary	255,742	-	255,742	-
Textron	2,318,176	144,371	2,367,223	(49,046)
Times2 Academy	6,986,801	159,128	6,981,388	5,413
Trinity	1,755,462	-	1,828,080	(72,618)
Village Green	1,600,555	-	1,848,404	(247,849)
<i>Charter Schools Subtotal</i>	<i>\$ 59,166,676</i>	<i>\$ 243,932</i>	<i>\$ 63,145,163</i>	<i>\$ (3,978,487)</i>
Davies Career and Tech**	12,240,174	4,106,891	12,227,793	12,381
Met School	10,501,360	3,502,134	10,536,607	(35,247)
Urban Collaborative	574,513	(863,991)	670,967	(96,454)
Total	\$ 82,482,723	\$ 6,988,966	\$ 86,580,530	\$ (4,097,807)

Table 2: Calculation of Funding Formula for FY 2015

A. The student counts are shown in Column **A** based on the resident average daily membership as of March 14, 2014. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

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

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

D. Column **D** is the core instruction funding which is the student count in Column **A** times the core instruction per pupil amount of \$8,966. The legislation requires the core instruction per pupil amount to be updated annually.

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

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

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

H. Column **H** includes the state foundation aid under the funding formula based on FY 2013 data. It is the total foundation amount in Column **F** times the state share ratio in Column **G**.

I. Column **I** is the FY 2014 enacted funding formula aid.

J. Column **J** is the fourth year transition amount. It is the amount that will be added or subtracted from the FY 2014 base aid amount. It assumes districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. The calculation is shown in Table 5.

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

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

Table 2: Calculation of Funding Formula for FY 2015

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>
<i>District</i>	<i>FY 2015 PK-12 RADM</i>	<i>FY 2015 FRPL RADM</i>	<i>%FRPL</i>	<i>Core Instruction Funding</i>	<i>Student Success Factor Funding</i>	<i>Total Foundation</i>
Barrington	3,414	212	6.2%	\$ 30,609,924	\$ 760,317	\$ 31,370,241
Burrillville	2,397	973	40.6%	21,491,502	3,489,567	24,981,069
Charlestown	920	250	27.2%	8,248,720	896,600	9,145,320
Coventry	4,726	1,451	30.7%	42,373,316	5,203,866	47,577,182
Cranston	9,999	4,277	42.8%	89,651,034	15,339,033	104,990,067
Cumberland	4,480	1,089	24.3%	40,167,680	3,905,590	44,073,270
East Greenwich	2,366	190	8.0%	21,213,556	681,416	21,894,972
East Providence	5,267	2,731	51.9%	47,223,922	9,794,458	57,018,380
Foster	284	59	20.8%	2,546,344	211,598	2,757,942
Glocester	540	103	19.1%	4,841,640	369,399	5,211,039
Hopkinton	1,189	295	24.8%	10,660,574	1,057,988	11,718,562
Jamestown	646	67	10.4%	5,792,036	240,289	6,032,325
Johnston	3,050	1,369	44.9%	27,346,300	4,909,782	32,256,082
Lincoln	3,091	863	27.9%	27,713,906	3,095,063	30,808,969
Little Compton	393	58	14.8%	3,523,638	208,011	3,731,649
Middletown	2,270	715	31.5%	20,352,820	2,564,276	22,917,096
Narragansett	1,381	313	22.7%	12,382,046	1,122,543	13,504,589
Newport	1,985	1,212	61.1%	17,797,510	4,346,717	22,144,227
New Shoreham	115	16	13.9%	1,031,090	57,382	1,088,472
North Kingstown	3,840	863	22.5%	34,429,440	3,095,063	37,524,503
North Providence	3,449	1,605	46.5%	30,923,734	5,756,172	36,679,906
North Smithfield	1,743	324	18.6%	15,627,738	1,161,994	16,789,732
Pawtucket	8,654	6,555	75.7%	77,591,764	23,508,852	101,100,616
Portsmouth	2,501	398	15.9%	22,423,966	1,427,387	23,851,353
Providence	22,626	19,791	87.5%	202,864,716	70,978,442	273,843,158
Richmond	1,173	225	19.2%	10,517,118	806,940	11,324,058
Scituate	1,472	264	17.9%	13,197,952	946,810	14,144,762
Smithfield	2,457	444	18.1%	22,029,462	1,592,362	23,621,824
South Kingstown	3,360	681	20.3%	30,125,760	2,442,338	32,568,098
Tiverton	1,809	527	29.1%	16,219,494	1,890,033	18,109,527
Warwick	9,055	3,235	35.7%	81,187,130	11,602,004	92,789,134
Westerly	3,071	1,172	38.2%	27,534,586	4,203,261	31,737,847
West Warwick	3,381	1,816	53.7%	30,314,046	6,512,902	36,826,948
Woonsocket	5,907	4,565	77.3%	52,962,162	16,371,916	69,334,078
Bristol-Warren	3,403	1,281	37.6%	30,511,298	4,594,178	35,105,476
Chariho	-	-	0.0%	-	-	-
Exeter-West Greenwich	1,678	275	16.4%	15,044,948	986,260	16,031,208
Foster-Glocester	1,149	218	19.0%	10,301,934	781,835	11,083,769
Central Falls	2,636	2,225	84.4%	23,634,376	7,979,740	31,614,116
Total	131,877	62,707		\$ 1,182,409,182	\$ 224,892,385	\$ 1,407,301,567
<i>Adjusted Chariho</i>	<i>3,282</i>	<i>770</i>		<i>29,426,412</i>	<i>2,761,528</i>	<i>32,187,940</i>

Table 2: Calculation of Funding Formula for FY 2015

<i>District</i>	<i>G State Share Ratio (Table 4)</i>	<i>H FY 2015 Base Funding</i>	<i>I FY 2014 Enacted Formula Aid</i>	<i>J Adjusted Year Four Difference (Table 5)</i>	<i>K FY 2015 Formula Aid</i>	<i>L Difference from Base Funding</i>
Barrington	21.2%	\$ 6,665,899	\$ 3,918,965	\$ 686,734	\$ 4,605,698	\$ (2,060,201)
Burrillville	53.6%	13,389,166	12,712,387	169,195	12,881,581	(507,584)
Charlestown	18.7%	1,713,680	1,706,995	1,671	1,708,666	(5,014)
Coventry	48.3%	22,962,880	20,180,158	695,680	20,875,838	(2,087,041)
Cranston	54.3%	57,030,823	42,922,101	3,527,180	46,449,281	(10,581,541)
Cumberland	42.2%	18,594,533	14,621,350	993,296	15,614,645	(2,979,887)
East Greenwich	12.7%	2,776,866	2,266,168	127,674	2,393,843	(383,023)
East Providence	56.9%	32,451,424	27,403,793	1,261,908	28,665,701	(3,785,723)
Foster	40.4%	1,114,986	1,189,070	(10,583)	1,178,486	63,500
Glocester	42.5%	2,214,885	2,683,922	(67,005)	2,616,917	402,032
Hopkinton	49.1%	5,758,788	5,515,535	60,813	5,576,348	(182,440)
Jamestown	8.6%	520,391	359,449	40,235	399,684	(120,706)
Johnston	51.8%	16,704,540	11,636,085	1,267,114	12,903,198	(3,801,341)
Lincoln	39.6%	12,188,929	8,822,047	841,720	9,663,768	(2,525,161)
Little Compton	13.7%	511,903	365,270	36,658	401,928	(109,975)
Middletown	32.9%	7,541,953	8,678,862	(162,416)	8,516,447	974,493
Narragansett	18.9%	2,549,633	1,799,609	187,506	1,987,115	(562,518)
Newport	46.7%	10,350,158	10,371,310	(3,022)	10,368,288	18,130
New Shoreham	9.5%	103,135	75,366	6,942	82,308	(20,827)
North Kingstown	27.3%	10,248,965	10,791,146	(77,454)	10,713,691	464,726
North Providence	56.1%	20,587,069	14,744,604	1,460,616	16,205,220	(4,381,849)
North Smithfield	35.9%	6,034,058	5,244,804	197,314	5,442,117	(591,941)
Pawtucket	83.3%	84,254,732	70,719,232	3,383,875	74,103,107	(10,151,626)
Portsmouth	11.3%	2,704,842	4,570,144	(266,472)	4,303,673	1,598,830
Providence	88.0%	241,079,205	203,678,050	9,350,289	213,028,339	(28,050,866)
Richmond	39.1%	4,425,440	5,335,436	(129,999)	5,205,437	779,997
Scituate	32.5%	4,597,907	3,685,657	228,063	3,913,719	(684,188)
Smithfield	21.8%	5,143,513	4,684,041	114,868	4,798,909	(344,604)
South Kingstown	18.5%	6,024,878	7,785,495	(251,517)	7,533,978	1,509,100
Tiverton	32.6%	5,895,645	5,769,004	31,660	5,800,664	(94,981)
Warwick	41.3%	38,344,485	34,762,103	895,596	35,657,698	(2,686,787)
Westerly	28.7%	9,111,471	7,122,961	497,128	7,620,088	(1,491,383)
West Warwick	62.7%	23,098,014	20,265,989	708,006	20,973,995	(2,124,018)
Woonsocket	84.2%	58,356,912	47,972,469	2,596,111	50,568,580	(7,788,332)
Bristol-Warren	36.7%	12,889,496	16,455,588	(509,442)	15,946,147	3,056,651
Chariho	0.0%	-	268,242	(38,320)	229,922	229,922
Exeter-West Greenwich	27.1%	4,349,749	5,858,269	(215,503)	5,642,766	1,293,017
Foster-Glocester	41.7%	4,620,250	5,001,610	(54,480)	4,947,130	326,880
Central Falls	95.4%	30,162,667	38,399,591	(1,176,703)	39,010,585	8,847,918
Total		\$ 787,073,870	\$ 690,342,874	\$ 26,404,936	\$ 718,535,507	\$(68,538,362)
<i>Adjusted Chariho</i>		<i>11,897,908</i>	<i>12,826,208</i>	<i>(105,835)</i>	<i>12,720,373</i>	<i>822,465</i>

Table 3: Calculation of Group Home Aid for FY 2015

A. Column **A** is the FY 2014 enacted amount of group home aid. The distribution includes \$15,000 per bed with the exception of the Bradley Center beds in East Providence which includes \$22,000 per bed, for a total of 467 beds.

B. Column **B** is the FY 2014 revised current law entitlement based on the December 31, 2013 report from the Department of Children, Youth and Families that identified 471 beds eligible for aid.

C. Column **C** shows full funding under the Governor's FY 2015 recommendation that assumes a bed count of 451.

D. Column **D** shows the impact of reducing each district's enrollment by the number of group home beds from the funding formula data. The impact of this reduction is phased-in over the remaining years of the transition period. Schools that receive more state funding have the additional funding phased in over four years and those that receive less state funding will have that loss phased in over seven years.

E. Column **E** shows the Governor's FY 2015 recommendation which is the full funding in column **C** reduced by the transitioned impact in column **D**.

F. Column **F** shows FY 2015 enacted group home aid to reflect the impact of updated enrollment data on group home aid.

G. Column **G** is the difference between the FY 2015 enacted aid in column **F** and the Governor's FY 2015 recommendation shown in column **E**.

Table 3: Group Home Aid

<i>District</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>
	<i>FY 2014 Enacted Aid</i>	<i>FY 2014 Revised</i>	<i>Governor's FY 2015 Full Funding</i>	<i>Adjustment to Funding Formula</i>	<i>Governor's FY 2015 Aid*</i>	<i>FY 2015 Enacted</i>	<i>Change to Governor</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	330,000	330,000	300,000	(37,003)	263,032	266,361	3,329
Charlestown	-	-	-	-	-	-	-
Coventry	120,000	120,000	120,000	(12,117)	107,895	107,883	(12)
Cranston	60,000	60,000	60,000	(6,818)	53,188	53,182	(6)
Cumberland	-	-	-	-	-	-	-
East Greenwich	-	-	-	-	-	-	-
East Providence	636,000	636,000	636,000	(60,725)	575,333	575,275	(58)
Foster	-	-	-	-	-	-	-
Glocester	-	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-	-
Johnston	120,000	120,000	-	(13,001)	(12,989)	-	12,989
Lincoln	135,000	135,000	135,000	(11,174)	123,837	123,826	(11)
Little Compton	-	-	-	-	-	-	-
Middletown	420,000	420,000	390,000	(16,524)	373,492	374,656	1,164
Narragansett	-	-	-	-	-	-	-
Newport	270,000	270,000	270,000	(15,086)	254,928	254,914	(14)
New Shoreham	-	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	-	-
North Providence	240,000	240,000	240,000	(28,181)	211,846	211,819	(27)
North Smithfield	120,000	120,000	120,000	(9,022)	110,986	110,978	(8)
Pawtucket	735,000	735,000	735,000	(128,146)	606,974	606,854	(120)
Portsmouth	555,000	555,000	555,000	(7,524)	547,483	547,476	(7)
Providence	2,055,000	2,055,000	1,995,000	(378,482)	1,616,876	1,541,907	(74,969)
Richmond	-	-	-	-	-	-	-
Scituate	-	-	-	-	-	-	-
Smithfield	240,000	240,000	240,000	(6,247)	233,759	233,753	(6)
South Kingstown	315,000	315,000	315,000	(6,966)	308,040	308,034	(6)
Tiverton	-	-	-	-	-	-	-
Warwick	330,000	330,000	330,000	(28,530)	301,497	301,470	(27)
Westerly	-	-	-	-	-	-	-
West Warwick	-	-	-	-	-	-	-
Woonsocket	120,000	120,000	120,000	(21,130)	98,890	98,870	(20)
Bristol-Warren	120,000	120,000	120,000	(5,267)	114,738	114,733	(5)
Exeter-West Greenwich	210,000	270,000	210,000	(6,812)	203,195	261,242	58,047
Foster-Glocester	-	-	-	-	-	-	-
Central Falls	-	-	-	-	-	-	-
Total	\$7,131,000	\$7,191,000	\$6,891,000	\$ (798,000)	\$6,093,000	\$6,093,233	\$ 233

*The \$12,989 reduction to Johnston reflects the impact of group home beds on funding data.

Table 4: Calculation of State Share Ratio

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

A The assessed value of real and tangible personal property for each city and town as of December 31 of the third preceding calendar year in accordance with Rhode Island General Law, Section 16-7-21. The assessed value as of December 31, 2010 is used for FY 2015 calculations. Property value is certified annually by the Department of Revenue, Division of Municipal Finance, based on local sales data and appraisals.

B The adjusted equalized weighted assessed property valuations for the third preceding calendar year per current law, as of December 31, 2010 as reported by the Department of Revenue's Division of Municipal Finance. The total assessed local property value of a community is adjusted for differences in local assessment rates to allow the reporting of figures comparable on a statewide basis, resulting in the equalized weighted assessed valuation (EWAV).

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

C The FY 2013 student counts are shown in Column **C** based on the resident average daily membership as of June 30, 2013. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

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

E Column **E** includes the percentage of students eligible for USDA reimbursable school meals in pre-Kindergarten through 6th grade as of June 30, 2013.

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

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

G Column **G** shows what the share ratio was for FY 2014. It uses property valuations as of December 31, 2009 and student counts as of June 30, 2012.

H Column **H** shows the difference between the share ratio for FY 2015 and that for FY 2014.

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>A Assessed Value 12/31/10</i>	<i>B Adjusted EWAV 12/31/10</i>	<i>C June 2013 Student Count*</i>	<i>D Adjusted EWAV</i>
Barrington	\$ 2,965,125,830	\$ 4,325,666,092	3,267	29.2%
Burrillville	1,556,804,493	1,563,861,381	2,435	65.7%
Charlestown	2,393,413,986	2,419,075,883	1,034	0.0%
Coventry	3,480,568,815	3,506,923,320	4,885	61.6%
Cranston	7,932,155,245	7,379,836,083	10,262	61.6%
Cumberland	3,810,270,741	4,154,562,619	4,912	54.8%
East Greenwich	2,613,700,074	3,675,322,022	2,336	15.9%
East Providence	4,614,350,009	4,022,472,934	5,424	60.4%
Foster	624,411,424	253,598,399	281	51.8%
Glocester	1,095,044,195	444,741,150	526	54.8%
Hopkinton	927,204,652	868,159,171	1,220	62.0%
Jamestown	2,034,698,845	2,502,140,680	664	0.0%
Johnston	2,946,833,047	2,530,077,711	3,074	56.0%
Lincoln	2,888,668,146	3,290,548,088	3,324	47.1%
Little Compton	1,867,267,924	2,440,708,256	406	0.0%
Middletown	2,923,866,499	3,005,533,059	2,421	33.7%
Narragansett	4,879,586,892	5,930,378,452	1,453	0.0%
Newport	5,876,822,016	5,713,385,048	2,087	0.0%
New Shoreham	1,756,109,632	2,451,318,973	111	0.0%
North Kingstown	3,969,087,071	5,222,581,497	3,936	29.1%
North Providence	2,796,356,041	2,317,018,870	3,482	64.4%
North Smithfield	1,550,137,258	1,773,933,806	1,791	47.1%
Pawtucket	4,577,947,080	2,624,136,292	9,896	85.8%
Portsmouth	3,410,655,176	4,555,252,154	2,461	1.1%
Providence	11,768,628,674	7,003,757,603	25,838	85.5%
Richmond	876,323,867	1,084,885,142	1,175	50.7%
Scituate	891,002,068	1,608,524,703	1,490	42.3%
Smithfield	2,730,753,685	3,255,915,785	2,352	26.0%
South Kingstown	4,577,786,641	5,415,714,542	3,490	17.1%
Tiverton	2,360,150,617	2,291,747,380	1,866	34.4%
Warwick	10,209,899,213	9,543,222,887	9,333	45.4%
Westerly	6,305,670,370	6,374,150,486	3,158	0.0%
West Warwick	2,280,867,595	1,847,843,461	3,395	70.9%
Woonsocket	2,213,746,481	1,230,722,756	5,738	88.5%
Bristol/Warren	4,234,080,090	4,165,386,040	3,456	35.6%
Exeter/West Greenwich	1,758,772,779	2,114,201,077	1,718	34.2%
Foster/Glocester	1,719,455,619	1,021,116,070	1,180	53.8%
Central Falls	519,870,089	236,173,374	3,805	96.7%
Total	\$ 124,164,593,246	\$ 124,164,593,246	139,682	

*Includes charter and state school students

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>E</i> <i>FY 2013 % of</i> <i>PK-6 FRPL</i>	<i>F</i> <i>FY 2015 State</i> <i>Share Ratio</i>	<i>G</i> <i>FY 2014 State</i> <i>Share Ratio</i>	<i>H</i> <i>Change to Share</i> <i>Ratio</i>
Barrington	7.1%	21.2%	21.1%	0.0%
Burrillville	37.8%	53.6%	53.0%	0.6%
Charlestown	26.5%	18.7%	19.7%	-1.0%
Coventry	29.4%	48.3%	47.5%	0.8%
Cranston	45.9%	54.3%	54.6%	-0.3%
Cumberland	23.6%	42.2%	40.5%	1.7%
East Greenwich	8.3%	12.7%	16.9%	-4.2%
East Providence	53.2%	56.9%	55.8%	1.1%
Foster	24.2%	40.4%	38.5%	1.9%
Glocester	24.7%	42.5%	38.7%	3.8%
Hopkinton	31.4%	49.1%	43.6%	5.6%
Jamestown	12.2%	8.6%	6.0%	2.6%
Johnston	47.2%	51.8%	47.8%	4.0%
Lincoln	30.2%	39.6%	39.2%	0.4%
Little Compton	19.4%	13.7%	12.4%	1.3%
Middletown	32.1%	32.9%	32.5%	0.4%
Narragansett	26.7%	18.9%	16.9%	2.0%
Newport	66.1%	46.7%	46.7%	0.1%
New Shoreham	13.4%	9.5%	9.5%	0.0%
North Kingstown	25.4%	27.3%	29.3%	-2.0%
North Providence	46.4%	56.1%	52.1%	4.0%
North Smithfield	19.1%	35.9%	37.1%	-1.2%
Pawtucket	80.8%	83.3%	82.9%	0.4%
Portsmouth	16.0%	11.3%	13.0%	-1.6%
Providence	90.5%	88.0%	87.9%	0.2%
Richmond	22.0%	39.1%	42.9%	-3.8%
Scituate	18.0%	32.5%	31.5%	1.0%
Smithfield	16.5%	21.8%	20.3%	1.5%
South Kingstown	19.8%	18.5%	17.5%	1.0%
Tiverton	30.6%	32.6%	33.7%	-1.0%
Warwick	36.8%	41.3%	39.9%	1.4%
Westerly	40.6%	28.7%	29.4%	-0.7%
West Warwick	53.3%	62.7%	62.1%	0.7%
Woonsocket	79.6%	84.2%	82.6%	1.6%
Bristol/Warren	37.8%	36.7%	33.6%	3.1%
Exeter/West Greenwich	17.4%	27.1%	25.4%	1.7%
Foster/Glocester	24.1%	41.7%	38.3%	3.4%
Central Falls	94.1%	95.4%	94.5%	0.9%
Total				

Table 5: Transition Plan for Districts

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

A Column **A** is the amount of formula aid that districts received in the third year of the formula's implementation, FY 2014.

B Column **B** is the FY 2015 total base funding calculation.

C. Column **C** is the difference between FY 2015 base funding shown in Column **B** and the amount of formula aid received in FY 2014 shown in Column **A**.

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

Table 5: Transition Plan for Districts

<i>District</i>	<i>A</i> <i>FY 2014 Enacted</i> <i>Base Formula</i> <i>Funding</i>	<i>B</i> <i>FY 2015 Base</i> <i>Calculation</i>	<i>C</i> <i>Difference</i>	<i>D</i> <i>Transition =</i> <i>1/4th or 1/7th</i>
Barrington	\$ 3,918,965	\$ 6,665,899	\$ 2,746,935	\$ 686,734
Burrillville	12,712,387	13,389,166	676,779	169,195
Charlestown	1,706,995	1,713,680	6,685	1,671
Coventry	20,180,158	22,962,880	2,782,722	695,680
Cranston	42,922,101	57,030,823	14,108,722	3,527,180
Cumberland	14,621,350	18,594,533	3,973,183	993,296
East Greenwich	2,266,168	2,776,866	510,698	127,674
East Providence	27,403,793	32,451,424	5,047,631	1,261,908
Foster	1,189,070	1,114,986	(74,083)	(10,583)
Glocester	2,683,922	2,214,885	(469,037)	(67,005)
Hopkinton	5,515,535	5,758,788	243,253	60,813
Jamestown	359,449	520,391	160,942	40,235
Johnston	11,636,085	16,704,540	5,068,455	1,267,114
Lincoln	8,822,047	12,188,929	3,366,882	841,720
Little Compton	365,270	511,903	146,633	36,658
Middletown	8,678,862	7,541,953	(1,136,909)	(162,416)
Narragansett	1,799,609	2,549,633	750,024	187,506
Newport	10,371,310	10,350,158	(21,152)	(3,022)
New Shoreham	75,366	103,135	27,769	6,942
North Kingstown	10,791,146	10,248,965	(542,181)	(77,454)
North Providence	14,744,604	20,587,069	5,842,465	1,460,616
North Smithfield	5,244,804	6,034,058	789,254	197,314
Pawtucket	70,719,232	84,254,732	13,535,501	3,383,875
Portsmouth	4,570,144	2,704,842	(1,865,302)	(266,472)
Providence	203,678,050	241,079,205	37,401,155	9,350,289
Richmond	5,335,436	4,425,440	(909,996)	(129,999)
Scituate	3,685,657	4,597,907	912,250	228,063
Smithfield	4,684,041	5,143,513	459,472	114,868
South Kingstown	7,785,495	6,024,878	(1,760,616)	(251,517)
Tiverton	5,769,004	5,895,645	126,641	31,660
Warwick	34,762,103	38,344,485	3,582,382	895,596
Westerly	7,122,961	9,111,471	1,988,510	497,128
West Warwick	20,265,989	23,098,014	2,832,024	708,006
Woonsocket	47,972,469	58,356,912	10,384,443	2,596,111
Bristol-Warren	16,455,588	12,889,496	(3,566,093)	(509,442)
Chariho	268,242	-	(268,242)	(38,320)
Exeter-West Greenwich	5,858,269	4,349,749	(1,508,520)	(215,503)
Foster-Glocester	5,001,610	4,620,250	(381,360)	(54,480)
Central Falls	38,399,591	30,162,667	(8,236,924)	(1,176,703)
Total	\$ 690,342,874	\$ 787,073,870	\$ 96,730,996	\$ 26,404,936
<i>Adjusted Chariho</i>	<i>12,826,208</i>	<i>11,897,908</i>	<i>(928,300)</i>	<i>(105,835)</i>

Table 6: FY 2015 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Achievement First</i>	<i>Beacon</i>	<i>Blackstone Academy</i>	<i>Compass</i>	<i>Greene School</i>
Barrington	-	-	-	-	-
Burrillville	-	17	-	-	-
Charlestown	-	-	-	48	2
Coventry	-	-	-	2	40
Cranston	18	5	-	-	4
Cumberland	-	30	-	-	2
East Greenwich	-	1	-	2	2
East Providence	-	3	-	-	1
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	5
Jamestown	-	-	-	1	3
Johnston	-	2	-	-	1
Lincoln	-	8	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	8	2
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	35	8
North Providence	5	3	-	-	-
North Smithfield	-	17	-	-	-
Pawtucket	1	12	84	-	9
Portsmouth	-	-	-	-	-
Providence	238	16	-	4	35
Richmond	-	-	-	-	2
Scituate	-	2	-	-	-
Smithfield	-	3	-	-	-
South Kingstown	-	1	-	30	6
Tiverton	-	1	-	-	-
Warwick	2	7	-	2	13
Westerly	-	-	-	21	8
West Warwick	-	-	-	-	7
Woonsocket	-	78	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	11	7
Foster-Glocester	-	-	-	-	4
Central Falls	-	19	81	-	17
Total	264	225	165	164	178

Table 6: FY 2015 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Highlander</i>	<i>Hope Academy</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>
Barrington	1	-	-	-	-
Burrillville	-	-	-	-	-
Charlestown	-	-	-	27	-
Coventry	-	-	1	2	-
Cranston	45	-	22	1	1
Cumberland	-	-	6	-	-
East Greenwich	-	-	-	-	-
East Providence	6	-	19	-	1
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	1	-
Jamestown	-	-	-	-	-
Johnston	12	-	1	2	-
Lincoln	3	-	2	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	2	-
Narragansett	-	-	3	8	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	3	-	-	55	-
North Providence	6	3	11	1	-
North Smithfield	1	-	-	-	-
Pawtucket	32	-	123	-	110
Portsmouth	-	-	-	-	-
Providence	278	33	97	-	104
Richmond	-	-	-	1	-
Scituate	1	-	1	-	-
Smithfield	-	-	2	-	-
South Kingstown	-	-	-	45	-
Tiverton	-	-	-	-	-
Warwick	-	-	1	7	1
Westerly	-	-	-	12	-
West Warwick	1	-	2	6	-
Woonsocket	-	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	10	-
Foster-Glocester	-	-	-	-	-
Central Falls	3	-	33	-	341
Total	392	36	324	180	558

Table 6: FY 2015 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>RI Mayoral Academies Blackstone Valley</i>
Barrington	-	-	1	-	-
Burrillville	-	-	2	-	-
Charlestown	-	-	1	-	-
Coventry	2	-	-	-	-
Cranston	78	3	17	-	2
Cumberland	2	-	4	-	321
East Greenwich	1	-	-	-	-
East Providence	-	4	7	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	15	1	7	-	-
Lincoln	-	-	1	-	150
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	2	-	-	-
North Providence	1	1	5	-	-
North Smithfield	-	-	-	-	-
Pawtucket	5	30	55	-	357
Portsmouth	-	-	-	-	-
Providence	13	63	146	774	3
Richmond	-	-	-	-	-
Scituate	3	-	-	-	-
Smithfield	1	-	1	-	-
South Kingstown	-	-	1	-	-
Tiverton	-	-	-	-	-
Warwick	15	4	7	-	2
Westerly	-	-	-	-	-
West Warwick	5	-	1	-	-
Woonsocket	-	31	2	-	-
Bristol-Warren	-	-	3	-	-
Exeter-West Greenwich	-	1	-	-	-
Foster-Glocester	1	-	1	-	-
Central Falls	8	20	10	-	310
Total	150	160	272	774	1,145

Table 6: FY 2015 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Textron</i>	<i>Times2</i>	<i>Trinity</i>	<i>Village Green</i>
Barrington	-	-	-	-	-	1
Burrillville	-	-	-	-	-	-
Charlestown	-	-	-	-	-	1
Coventry	-	-	-	-	-	-
Cranston	-	-	-	-	-	1
Cumberland	-	-	-	-	-	2
East Greenwich	-	-	-	-	-	-
East Providence	-	-	-	-	-	10
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	-	-	-	-	-	1
Lincoln	-	-	-	-	-	4
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	-	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	-
North Providence	-	-	-	-	-	1
North Smithfield	-	-	-	-	-	-
Pawtucket	-	-	-	-	-	18
Portsmouth	-	-	-	-	-	-
Providence	-	24	205	647	170	93
Richmond	-	-	-	-	-	-
Scituate	-	-	-	-	-	1
Smithfield	-	-	-	-	-	-
South Kingstown	-	-	-	-	-	1
Tiverton	-	-	-	-	-	-
Warwick	-	-	-	-	-	2
Westerly	-	-	-	-	-	-
West Warwick	-	-	-	-	-	4
Woonsocket	-	-	-	-	-	6
Bristol-Warren	-	-	-	-	-	1
Exeter-West Greenwich	-	-	-	-	-	1
Foster-Glocester	-	-	-	-	-	1
Central Falls	240	-	-	-	-	15
Total	240	24	205	647	170	164

Table 6: FY 2015 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Davies Career & Tech Center</i>	<i>Metropolitan Career & Tech Center</i>	<i>Urban Collaborative</i>	<i>Total</i>	<i>Charter/State School % of Total Enrollment</i>
Barrington	-	4	-	7	0.2%
Burrillville	-	2	-	21	0.9%
Charlestown	-	3	-	82	8.9%
Coventry	1	4	-	52	1.1%
Cranston	-	25	9	231	2.3%
Cumberland	10	8	-	385	8.6%
East Greenwich	-	1	-	7	0.3%
East Providence	3	38	-	92	1.7%
Foster	-	-	-	-	0.0%
Glocester	-	-	-	-	0.0%
Hopkinton	-	-	-	6	0.5%
Jamestown	-	11	-	15	2.3%
Johnston	2	5	-	49	1.6%
Lincoln	40	5	-	213	6.9%
Little Compton	-	1	-	1	0.3%
Middletown	-	21	-	23	1.0%
Narragansett	-	4	-	25	1.8%
Newport	-	38	-	38	1.9%
New Shoreham	-	-	-	-	0.0%
North Kingstown	-	10	-	113	2.9%
North Providence	58	12	1	108	3.1%
North Smithfield	1	-	-	19	1.1%
Pawtucket	516	39	-	1,391	16.1%
Portsmouth	-	9	-	9	0.4%
Providence	70	417	120	3,550	15.7%
Richmond	-	3	-	6	0.5%
Scituate	-	4	-	12	0.8%
Smithfield	9	6	-	22	0.9%
South Kingstown	-	22	-	106	3.2%
Tiverton	-	14	-	15	0.8%
Warwick	-	21	-	84	0.9%
Westerly	-	1	-	42	1.4%
West Warwick	-	3	-	29	0.9%
Woonsocket	2	47	-	166	2.8%
Bristol-Warren	-	20	-	24	0.7%
Exeter-West Greenwich	-	2	-	32	1.9%
Foster-Glocester	-	-	-	7	0.6%
Central Falls	163	38	8	1,306	49.5%
Total	875	838	138	8,288	13.3%

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

<i>Sending District</i>	<i>Achievement First</i>	<i>Beacon</i>	<i>Blackstone Academy</i>	<i>Compass</i>	<i>Greene School</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	97,072	-	-	-
Charlestown	-	-	-	84,004	3,360
Coventry	-	-	-	8,655	183,481
Cranston	114,940	28,248	-	-	19,481
Cumberland	-	125,588	-	-	7,566
East Greenwich	-	1,137	-	2,729	2,729
East Providence	-	15,309	-	-	5,103
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	23,793
Jamestown	-	-	-	773	2,320
Johnston	-	13,001	-	-	6,501
Lincoln	-	31,215	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	13,542	3,386
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	87,669	19,591
North Providence	29,187	15,097	-	-	-
North Smithfield	-	61,223	-	-	-
Pawtucket	10,461	119,553	821,924	-	88,170
Portsmouth	-	-	-	-	-
Providence	2,541,631	161,023	-	31,573	370,983
Richmond	-	-	-	-	7,008
Scituate	-	5,829	-	-	-
Smithfield	-	5,857	-	-	-
South Kingstown	-	1,659	-	51,086	9,952
Tiverton	-	2,919	-	-	-
Warwick	8,892	27,418	-	7,410	51,131
Westerly	-	-	-	61,261	21,622
West Warwick	-	-	-	-	41,614
Woonsocket	-	730,499	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	28,706	18,002
Foster-Glocester	-	-	-	-	14,950
Central Falls	-	220,702	932,425	-	193,328
Total	\$ 2,705,111	\$1,663,349	\$1,754,349	\$ 377,408	\$ 1,094,071

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

<i>Sending District</i>	<i>Highlander</i>	<i>Hope Academy</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>
Barrington	\$ 2,667	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	-	-	-
Charlestown	-	-	-	48,050	-
Coventry	-	-	4,327	8,655	-
Cranston	271,766	-	128,577	4,870	4,870
Cumberland	-	-	25,723	-	-
East Greenwich	-	-	-	-	-
East Providence	40,823	-	117,367	-	5,103
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	4,406	-
Jamestown	-	-	-	-	-
Johnston	72,435	-	6,501	9,286	-
Lincoln	13,479	-	8,513	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	5,901	-
Narragansett	-	-	6,432	16,250	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	10,285	-	-	140,565	-
North Providence	32,207	17,110	61,394	5,032	-
North Smithfield	3,222	-	-	-	-
Pawtucket	304,859	-	1,191,043	-	1,090,918
Portsmouth	-	-	-	-	-
Providence	2,958,395	352,040	920,355	-	1,073,484
Richmond	-	-	-	3,504	-
Scituate	2,914	-	2,914	-	-
Smithfield	-	-	3,905	-	-
South Kingstown	-	-	-	82,601	-
Tiverton	-	-	-	-	-
Warwick	-	-	3,705	25,936	5,187
Westerly	-	-	-	37,066	-
West Warwick	5,624	-	11,247	35,990	-
Woonsocket	-	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	28,220	-
Foster-Glocester	-	-	-	-	-
Central Falls	35,928	-	374,681	-	4,005,150
Total	\$ 3,754,604	\$ 369,150	\$ 2,866,684	\$ 456,332	\$6,184,712

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

<i>Sending District</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>RI Mayoral Academies Blackstone Valley</i>
Barrington	\$ -	\$ -	\$ 2,667	\$ -	\$ -
Burrillville	-	-	13,455	-	-
Charlestown	-	-	1,680	-	-
Coventry	10,386	-	-	-	-
Cranston	473,398	20,455	108,122	-	9,741
Cumberland	7,566	-	19,670	-	1,380,707
East Greenwich	1,137	-	-	-	-
East Providence	-	28,576	43,885	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	75,221	4,643	41,789	-	-
Lincoln	-	-	4,966	-	600,188
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	6,857	-	-	-
North Providence	7,045	7,045	31,200	-	-
North Smithfield	-	-	-	-	-
Pawtucket	52,304	313,826	551,437	-	3,477,488
Portsmouth	-	-	-	-	-
Providence	134,185	696,186	1,578,653	7,962,724	23,680
Richmond	-	-	-	-	-
Scituate	9,909	-	-	-	-
Smithfield	2,733	-	2,733	-	-
South Kingstown	-	-	2,322	-	-
Tiverton	-	-	-	-	-
Warwick	74,844	19,267	36,310	-	7,410
Westerly	-	-	-	-	-
West Warwick	32,616	-	7,873	-	-
Woonsocket	-	327,517	21,130	-	-
Bristol-Warren	-	-	13,826	-	-
Exeter-West Greenwich	-	2,433	-	-	-
Foster-Glocester	3,737	-	5,232	-	-
Central Falls	92,387	239,522	112,918	-	3,568,878
Total	\$ 977,468	\$ 1,666,327	\$2,599,868	\$7,962,724	\$9,068,092

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

<i>Sending District</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Textron</i>	<i>Times2</i>	<i>Trinity</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	-	-	-	-	-
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	-	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	-	-	-
North Smithfield	-	-	-	-	-
Pawtucket	-	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	-	255,742	2,173,805	6,827,673	1,755,462
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	-	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	2,809,251	-	-	-	-
Total	\$2,809,251	\$ 255,742	\$2,173,805	\$6,827,673	\$ 1,755,462

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

<i>Sending District</i>	<i>Village Green</i>	<i>Davies Career and Technical Center</i>	<i>Metropolitan Career and Technical Center</i>	<i>Urban Collaborative</i>	<i>Total</i>
Barrington	\$ 1,905	\$ -	\$ 8,383	\$ -	\$ 15,622
Burrillville	-	-	13,455	-	123,982
Charlestown	1,680	-	6,384	-	145,158
Coventry	-	4,327	20,771	-	240,602
Cranston	4,870	-	154,877	57,470	1,401,685
Cumberland	10,592	43,880	39,341	-	1,660,633
East Greenwich	-	-	1,592	-	9,324
East Providence	63,276	21,432	242,898	-	583,772
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	28,199
Jamestown	-	-	9,436	-	12,529
Johnston	4,643	13,001	26,931	-	273,952
Lincoln	17,027	170,266	19,155	-	864,809
Little Compton	-	-	1,230	-	1,230
Middletown	-	-	78,488	-	84,389
Narragansett	-	-	6,771	-	46,381
Newport	-	-	197,800	-	197,800
New Shoreham	-	-	-	-	-
North Kingstown	-	-	29,386	-	294,353
North Providence	7,045	358,299	74,478	7,045	652,184
North Smithfield	-	3,222	-	-	67,667
Pawtucket	188,295	4,904,648	381,074	-	13,496,000
Portsmouth	-	-	9,964	-	9,964
Providence	1,015,074	732,495	4,453,379	1,285,023	37,303,565
Richmond	-	-	10,512	-	21,024
Scituate	2,914	-	11,658	-	36,138
Smithfield	-	17,571	12,495	-	45,294
South Kingstown	1,659	-	43,125	-	192,404
Tiverton	-	-	50,206	-	53,125
Warwick	10,374	-	88,182	-	366,066
Westerly	-	-	2,574	-	122,523
West Warwick	24,743	-	23,619	-	183,326
Woonsocket	57,353	18,112	460,335	-	1,614,946
Bristol-Warren	3,292	-	80,325	-	97,443
Exeter-West Greenwich	2,433	-	5,839	-	85,633
Foster-Glocester	3,737	-	-	-	27,656
Central Falls	179,642	1,846,030	434,561	88,965	15,134,368
Total	\$ 1,600,554	\$ 8,133,283	\$ 6,999,224	\$ 1,438,503	\$75,493,746

Table 8: Categorical Aid

<i>Sending District</i>	<i>High Cost Special</i>		
	<i>Education</i>	<i>Transportation</i>	<i>Total</i>
Barrington	\$ 41,640	\$ 54,080	\$ 95,720
Burrillville	9,805	15,863	25,668
Charlestown	-	-	-
Coventry	35,832	20,271	56,103
Cranston	145,164	392,751	537,915
Cumberland	49,748	92,043	141,791
East Greenwich	43,270	32,442	75,712
East Providence	121,969	10,055	132,024
Foster	6,445	8,261	14,706
Glocester	9,975	13,591	23,566
Hopkinton	-	-	-
Jamestown	7,150	-	7,150
Johnston	27,076	262,535	289,611
Lincoln	61,873	6,395	68,268
Little Compton	-	-	-
Middletown	14,206	-	14,206
Narragansett	6,805	-	6,805
Newport	-	-	-
New Shoreham	8,795	-	8,795
North Kingstown	11,776	-	11,776
North Providence	63,703	127,118	190,821
North Smithfield	11,538	23,212	34,750
Pawtucket	46,535	86,439	132,974
Portsmouth	31,278	-	31,278
Providence	327,522	224,871	552,393
Richmond	-	-	-
Scituate	5,478	41,240	46,718
Smithfield	25,730	56,820	82,550
South Kingstown	24,518	110,627	135,145
Tiverton	27,501	-	27,501
Warwick	98,084	7,525	105,609
Westerly	84,105	-	84,105
West Warwick	4,224	49,384	53,608
Woonsocket	964	21,864	22,828
Bristol-Warren	54,406	634,659	689,065
Chariho	22,486	1,064,037	1,086,523
Exeter-West Greenwich	39,325	694,294	733,619
Foster-Glocester	16,521	240,810	257,331
Central Falls	14,248	60,173	74,421
Subtotal	\$ 1,499,695	\$ 4,351,360	\$5,851,055
Charters & State Schools	305	-	305
Total	\$ 1,500,000	\$ 4,351,360	\$5,851,360

Table 9: Education Aid for FY 2009 – FY 2013

<i>District</i>	<i>FY 2009</i>	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>	<i>FY 2013</i>
Barrington	\$ 1,907,570	\$ 1,800,191	\$ 1,777,692	\$ 2,374,854	\$ 3,350,904
Burrillville	13,789,047	13,169,342	13,049,312	13,008,772	12,965,501
Charlestown	1,824,817	1,725,632	1,708,264	1,704,449	1,694,669
Coventry	19,167,853	18,278,654	18,106,570	18,670,838	19,707,074
Cranston	34,241,412	32,032,775	31,729,746	34,148,058	39,188,868
Cumberland	12,749,195	11,966,879	11,853,639	12,663,079	13,834,760
East Greenwich	1,457,699	1,450,763	1,327,711	1,507,198	1,955,236
East Providence	26,404,603	24,881,232	24,531,957	25,375,608	26,993,305
Foster	1,372,428	1,305,135	1,293,021	1,242,314	1,214,327
Glocester	3,150,714	2,973,405	2,946,000	2,862,833	2,792,685
Hopkinton	5,758,687	5,749,276	5,695,888	5,726,195	5,615,973
Jamestown	445,251	391,353	386,846	369,267	363,461
Johnston	10,412,388	9,701,822	9,609,655	10,131,916	11,083,498
Lincoln	6,762,647	6,384,476	6,320,677	6,999,556	8,156,329
Little Compton	324,893	291,845	288,570	313,858	338,666
Middletown	10,102,194	9,653,308	9,562,746	9,407,808	9,288,241
Narragansett	1,601,846	1,440,139	1,423,684	1,488,608	1,663,260
Newport	11,718,446	10,912,686	10,812,053	10,701,213	10,661,062
New Shoreham	40,148	57,149	56,081	61,851	72,292
North Kingstown	11,342,544	10,735,891	10,633,129	10,674,839	10,758,204
North Providence	12,949,606	12,222,938	12,107,544	12,751,556	14,139,108
North Smithfield	4,542,906	4,384,693	4,342,683	4,630,725	5,133,980
Pawtucket	67,589,810	63,316,158	62,743,324	64,600,780	68,246,641
Portsmouth	6,235,178	6,026,090	5,968,097	5,762,149	5,380,832
Providence	198,173,499	181,619,378	179,813,040	185,804,948	197,968,379
Richmond	5,711,973	5,722,291	5,669,397	5,648,866	5,474,556
Scituate	3,136,637	2,942,545	2,913,522	3,155,942	3,514,829
Smithfield	5,265,557	5,023,550	4,899,277	4,966,920	4,982,755
South Kingstown	9,759,935	9,289,273	9,198,692	8,832,470	8,511,975
Tiverton	5,620,900	5,326,062	5,275,223	5,329,648	5,677,809
Warwick	35,667,487	33,816,257	33,493,714	33,796,578	34,449,461
Westerly	6,132,170	5,780,009	5,721,304	5,982,372	6,572,162
West Warwick	20,065,546	19,030,395	18,855,252	19,143,704	19,775,027
Woonsocket	47,937,431	44,881,514	44,356,033	45,012,523	46,744,955
Bristol-Warren	19,987,011	19,071,142	18,896,443	18,625,047	17,832,369
Exeter-West Greenwich	7,159,892	6,894,092	6,708,949	642,082	898,449
Chariho	892,154	387,074	383,667	6,818,348	6,705,948
Foster-Glocester	5,522,536	5,268,913	5,219,945	5,372,978	5,289,023
Central Falls	44,524,530	43,255,325	42,865,644	41,145,437	39,744,688
Met School Operations	11,830,303	12,508,767	13,025,640	12,236,284	11,648,256
Total	\$ 693,279,442	\$ 651,668,420	\$ 645,570,630	\$ 659,692,471	\$ 690,389,517

Revenues Changes

The Governor recommended \$4.2 million and \$156.0 million more general revenues than estimated at the November 2013 Revenue Estimating Conference for FY 2014 and FY 2015, respectively. The May 2014 Revenue Estimating Conference decreased the FY 2014 estimate by \$16.2 million, for a total of \$3,410.5 million, and included \$3,343.3 million for FY 2015. The budget includes total FY 2015 revenues of \$3,493.1 million for FY 2015 and \$3,416.0 million for FY 2014. Notable items and changes are described below.

Tax Restructuring

- **Business Taxes.** The Assembly enacted several changes to business tax law, effective January 1, 2015. The changes include the implementation of combined reporting for business corporations tax filers and the elimination of the franchise tax. Additionally, the apportionment calculation used by filers to determine net income and tax liability from the current three-factor method, which weighs property, sales, and payroll equally, will be replaced by the “single sales” method, which uses only sales, to be determined by market-based sourcing as of tax year 2015. The budget assumes \$2.7 million of associated revenues. Offset by the \$0.5 million cost for implementation, the net impact is a \$2.2 million increase in revenues for FY 2015. The net impact annualizes to \$4.4 million for FY 2016. The Governor proposed only a reduction of the corporate tax rate upon the passage of the federal Marketplace Fairness Act; the additional sales tax collections would fund the loss from corporate tax collections, rather than result in a sales tax decrease as in current law.
- **Estate Tax.** The budget eliminates the estate tax threshold of \$921,655 and establishes an exclusionary credit to eliminate tax liabilities for estate values up to \$1.5 million for deaths occurring on or after January 1, 2015. The same credit is available to all estates, including those larger than \$1.5 million. The budget assumes an associated revenue loss of \$9.4 million for FY 2015. Estates must make estimated payments of taxes due within nine months of the date of death; collections estimated for FY 2015 include payments from the estates of decedents who died prior to December 31, 2014. The revenue loss increases to \$18.0 million for FY 2016.
- **Earned Income Tax Credit.** The budget includes legislation that modifies the state Earned Income Tax Credit for low and moderate wage earners. Effective in tax year 2015, the credit will be valued at 10.0 percent of the federal credit and will be 100 percent refundable. Under current law, the state credit is valued at 25.0 percent of the federal credit and 15.0 percent of the state credit is refundable. The budget includes a general revenue loss of \$4.3 million for FY 2015, which annualizes to \$8.8 million for FY 2016.
- **Property Tax Relief Credit.** The budget includes legislation that modifies eligibility requirements for claimants of the property tax relief credit. Effective the tax year beginning January 1, 2014, the credit is available exclusively for the elderly and disabled, the populations initially assisted when this program was implemented. The budget includes associated general revenue savings of \$8.2 million.

Enhanced Compliance and Collections

- **Revenue Officers.** The budget assumes \$6.2 million in additional income tax revenues from the filling of 10.0 compliance and collection positions in the Division of Taxation. Combined with \$2.2 million in interest and penalties generated by collection and compliance actions, the budget assumes a total increase of

\$8.4 million. This increase is offset by the \$0.8 million cost for the positions, producing a net impact of \$7.6 million.

- **Use Tax Safe Harbor.** The budget assumes \$2.2 million in additional sales and use tax revenues from the establishment of a use tax safe harbor provision on the state personal income tax return. Filers who purchase taxable items from vendors that do not collect or remit Rhode Island sales tax are responsible for the payment of use tax on those purchases. Personal income tax return forms will include a table to assist filers with the determination of use tax owed based on the filer's Rhode Island adjusted gross income and single purchases over \$1,000. Proper filing of use tax, per the Tax Administrator's instructions, will absolve the filer from the requirement to pay any additional taxes owed as well as any penalties. This tool is another method to voluntarily comply with current law. The Assembly concurred.
- **Automated Sales Suppression Devices.** The budget includes \$0.8 million in revenues associated with the inclusion of legislation to criminalize the purchase, sale, and use of technology that enables understatement of actual sales for sales tax purposes. The Tax Administrator will provide safe harbor to those persons in possession of such a device, if all requested information is provided, all unreported tax is corrected, and all amounts owed are fully paid by October 1, 2014.
- **Public Employee Compliance.** The budget assumes \$1.1 million in new personal income tax revenues from establishing enhanced compliance requirements for all public employees. The Governor proposed legislation to establish new compliance standards for state employees. The Assembly enacted legislation that expanded the requirements to include all state and municipal employees and officials. Each year, the Division of Taxation will notify any public employee who is out of compliance of the amount of any tax, interest, and penalties due and provide procedures to come into compliance. Should an employee fail to respond or make a good faith effort to come into compliance, the state controller or the municipality will begin garnishment of the employee's wages.
- **Registration Block.** The budget includes \$0.3 million in additional income tax revenues from the establishment of a compliance requirement for new vehicle registrations. The Tax Administrator will provide quarterly reporting of applicable data to the registry of motor vehicles, and upon certification of subsequent compliance, the filer will be allowed to register vehicles. Combined with \$0.2 million in associated interest and penalties, the combined impact is a revenue increase of \$0.5 million.
- **Employee Classification Taskforce.** The budget includes additional personal income tax revenues of \$1.0 million from the creation of an interdepartmental taskforce to prevent misclassification of employees by employers, such as categorizing workers as contracted staff instead of employees and paying wages lower than the minimum wage or not properly documenting payroll expenses. The taskforce will include representatives of the Department of Labor and Training, the Division of Taxation, the Department of Business Regulation, the Attorney General, the State Police and the Workers' Compensation Court. The budget additionally assumes \$0.8 million in interest and penalties from collections and compliance efforts undertaken by the Division of Taxation. The combined impact for this initiative is a \$1.8 million increase in revenues.

Other Taxes

- **Alcohol Taxes Pilot.** The Assembly extended the pilot restructuring of alcohol excise taxes and the exemption of retail sales of wine and spirits from sales and use taxes enacted by the 2013 Assembly. The pilot program has a current sunset date of March 31; the budget establishes a new sunset date of June 30, 2015 for an estimated revenue loss of \$1.6 million.

- **Hotel Room Resale.** The budget does not include the Governor's proposal to generate \$0.9 million by subjecting the markup charged by resellers that purchase rooms from hotels at wholesale rates, to state sales tax, state hotel tax, and local hotel tax.
- **Other Temporary Lodging.** The budget does not include the Governor's proposal to generate \$0.5 million by subjecting rentals of time share properties and rooms at bed and breakfast inns to sales and hotel taxes.
- **E-Cigarettes.** The budget does not include the Governor's proposal to generate \$0.8 million through defining e-cigarettes as other tobacco products and subjecting them to the 80.0 percent of wholesale cost tax applied to those items.

Insurance and Health Care Provider Taxes

- **Managed Care Premiums Tax Adjustments.** The FY 2015 budget lowers managed care expenses estimated in May by \$52.9 million, which results in lower revenues for the RIte Care and Rhody Health Partners managed care plans that reduces taxes paid by \$0.9 million on the 2.2 percent assessment made on the plan premiums. This includes the rate reduction savings initiatives included in the Governor's recommendation and accepted by the Assembly as well as lower projected enrollment from the June 2014 re-start of the RIte Care redetermination process that was initially delayed from January 1, 2014 to January 1, 2015.
- **Health Care High Utilizers.** The budget reduces managed care expenses in both RIte Care and Rhody Health Partners from addressing the health care needs of its more expensive enrollees, to achieve savings of \$16.3 million; this decreases the taxes paid by the plans by \$0.3 million.
- **Hospital Rate Freeze.** The budget reduces managed care expenses in both RIte Care and Rhody Health Partners from freezing the rates paid to hospitals through the plans to achieve savings of \$8.8 million; this decreases the taxes paid by the plans by \$0.1 million.
- **Durable Medical Equipment Reviews.** The budget reduces managed care expenses in both RIte Care and Rhody Health Partners from performing an audit review of prices paid statewide for durable medical equipment to achieve savings of \$2.0 million; this decreases the taxes paid by the plans by \$40,024.
- **Imaging Services Utilization Review.** The budget reduces managed care expenses in both RIte Care and Rhody Health Partners from implementing an authorizations process for certain imaging services to achieve savings of \$2.0 million; this decreases the plans' tax payment by \$40,024. There is also a reduction in departmental receipts to reflect the impact on assessments of imaging centers for fee for service reductions.
- **Nursing Home COLA, Effective April 1, 2015.** The budget includes an April 1, 2015 nursing home rate increase totaling \$2.6 million; this delays the October 1, 2014 increase and results in lower revenues for nursing homes, which lowers taxes paid through the 5.5 percent assessment on a facility's gross revenues by \$0.4 million.
- **Long Term Care Financial Eligibility/Payment Review.** The budget reduces nursing homes costs by \$1.0 million from an eligibility and payment review process, which lowers taxes paid on a facility's gross revenues by \$27,517.

Departmental Revenues. The budget includes \$152.5 million of revenues from departmental receipts for FY 2015. Of this amount, \$156.1 million relates to the annual extension of the hospital licensing fee. The Governor's recommended budget increased revenues from departmental receipts by \$144.7 million for FY 2015, including \$141.3 million from the hospital licensing fee.

- **DOA: Parking Garage Fee Increase.** The Assembly increased the Department of Administration's parking garage fee from \$16 per pay period to \$32 per pay period and assumed \$0.2 million in additional revenues. The fee had been \$16 since 1992.
- **DLT: Job Development Fund.** The budget includes legislation to exempt the Job Development Fund from the 10.0 percent indirect cost recovery charge, beginning July 1, 2014. The budget reflects a revenue loss of \$1.3 million and a shift of these funds to the Department of Labor and Training for job programs and related administrative expenses.
- **DOR: Imaging Services Utilization Review.** The budget assumes a reduction of \$40,024 in departmental receipts to reflect the impact of an authorization process for certain imaging services through the managed care plans. The budget reduces expenses in both RIte Care and Rhody Health Partners to achieve savings of \$2.0 million in the Office of Health and Human Services' budget. The total revenue reduction for this proposal is \$0.1 million, including tax payments paid through premium assessments.
- **OHHS: Hospital Licensing Fee.** The Assembly included Section 1 of Article 16 to extend the licensing fee for FY 2015 at the current rate of 5.703 percent for all hospitals except South County and Westerly, which will be assessed a fee of 3.6 percent. It assumes \$156.1 million in revenue, including \$149.6 million from community hospital payments and \$6.5 million from Eleanor Slater Hospital. The article also increases the FY 2014 fee to 5.418 percent and assumes \$4.6 million in added revenue. The licensing fee appears annually in the Appropriations Act and is not included in consensus revenue estimates, because the Revenue Estimating Conference can only estimate revenues under current law.

Other Revenues

- **Bond Premium Proceeds.** The budget transfers \$3.3 million of bond premium proceeds that were deposited into the Rhode Island Capital Plan Fund in FY 2014 to the Municipal Road and Bridge Revolving Fund on or before June 30, 2014. The Governor had proposed depositing these as general revenues. The FY 2013 Assembly appropriated \$7.0 million of proceeds received in FY 2013 for the capitalization of the newly created Municipal Road and Bridge Revolving Fund.
- **DMV Fee Shift.** The budget includes a reduction to general revenues of \$17.5 million to reflect the transfer of motor vehicle fees to the Rhode Island Highway Maintenance account. The fees are currently deposited as general revenues, but will be transferred to the account for use by the Department of Transportation for highway, road and bridge maintenance.
- **Insurance Recovery Fund.** The revised budget assumes a transfer of \$0.9 million from the Insurance Recovery Fund into the State General Fund. The Insurance Recovery Fund receives receipts from insurance companies for claim settlements and had a cash balance of \$2.3 million on June 30, 2013.
- **Tobacco Settlement.** The Assembly adopted legislation authorizing the Tobacco Settlement Financing Corporation to raise additional funds in an amount of not less than \$20.0 million from the

Tobacco Settlement Financing Corporation Act through the refunding of its bonds. Of this amount, \$5.0 million each will be deposited into the State General Fund and the Municipal Road and Bridge Revolving Fund, and the remaining proceeds will be deposited into the Information Technology Investment Fund.

- ***Twin River Marketing.*** The budget includes legislation to amend the master contract for Twin River Casino, which increases the state's potential share of marketing expenditures. Under current law, reimbursement is capped at a maximum of the state share of slots revenue multiplied by actual costs between \$4.0 million and \$10.0 million; the state reimburses Twin River a maximum of \$3.6 million. The contract amendment requires the state to reimburse for actual marketing costs between \$14.0 million and \$17.0 million at the existing rate of the state share multiplied by actual costs. All expenditures will be audited by the Lottery Division prior to reimbursement. The budget assumes an associated revenue loss of \$1.1 million, based on historical expenditures.

Other

- ***Attorney General Mortgage Settlement Transfer.*** The budget reflects the transfer of \$0.6 million from the Office of the Attorney General's mortgage fraud settlement fund into the Housing Resources Commission's restricted receipts account to support lead paint abatement activity.
- ***Real Estate Conveyance Tax.*** The Assembly increased 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. This is estimated to generate an additional \$2.8 million, which will be deposited into a restricted receipts account to be administered by the Housing Resources Commission for lead hazard abatement, shelter and other housing initiatives. The amount going to the General Fund from this tax is unchanged and the remaining \$1.10 goes to the municipality collecting the tax.

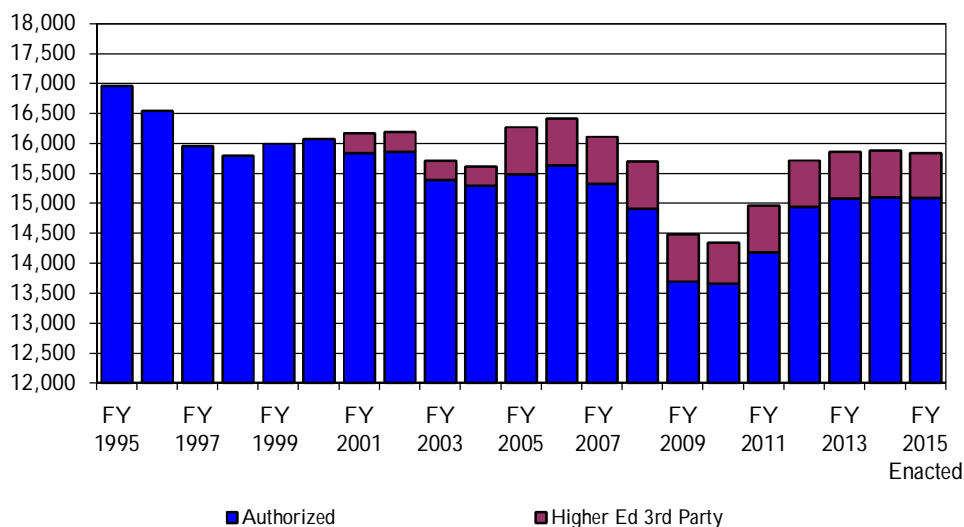
State Government Personnel and Staffing

Summary

The Governor recommended \$1,870.8 million for personnel expenditures and 15,097.0 full-time equivalent positions, including 642.9 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$46.7 million more and 21.3 fewer positions than the FY 2014 enacted budget. The expenditures include both salaries and benefits, as well as contracted services.

The Assembly adopted \$1,862.1 million for personnel and 15,086.0 full-time equivalent positions, including 750.8 higher education positions dedicated for research or supported by other third-party funds. This is \$36.8 million more and 32.3 positions less than the FY 2014 enacted budget and is 11.0 fewer positions than the Governor's recommendation.

Full-Time Equivalent Positions



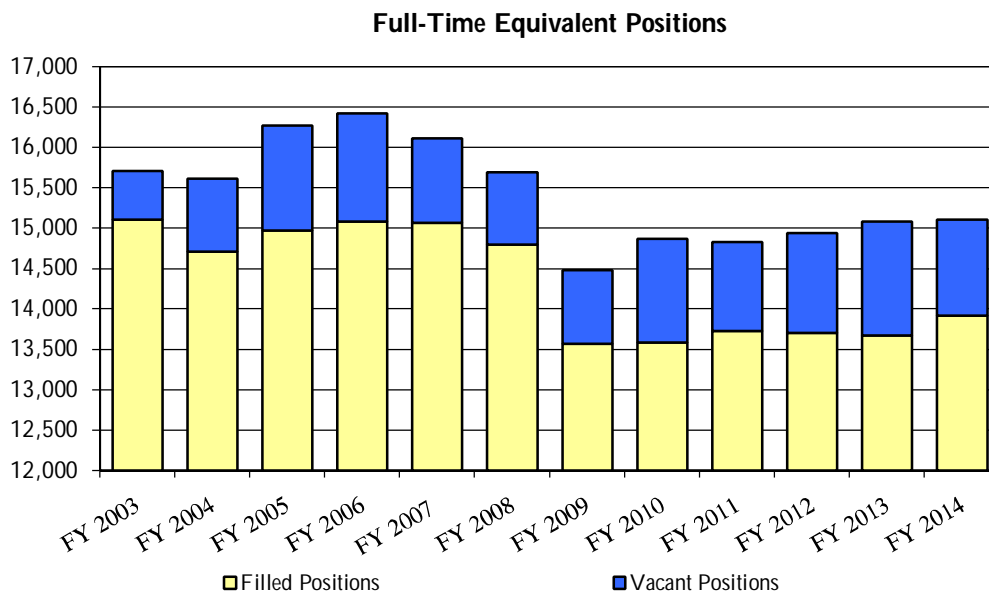
The General Assembly sets personnel limits for each agency and department defined as the maximum allowable number of full-time equivalent positions filled during any pay period. These limits are referred to as authorized levels. The authorized levels do not include temporary or seasonal employees or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

The chart on the next page shows the staffing levels from FY 2003 through FY 2014. Authorized levels peaked in FY 2006; however, filled positions peaked in FY 2003. A significant reduction to both authorized and filled positions is apparent in FY 2009, FY 2010 and FY 2011 due to a major surge of retirements. Other significant issues during that period are noted below.

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

consistent vacancies within this group of positions.

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



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

The FY 2015 enacted budget includes authorization for 15,086.0 positions. The FY 2014 final budget includes 15,100.3 full-time equivalent positions, 18.0 fewer positions than the FY 2014 enacted budget. As of the pay period ending June 28, 2014, there was an average of 13,908.9 positions filled,

leaving 1,001.8 non-research vacancies. In FY 2013, the state averaged 13,664.6 filled positions reflecting an average of 1,233.9 non-research vacancies.

Personnel Costs

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

The Governor's personnel recommendation includes \$1,589.8 million for salaries and benefits and \$281.0 million for contracted services. These expenditures represent an increase of \$46.7 million, or 2.6 percent, from the FY 2014 enacted budget. Salaries and benefits increase by \$42.7 million, or 2.8 percent and contracted services increase by \$4.0 million, or 1.1 percent. General revenue expenses for salaries and benefits increase by 2.0 percent and contracted services increase by 5.6 percent. It should be noted that these expenditures exclude internal service funds; however, the staffing levels do include them.

The Assembly included \$1,581.2 million for salaries and benefits and \$280.9 million for contracted services. Salary and benefit costs are \$32.9 million more than enacted and \$8.6 million less than the Governor's recommendation which primarily reflects additional savings from medical benefits. Contracted services are \$0.1 million less than recommended. The data are shown in the following table and do not include personnel costs funded from internal service funds.

FY 2015 Enacted	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 537,209,490	\$ 177,589,631	\$ 41,037,897	\$ 289,893,190	\$ 1,045,730,208
Benefits	291,386,041	105,344,424	24,336,424	114,407,453	535,474,342
Total Salaries and Benefits	\$ 828,595,531	\$ 282,934,055	\$ 65,374,321	\$ 404,300,643	\$ 1,581,204,550
Contracted Services	51,702,416	173,216,435	35,629,164	20,332,385	280,880,400
Total Personnel	\$ 880,297,947	\$ 456,150,490	\$ 101,003,485	\$ 424,633,028	\$ 1,862,084,950

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

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

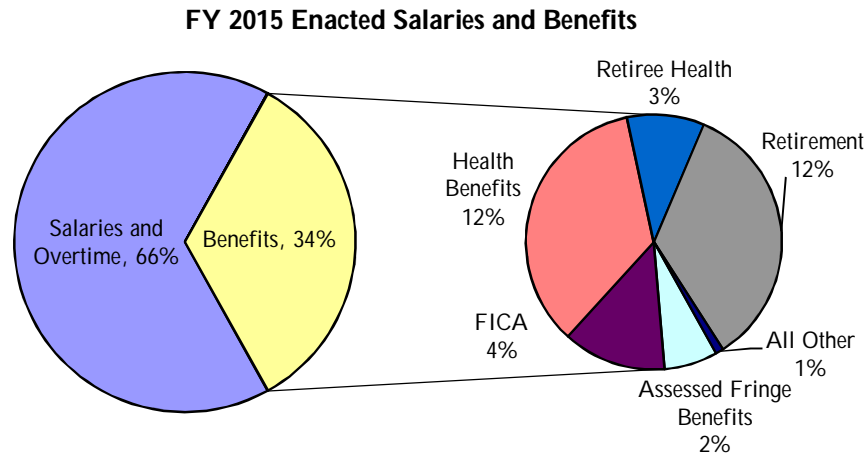
Employee status refers to an employee's protection during reorganizations or layoffs. When an employee is first hired, he or she may have temporary or probationary status, which provides the least protection. All employees that were hired prior to August 7, 1996, will have statutory status when he or she reaches 20 years of state service. This means that the state is required to find a suitable position for that employee in the case of reorganizations or layoffs. If a state employee is also a veteran, statutory status will be acquired after 15 years of service. Currently there are 3,447 employees with statutory status, including 194 employees who were eligible through the veteran provision.

As part of his FY 2012 revised budget, the Governor recommended \$300,000 to conduct an analysis of the state's personnel system and to recommend alternatives to the current system. The completion was delayed and the Assembly shifted the funds to the FY 2013 budget.

The study was completed in January 2013 and found that the current personnel structure, organization and staffing of the Division of Human Resources is not sufficient to support the state's need. Additionally, the recruiting process is highly paper-based, job classification structures do not reflect qualifications to deliver the services and the compensation structures are non-competitive.

A total of 16 actions were recommended, including: implementing an online application system, eliminating the public hearing process when making changes to classification structure, and hiring a new chief of human resources to be dedicated to establishing strategic direction and developing policies. The 2013 Assembly provided funding for this position, which was filled in December 2013. The FY 2014 revised budget includes \$0.5 million for a classification and compensation study.

Salaries and benefits make up 84.9 percent of total personnel costs. The following charts represent the total cost of salaries and benefits. The larger pie chart divides salaries, including overtime, and benefits.



The smaller pie chart breaks out the percentage of each benefit type. Each of the items included in the graphic is described in further detail in the paragraphs that follow.

Salaries. Direct salaries refer to the wages paid to state employees. This amount may increase due to many factors. For many state employees, pay scales are determined by position grade and classification. An employee will have a base salary, and there will be increases along a five step scale annually after the employee's first six months. Prior to July 1, 2011, after an employee had been in state service for a specified number of years, he or she became eligible for longevity increases. These increases were applied to the base salary. This is authorized by collective bargaining agreements for

union employees, with different increases for education agencies contained in statute; it was personnel policy for non-union employees. The 2011 Assembly froze longevity increases for all employees effective July 1, 2011, or upon expiration of all current contracts when applicable.

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

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

Collective bargaining agreements also determine if an employee will receive a cost-of-living adjustment. This adjustment differs from a longevity increase because it applies to all employees in that pay grade. For example if all state employees receive a 3.0 percent cost-of-living increase on July 1, then an employee with a pay grade ranging from \$50,000 to \$59,000 will now be in a pay grade of \$51,500 to \$60,770.

Most state employee contracts expired on June 30, 2013. In April 2014, the Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017. This includes 2.0 percent salary increases effective April 6, 2014 and October 5, 2014.

It is important to note that there are several contracts that remained unsettled after the FY 2015 budget became law, including those covering members of the Rhode Island Brotherhood of Correctional Officers and State Police, as well as some related to higher education employees. The current contract for the State Troopers Association covered the period of May 1, 2010 through April 30, 2013, and is subject to a wage re-opener for the last contract year. The State Troopers Association re-opened the contract for wage negotiations and is currently in arbitration.

The following table identifies the recent cost-of-living adjustments and any other notable adjustments to employee salaries.

Cost-of-Living Adjustments		
Fiscal Year	Increase	Notable Adjustments
2005	1.5%	
2006	2.5%	
2007	4.0%	
2008	3.0%	6 furlough days
2009	-	
2010	2.5%	8 furlough days
2011	3.0%	6 month delay, 4 furlough days
2012	3.0%	
2013	-	
2014	2.0%	April 6, 2014
2015	2.0%	October 5, 2014
2016	2.0%	October 4, 2015

Overtime. Overtime expenses make up 3.4 percent of total salary and benefit expenses. The majority of overtime expenses occur in the Department of Corrections for correctional officers, followed by the

Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, and Human Services.

Overtime - FY 2015 Enacted	
Corrections	33.4%
BHDDH	21.8%
Human Services	9.9%
Higher Education	8.5%
Public Safety	8.2%
Transportation	6.3%
Children, Youth and Families	5.2%
All Others	6.6%
Total	100%

Health Benefits. All full-time state employees and certain part-time employees are eligible for health benefits, including medical, dental and vision through United HealthCare and Delta Dental. During FY 2005, employees began contributing to the cost of this health care. Some employees paid a percentage of salary, depending on salary range, and some employees paid 5.0 percent of the cost of the health plans. Currently, an employee's contribution depends on his or her salary and the type of plan chosen.

The following table shows the cost of health benefits and the state employee co-shares for FY 2015 for both individual and family plans.

FY 2015 Enacted	Below \$48,696		\$48,696 - \$97,391		Over \$97,391	
	Individual	Family	Individual	Family	Individual	Family
Total Cost of Benefits	\$ 7,572	\$ 21,223	\$ 7,572	\$ 21,223	\$ 7,572	\$ 21,223
% of Premium: State	80.0%	85.0%	80.0%	80.0%	75.0%	75.0%
Annual Cost to State per Employee	\$ 6,057	\$ 18,040	\$ 6,057	\$ 16,978	\$ 5,679	\$ 15,917
% of Premium: Employee	20.0%	15.0%	20.0%	20.0%	25.0%	25.0%
Annual Cost to Employee	\$ 1,514	\$ 3,183	\$ 1,514	\$ 4,245	\$ 1,893	\$ 5,306

Rates effective July 1, 2014; co-share contribution salary ranges will go up 2.0% effective October 5, 2014

For budget planning purposes, a weighted average is used to calculate the cost of medical benefits for vacant positions. The following table shows the weighted average per benefit type.

Weighted Average	FY 2014 Enacted*	FY 2014 Rev. Req.	FY 2014 Revised	FY 2015 Request	FY 2015 Gov. Rec.	FY 2015 Enacted
Medical	\$ 16,564	\$ 16,262	\$15,636	\$ 17,562	\$ 16,887	\$ 15,985
Dental	147	129	129	132	132	126
Vision	850	855	855	907	907	907
Total	\$ 17,561	\$ 17,246	\$16,620	\$ 18,601	\$ 17,926	\$ 17,018

**Adjusted to reflect statewide initiatives*

As shown in the previous table, the FY 2015 instructions included a planning value of \$18,601, a 5.9 percent increase from the FY 2014 enacted budget. The recommended budget assumes medical costs of \$16,887, \$675 or 3.6 percent less than the planning values set for FY 2015 due to slower trend growth, and as a result of a new contract for administration costs for medical plans.

In April 2014, Council 94 agreed to a new four-year contract effective July 1, 2013 through June 30, 2017. Among the main provisions of the new contract are increased co-pays for office visits and prescription drugs, deductibles of \$250/\$500 for individuals/families effective January 1, 2015.

As shown in the table above, the FY 2015 enacted budget assumes a planning value of \$17,018, 5.1 percent lower than those used in the Governor's recommended budget.

Beginning in June 1997, before employees were contributing to the cost of health benefits, the state began offering employees the option of choosing a medical benefit waiver as opposed to enrolling in a state health plan. The waiver had been \$2,002 through FY 2011; however, it was reduced to \$1,501 in FY 2012. The Budget Office planning values for FY 2012 included a waiver of \$1,001; however, the budget restored 50.0 percent of the funding because the Budget Office determined that the FY 2012 payment is based on one half of the \$2,002 waiver and one half of the \$1,001 waiver. The Budget Office planning values for FY 2014 and FY 2015 include a waiver of \$1,001.

Retirement. Participation in Rhode Island's hybrid defined benefit/defined contribution plan is mandatory for most state employees, except for certain higher education employees who participate in a defined contribution plan. The 2011 Assembly adopted changes including participation in a new defined contribution plan for all employees, except judges, state police and correctional officers. Under the new plan, current employees not yet eligible to retire have an individualized retirement age based on their years of service but they must be at least 59 years old to retire.

New employees must work until their social security normal retirement age or 67, whichever is lower. The salary basis is the five highest consecutive years. Cost-of-living adjustments are only granted when the pension systems' aggregate funded ratio exceeds 80.0 percent; it is equal to the difference between the five-year smoothed investment return and 5.5 percent, but no more than 4.0 percent or less than zero. It is only applied to the member's first \$25,000 of pension income, indexed to grow at the same rate as the cost-of-living adjustment. There have been many changes to the retirement system over the past few years. These changes are discussed later in the report.

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

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

The Budget Office revised the enacted assessed fringe benefit rates from 3.75 percent to 4.25 percent for most employees and increased the higher education faculty rate from 3.4 percent to 3.77 percent, effective as of the second pay period of FY 2014.

Assessed Fringe Benefit Rate History																
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
% of Salary	0.17	3.14	3.14	3.80	3.78	4.10	4.20	3.52	3.90	3.80	3.90	4.00	3.75	3.75	4.25	4.25

FICA. The Federal Insurance Contributions Act tax is a United States payroll tax imposed by the federal government on both employees and employers to fund Social Security and Medicare. This rate is calculated on salaries and overtime; however, the Social Security portion has a salary limit. In calendar year 2014, the estimated salary limit is \$115,500. There is no salary limit for the Medicare portion.

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

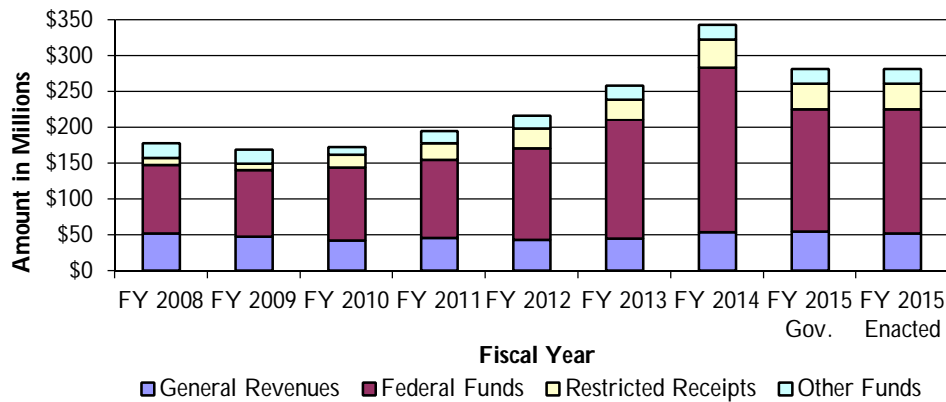
Total Costs. The true cost for two employees who have salaries of \$50,000 and \$100,000 and a family health plan in FY 2015 is displayed in the following table.

Cost of a Position - FY 2015 Enacted				
	Expense	% of Salary	Expense	% of Salary
Salary	\$ 50,000		\$ 100,000	
FICA	3,825	7.65%	7,650	7.65%
Assessed Fringe	2,125	4.25%	4,250	4.25%
Retiree Health	3,375	6.75%	6,750	6.75%
Retirement	12,165	24.33%	24,330	24.33%
Subtotal	\$ 21,490	42.98%	\$ 42,980	42.98%
Health Benefits	17,018	Family Plan	17,018	Family Plan
Total % co-share	(3,404)		(4,255)	
Subtotal Benefits	\$ 35,104	70.2%	\$ 55,744	55.7%
Total Cost	\$ 85,104		\$ 155,744	

Contracted Services. Contracted services make up the remaining 15.1 percent of personnel costs. The FY 2015 budget includes \$280.9 million for expenditures the state classifies as contracted services, often referred to as consultants. These expenditures reflect the compensation paid for the services of non-employee individuals or firms and include payments to professional practitioners and other independent contractors who sell their services. By fund source, 61.7 percent of the expenses are supported by federal grants and 18.4 percent are funded from general revenues. The Office of Health and Human Services and the Department of Elementary and Secondary Education account for more than a third of these expenses from all sources.

The following chart shows the costs of contracted services from FY 2008 through FY 2015. The total cost remained relatively consistent from FY 2008 through FY 2011; however, there is a decline in the amount of general revenues spent over that time. The significant increase in FY 2012 and FY 2013 are mostly as a result of Race to the Top stimulus funds in the Department of Elementary and Secondary Education. The Department was awarded \$75.0 million to spend over four years. The FY 2013 and FY 2014 budgets also include over \$50 million from federal funds for the implementation of the Affordable Care Act.

Contracted Services, FY 2008 to FY 2015



The Assembly included \$280.9 million from all sources, including \$51.7 million from general revenues. The FY 2015 budget is \$3.9 million more than enacted, including increases of \$3.3 million from general revenues, \$2.8 million from federal funds, and \$2.2 million less from all other sources. The majority of the general revenue increase is for information technology expenses for the state's match for the Unified Health Infrastructure Project.

Over the past few fiscal years, the Assembly required state agencies to be held more accountable for contracted services they purchase. The Governor's FY 2015 recommended budget proposed legislation to repeal and consolidate most of these requirements. The paragraphs that follow identify these reporting requirements, his proposed changes and the Assembly's action.

RIGL 42-90-1. This statute, first adopted in Chapter 161 of the Public Laws of 1985, requires all departments, commissions, boards, councils and other agencies to submit to the Secretary of State the name of any person who performed legal, medical, accounting, engineering or any other professional services, and the amount of the compensation received by the consultant during the previous quarter. It further requires the Secretary of State to compile, publish and make a report available to the public.

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

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

The Governor included legislation in Article 17 of his FY 2015 budget that increases the threshold from \$100,000 to \$150,000 and required that the reporting be annually submitted to the Budget Office electronically. The legislation requires that the Budget Office electronically post all contracts and reports online using the state's transparency portal or an equivalent website no later than December 1 of each year. The Assembly concurred and included the legislation in Section 4 of Article 9 of 2014-H 7133, Substitute A, as amended.

RIGL 37-2.3-1. The 2006 Assembly adopted legislation requiring agencies to list all privatization contracts as part of the budget request when obtaining services that are substantially similar to work performed by regular employees of the department, commission, board, council or agency starting in FY 2009. The list must contain the name of the contractor, duration of the contract and costs of previous, current and upcoming years. Agencies must also include a summary of contracted private employees for each contract, reflected as full-time equivalent positions and their hourly wage rate.

The Governor submitted legislation to alter the requirements so that agencies provide actual information for the prior fiscal year and projected costs for the current and subsequent fiscal years. The listings will be published annually online using the state's transparency portal or an equivalent website no later than December 1 of each year. Subsequently, the Governor requested an amendment to restore language that had previously removed subcontractor from the definition of privatization contractor and it clarifies what agencies must include in reports for prior, current and upcoming fiscal years and positions must be reflected as full-time equivalent positions.

The Assembly concurred.

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

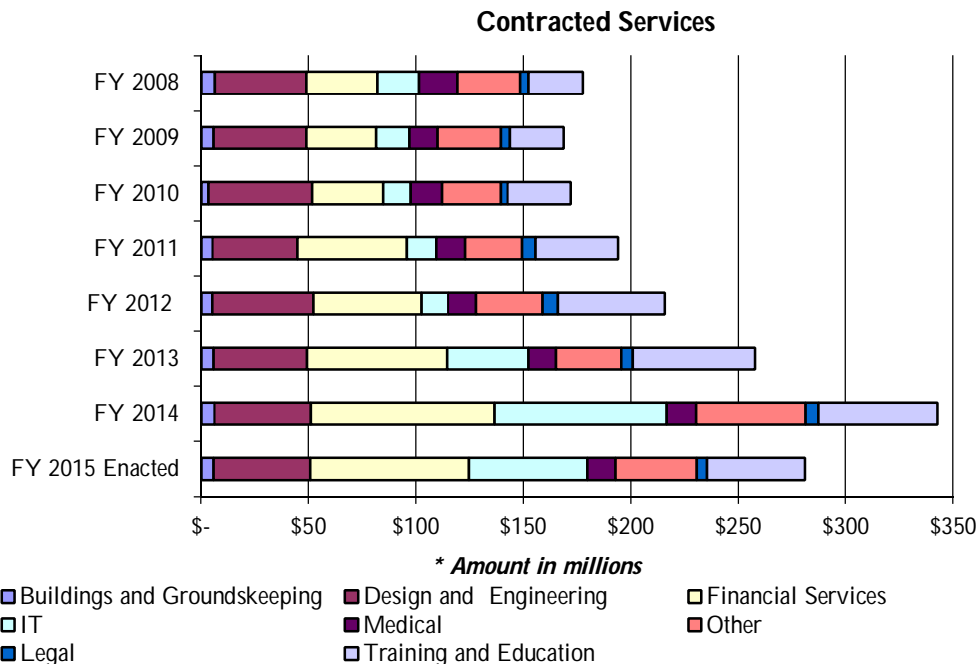
The Governor included legislation in Article 17 of 2014-H 7133 to repeal this, in conjunction with modifying a similar requirement. The Assembly concurred.

RIGL 42-149-3.1. This legislation, adopted in Public Law 2011, Chapter 409 requires an assessment of 5.5 percent on contractual costs to be paid to the retirement system on a quarterly basis when a department, commission, board, council, agency or a public corporation agrees to obtain contractual services that are substantially similar to and in lieu of services provided by regular employees of the department, commission, board, council, agency or public corporation. During the FY 2013 budget process, the administration indicated that it developed a mechanism within the state's accounting system to calculate this charge and \$0.4 million was collected in FY 2013 and \$0.1 million was collected in the first quarter of FY 2014.

The Governor included legislation in Article 17 of 2014-H 7133 to repeal the 5.5 percent assessment. The Assembly did not concur.

P.L. 2007, Chapter 073. The 2007 Assembly adopted legislation to correct a situation concerning contract employees that were doing the same work as state employees, under state employee supervisors. Departments and agencies would be allowed to convert those positions to state employee positions within available funding. The law also required that an agency or department may not

employ contracted employees or employee services where the contracted employees would work under state employee supervisors after October 1, 2007 without determination of need by the Director of Administration acting upon the positive recommendations of the Budget Officer and the Personnel Administrator and 15 days after a public hearing. This language has appeared in every budget since FY 2007. The Governor’s recommended legislation excludes it from the FY 2014 revised and FY 2015 budgets.



The table above shows the types of services provided by outside contractors from FY 2008 to FY 2015. The majority of the expenditures are spent on design and engineering services, training and educational, and management and consultant services. The smallest area of spending is legal services and buildings and grounds keeping services.

Personnel Initiatives

The FY 2014 and FY 2015 budgets include several initiatives which could affect personnel costs. These are described in the paragraphs that follow.

- Directors’ Salaries.** The Governor’s Budget repeals the requirement that the Department of Administration seek the General Assembly’s approval in determining salary raises for directors. These positions would be treated as all other unclassified positions and subject to the public hearing requirement for changes to those pay schedules.

Current law requires that the Department of Administration refer proposed salaries of directors to the General Assembly by the last day in April, which will take effect in 30 days unless it is rejected by a formal action of the House and Senate, within the time frame. The Assembly did not concur.

- Cost-of-Living Adjustment.** The Governor’s Budget does not include funding for state employee salary increases, and most current labor contracts expired on June 30, 2013. The Governor recommended \$0.3 million in FY 2014 for labor contract negotiations.

In April 2014, the Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017. This includes 2.0 percent salary increases effective April 6, 2014 and October 5, 2014 offset by increased cost sharing measures for medical benefits. The cost for FY 2015 is estimated to be \$47.4 million of which \$24.3 million is from general revenues which reflects approximately 3.5 percent growth over FY 2014. The Budget assumes that in order to accommodate the increased costs associated with a new state employee contract, agencies will achieve savings through turnover and vacancies.

- **Employee Classification Study.** The Governor's budget includes \$0.5 million from general revenues in FY 2014 for a classification and compensation study. The Assembly concurred.
- **Direct Deposit.** The Assembly adopted the Governor's proposal requiring all state employees who are hired after September 30, 2014 to participate in the direct deposit system for payroll. Employees hired before September 30, 2014 and not currently participating in the direct deposit system must do so by June 30, 2016.

Recent Compensation and Benefit Revisions

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

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

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

As part of a special session, the 2011 Assembly enacted legislation that suspended new cost-of-living adjustments to retirees' benefits until the system is better funded but provides for an intermittent cost-of-living adjustment every five years, if the retirement fund's investment returns reach certain levels, until the system in the aggregate is 80.0 percent funded. It moved all but public safety employees into a hybrid pension plan that includes a defined contribution plan. It increased the minimum retirement age for most employees not already eligible to retire and changed the benefit accruals to 1.0 percent per year of service beginning July 1, 2012. It reduced the vesting requirement from ten years to five years and preserved accrued benefits earned through June 30, 2012. It increased the minimum retirement age for teachers and state employees to Social Security Normal Retirement Age, not to exceed 67, applied proportionally to employees based on current years of service, but no less than 59.

Public labor unions challenged the constitutionality of the law subsequent to its enactment. To avoid what could have been a lengthy and costly trial, state and labor unions were ordered into federal mediation. In February 2014, a proposed settlement was announced, which maintained most of the pension changes; however, the retirement age was reduced from 67 to 65 and allowed employees who have worked at least 20 years to keep their defined-benefit pensions. Retirees would receive a one-time 2.0 percent cost-of living increase upon the enactment of the agreement and intermittent cost-of-living increases would be given every four years instead of every five years. Additionally, the settlement needed the approval of retirees, state employees, as well as the General Assembly. If more than half of any one group were to vote against the settlement, the litigation would continue. Though most employees and retirees voted in support of the settlement, a majority of police officers voted against it; thereby rejecting the settlement in whole. The trial has been scheduled for September 2014.

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

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

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

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

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

Changes for each agency are summarized in the paragraphs at the end of this report and explained in further detail in the individual agency analyses contained in the FY 2014 revised and FY 2015 sections of the *Budget as Enacted*.

Distribution of Positions

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

FY 2015 Changes to Enacted FTE	Gen. Govt.	Human Services	Education	Public Safety	Natural Res.	Transp.	Total
<i>FY 2014 Enacted</i>	2,276.7	3,747.8	4,659.6	3,233.6	428.0	772.6	15,118.3
Program Changes	(20.0)	(52.8)	(4.0)	(16.0)	(3.0)	(20.0)	(115.8)
Federally Funded/Time Limited	12.0	4.0	-	-	2.0	-	18.0
Race to the Top	-	5.0	(16.5)	-	-	-	(11.5)
Unified Health Infrastructure Project	3.0	29.0	-	-	-	-	32.0
New Positions	27.0	11.0	2.0	4.0	1.0	-	45.0
<i>Total Change to Enacted</i>	22.0	(3.8)	(18.5)	(12.0)	-	(20.0)	(32.3)
FY 2015 Enacted	2,298.7	3,744.0	4,641.1	3,221.6	428.0	752.6	15,086.0

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2014 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 55.6 percent of all positions.

The Budget includes 2,298.7 full-time equivalent positions for general government agencies, 15.2 percent of the distributed positions. This is 22.0 positions more than the authorized level, to primarily reflect added positions for the Departments of Labor and Training, and Revenue.

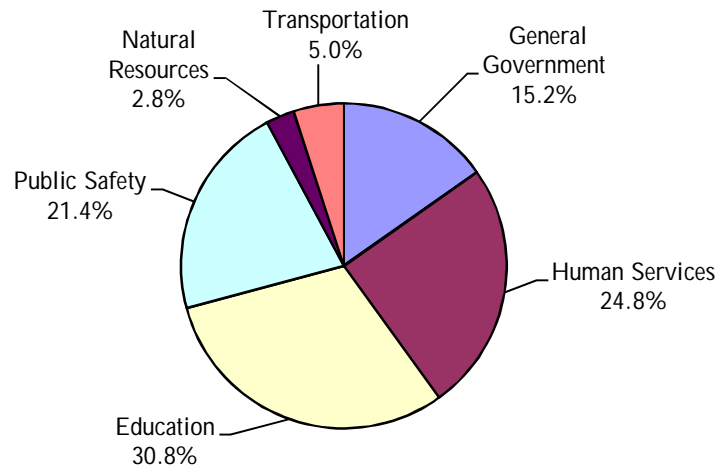
The Budget provides 3,744.0 full-time equivalent positions for human services, or 24.8 percent of all distributed positions. This includes 5.0 new positions for Race to the Top, 29.0 positions for the Unified Health Infrastructure Project, offset by program reductions for a net decrease of 3.8 full-time positions.

The Budget includes 4,641.1 full-time equivalent positions for education, 30.8 percent of all distributed positions. This is 18.5 less positions than the FY 2014 enacted budget, primarily for the elimination of Race to the Top positions to reflect the end of the grant.

There are 3,221.6 full-time equivalent positions for public safety agencies, 21.4 percent of all distributed positions. This is 12.0 positions less than the FY 2014 authorized level.

The Budget provides 428.0 full-time equivalent positions for natural resources agencies, which is consistent with the FY 2014 authorized level. The Budget provides 752.6 full-time equivalent positions for transportation, 20.0 fewer than the authorized level.

Staffing by Function



Program Changes to FY 2014 Enacted Staffing Levels

Administration. The Governor recommended staffing of 723.7 full-time positions for the Department of Administration, 3.0 more than the authorized level. This reflects 17.0 new positions, including 10.0 for HealthSource RI (Health Benefits Exchange), 3.0 for the Office of Diversity, Equity, and Opportunity, 1.0 position in Statewide Planning to administer a new federal grant and 3.0 for the mailroom, reflective of Deloitte’s recommendation based on a potential increase in mailroom services relating to the Unified Health Infrastructure Project. He eliminated 8.0 current vacancies and transferred 6.0 positions for HealthSource to the Office of the Governor.

The Assembly provided a staffing authorization of 710.7 for FY 2015. It did not concur with the Governor’s recommendations to add new positions for HealthSource RI and the Office of Diversity, Equity, and Opportunity.

Business Regulation. The Governor recommended the authorized staffing of 94.0 positions for the Department of Business Regulation for both years. This reflects the elimination of four vacancies and the addition of four federally funded positions in the Office of the Health Insurance Commissioner for the administration of a new rate review grant. The Assembly concurred.

Labor and Training. The Governor recommends 410.0 full-time positions for both FY 2014 and FY 2015, 18.0 positions more than the authorized level. This includes 3.0 general revenue funded positions for the new job development programs included in Article 15 of the 2014 Appropriations Act. It also adds 7.0 positions for the unemployment insurance division, 7.0 positions to administer the new temporary caregiver insurance program and 1.0 Medical Records Technician in the workers’ compensation division. The Assembly concurred.

Revenue. The Governor recommended 499.0 positions, 7.0 more than enacted to reflect staffing associated with new revenue initiatives and enhanced collections and compliance activities in the Division of Taxation. The Assembly concurred with the additional revenue officer positions and added 7.0 positions more for the Division of Taxation to implement the restructuring of business taxes for tax year 2015; however, the Assembly did not concur with the Governor’s recommendation to create a public information officer for the Division of Motor Vehicles.

Office of the Governor. The Governor included the authorized staffing of 45.0 positions for the Office for both years. This reflects the elimination of 6.0 vacancies and the transfer of 6.0 positions for HealthSource RI. The Assembly concurred.

Public Utilities Commission. The Governor recommended 50.0 positions for FY 2015, 1.0 more than enacted for a programming services officer in the Consumer Unit of the Division of Public Utilities and Carriers. The Assembly concurred.

Health. The Governor's revised budget includes 491.1 positions, reflecting the elimination of 3.0 vacant positions. The Governor included 491.3 positions in FY 2015, which is 2.8 fewer positions than enacted and 0.2 more than his FY 2014 revised recommendation. He added a position in the medical examiner's office omitted from the request and made other small reductions. The Assembly concurred.

Human Services. The Governor included the authorized level of 959.1 positions for FY 2014 and FY 2015. He added 29.0 positions for the Unified Health Infrastructure Project, 5.0 positions for Race to the Top, 3.0 positions for the women, infants and children's nutrition program, 6.0 eligibility technicians for supplemental nutrition assistance, and 6.0 other positions. He also eliminated 49.0 vacant positions, including 10.0 eligibility technicians for medical assistance and Rhode Island Works administration, 4.0 positions in child support enforcement and rehabilitation services and 35.0 unidentified positions, in order to maintain the enacted position authorization. The Assembly concurred.

Behavioral Healthcare, Developmental Disabilities and Hospitals. The Governor recommended the elimination of one vacant administrator position in the Division of Behavioral Healthcare for staffing authorization of 1,422.4 in both years. The Assembly concurred.

Elementary and Secondary Education. The Governor recommended 340.9 positions in FY 2015, 16.5 fewer positions than enacted, to reflect the expiration of the Race to the Top grant. Currently, 22.0 full-time equivalent positions are funded through the Race to the Top grant, and 5.5 positions will be continued since the grant extends into the first quarter of FY 2015. The Assembly concurred.

Public Higher Education. The Governor recommended 4,247.0 positions for both FY 2014 and FY 2015, which is 1.0 less than enacted to reflect elimination of an executive assistant position for the office of higher education. The revised recommendation also converts 114.9 third party funded research positions to non-research positions at the University and Community College and the FY 2015 recommendation converts an additional 18.4 positions. The University and Community College submitted a request for 18.4 new positions as part of its FY 2015 budget request. The intent was to fund those positions as requested. He provided 12.8 full-time equivalent positions for the office of higher education, slated for elimination under current law. The Assembly concurred with the total authorization as recommended but corrected the allocation of research and non-research positions by shifting 114.9 non-restricted positions to third-party funded research positions for FY 2014 and 107.9 non-restricted positions to third-party funded research positions for FY 2015.

Rhode Island Higher Education Assistance Authority. The Governor's FY 2015 budget reflects staffing of 25.0 full-time positions, 2.0 positions more than enacted to reflect new positions to conduct training at schools in the enhancements of WaytogoRI.org. The Assembly authorized 22.0 positions, its current filled level and one fewer than enacted.

Attorney General. The Governor's FY 2015 budget includes the enacted authorized level of 233.1 full-time equivalent positions for the Office of the Attorney General. The Assembly authorized 2.0 investigator positions and 1.0 staff attorney position for staffing authorization of 236.1.

Judiciary. The Governor recommended the authorized staffing of 726.3 full-time equivalent positions for the Judiciary. The Assembly reduced the authorization by 3.0 positions to reflect vacant positions.

Public Safety. The Governor recommended 634.2 positions for the Department of Public Safety for FY 2014 and FY 2015. This is 11.0 positions less than the authorized level and includes the conversion of a general counsel position to a paralegal position in Central Management, the elimination of 10.0 State Police positions to reflect recent retirements, and the elimination of the Director of the Municipal Police Training Academy position. He additionally recommended the assignment of 1.0 capitol police officer funded from internal service funds to the Office of the General Treasurer. The Assembly concurred with the exception of eliminating rather than converting the general counsel position.

Environmental Management. The Governor recommended the authorized staffing of 399.0 positions for the Department of Environmental Management for both years. For FY 2014, he adds a general revenue funded Senior Reconciliation Clerk position and two federally funded positions in the Bureau of Natural Resources and the Bureau of Environmental Protection, which are offset by vacancy reductions. The FY 2015 recommendation reflects another vacancy reduction and the addition of a Senior Biologist to work in the Big River Management Area, which will be funded 75 percent from federal funds and 25 percent from general revenues. The Assembly concurred.

Department of Transportation. The Governor's budgets reflect the elimination of 20.0 vacancies in the Department of Transportation, for a recommended staffing level of 752.6 full-time positions. The Assembly concurred.

Medicaid

Medicaid is a health insurance program jointly funded by the federal government and the states to provide services to low-income children, pregnant women, parents of dependent children, the elderly, and people with disabilities. The federal government's share of expenditures for most Medicaid services is called the federal medical assistance percentage (FMAP). The remainder is referred to as the nonfederal or state share.

With passage of the Patient Protection and Affordable Care Act of 2010, states now have the option of expanding coverage to include non-disabled adults, age 19 through 64, without dependent children with the federal government paying all program costs for the first three years and eventually paying 90 percent of the total cost. The FY 2013 Assembly included legislation to expand medical benefits to this population with coverage beginning January 1, 2014.

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

FY 2015 Enacted	General Revenues	All Funds	% of Medicaid
OHHS	\$ 892,635,635	\$ 2,320,105,510	85.5%
BHDDH*	162,991,448	327,999,663	12.1%
Children, Youth and Families	22,660,466	45,559,847	1.7%
Human Services	4,590,267	16,364,658	0.6%
Health	953,799	2,045,424	0.1%
Total	\$ 1,083,831,615	\$ 2,712,075,102	100%

**FY 2015 enacted budget transfers Behavioral Health Medicaid expenses to OHHS*

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

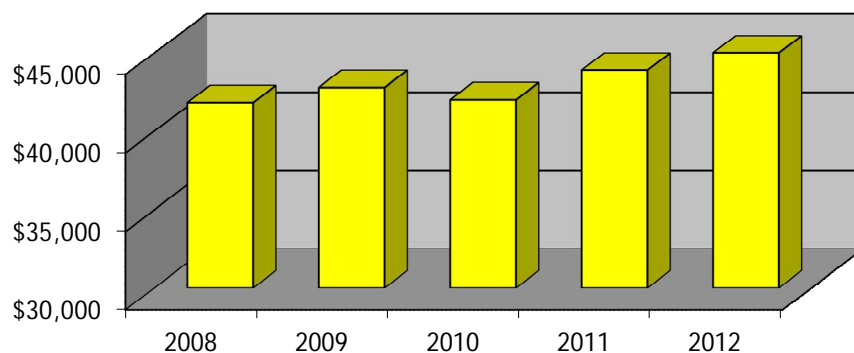
The American Recovery and Reinvestment Act of 2009, also known as the federal stimulus package, provided for temporary increases in the Medicaid rates to provide fiscal relief to states. The rate was originally set to expire January 1, 2011; however, the federal government extended it until June 30,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

The following table includes the Rhode Island Medicaid rates used from FY 2008 through the projected FY 2015 rate. Since the Medicaid rate is published for the federal fiscal year which starts on October 1, the state uses a blended rate for its fiscal year. For example, Rhode Island's FY 2015 projected rate is based on one quarter of the federal fiscal year 2014 rate and three quarters of the federal fiscal year 2015 rate resulting in a slightly different rate.

Medicaid Rates	FFY	SFY
FY 2015	50.00%	50.03%
FY 2014	50.11%	50.40%
FY 2013	51.26%	51.48%
FY 2012	52.12%	52.33%
FY 2011	61.39%	62.26%
FY 2010	63.93%	63.92%
FY 2009	63.89%	61.04%
FY 2008	52.51%	52.59%

The following chart includes the change in the state's per capita income during five calendar years. The FY 2015 rate is based on 2010 through 2012 data.

State of Rhode Island Per Capita Personal Income

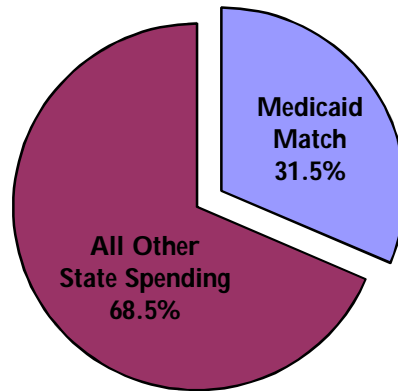


The per capita income data is released by the federal Bureau of Economic Analysis and is used by the federal government to calculate each state's reimbursement rate for Medicaid. It should be noted that per capita income is affected by income and population. As reported by Federal Funds Information for States, some states, such as Pennsylvania, Rhode Island and West Virginia, had personal income growth below the national average in 2011. However, low or negative population growth, as in Rhode Island, resulted in higher per capita growth rates.

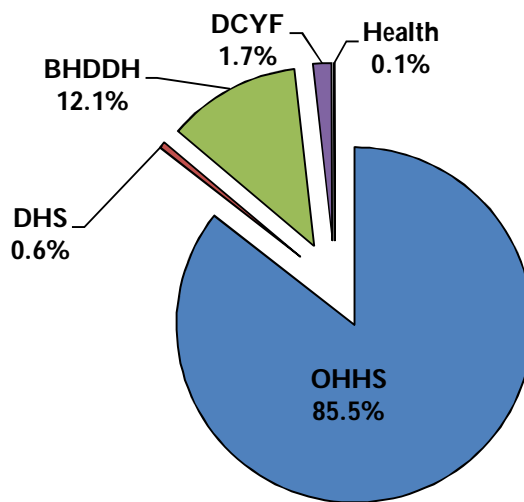
Medicaid – CHIP Enhanced Rate. The federal medical assistance percentage rate not only determines the state and federal share of Medicaid, the state's largest health and human services program, but also applies to adoption assistance, foster care, and child care. The Medicaid rate is the basis for calculating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

Medicaid as a Percent of the State Budget. Programs supported by Medicaid are 30.9 percent of total spending in the FY 2015 enacted budget and 31.5 percent of spending from general revenues.

Medicaid as Percent of General Revenue Spending



The programs and recipients receiving Medicaid funded services are discussed separately in the pages that follow, including the state's mandated coverage for these populations, the number of individuals receiving services and the cost, as well as other optional services that the state provides through the health and human service agencies. The following chart shows the percent of Medicaid spending by department.



It should be noted the 2012 Assembly concurred with the Governor's FY 2013 budget recommendation to shift Medicaid benefits to the Office of Health and Human Services. The 2014 Assembly shifted Medicaid funded behavioral health care services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Office of Health and Human Services. The Office's budget now includes medical benefit expenses for populations receiving other Medicaid funded benefits, such as residential services, through the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals and Children, Youth and Families.

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

referring to health care reform legislation, the Affordable Care Act (ACA) is the referenced Act, and the amendments are considered included.

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

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

Expanding Medicaid Program. Title II of the Act expands eligibility for Medicaid to lower income persons and assumes federal responsibility for much of the cost of this expansion. Beginning on January 1, 2014, all children, parents and adults without dependent children who are not entitled to Medicare and who have family incomes up to 138 percent of poverty will become eligible for Medicaid. The 2013 Assembly expanded coverage to this population.

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

States are required to maintain the same income eligibility levels through December 31, 2013 for all adults, and this requirement is extended through September 30, 2019 for children currently in Medicaid. For Rhode Island, this requirement applies to RIte Care eligibility for parents who are at or below 175 percent of poverty and children who are at or below 250 percent. The 2013 Assembly lowered the parent's threshold to 133 percent of poverty and included funding to assist in the transition to coverage through the health benefits exchange.

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

Medicaid – Expansion Population Rate. As noted, the federal government will pay 100 percent of the cost for states to provide benefits to adults age 19 to 64, without dependent children, with incomes at or below 138 percent of poverty January 1, 2014 until January 1, 2017 with the rate incrementally

decreasing to 90 percent in January 2020 requiring a 10 percent state match. The FY 2015 enacted budget includes \$492.4 million from federal funds for this Medicaid benefit.

HealthSource RI. In September 2011, the Governor issued an executive order to establish the Rhode Island Health Benefits Exchange, renamed HealthSource RI, the marketplace for purchasing health insurance, known as the exchange.

HealthSource RI, in addition to offering in-person assistance from professional health benefits navigators, also offers online tools to assist Rhode Island residents and small businesses with shopping for and purchasing health insurance. All plans offered through HealthSource RI meet minimum coverage requirements set by the federal government, including essential health benefits such as preventive care and annual physicals, doctor sick visits, hospitalizations, maternity care, emergency room visits, and prescription coverage.

Tools offered through HealthSource RI can be used by those who do not have coverage either through an individual plan or through an employer plan, are under-insured by their individual or employer plan, and for those who are comparison shopping between their current plan and plans offered through the exchange. Small employers with fewer than 50 full-time employees may also use HealthSource RI to offer coverage options to their employees.

HealthSource RI began accepting applications on October 1, 2013; coverage from applications approved from that date through December 31, 2013 went into effect January 1, 2014.

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

The 2013 Assembly lowered the state's threshold criteria for RItE Care parents to 133 percent of poverty and created a premium assistance program to aid in the transition to coverage through the exchange with the state paying 50 percent of the cost of commercial coverage, after subtracting what the parents are currently paying for RItE Care coverage and any federal tax credits or subsidies that are available.

Unified Health Infrastructure Project. The state has received approval from the Centers for Medicare and Medicaid Services to implement a nine-year, \$209.4 million project that includes \$157.5 million from federal funds including Medicaid, matched by \$51.9 million from general revenues. The project is a joint venture among the Office of Health and Human Services, Department of Human Services, and HealthSource RI. The project will replace the state's existing eligibility system with a new integrated one that will eventually determine eligibility for all health and human services programs, including new health care reform subsidies, through a single application.

1115 Research and Demonstration Waiver. The Rhode Island Global Consumer Choice Compact Waiver, or Medicaid Global Waiver, was approved by the Centers for Medicare & Medicaid Services on January 16, 2009. The Global Waiver established a new federal-state agreement that provides Rhode Island with the flexibility to provide services in the least restrictive, most cost effective way to meet the needs of its citizens. The waiver is effective from January 16, 2009 through December 31, 2013, at which time the state applied for and received an extension that is in effect until December 31, 2018; the 1115 Research and Demonstration Waiver.

Programs under the global waiver included RlTe Care, Rhody Health Partners, Rhody Health Options, Connect Care Choice, home and community based services to elderly residents, residential and community support programs to adults with behavioral health and developmental disabilities, and breast and cervical cancer treatments and these programs continue under the 1115 Research and Demonstration Waiver. The global waiver also allowed the state to leverage Medicaid for services that were previously state-only in the Departments of Human Services, Behavioral Healthcare, Developmental Disabilities and Hospitals, Children, Youth and Families and the Office of Health and Human Services.

The 1115 waiver allows the Department of Human Services to continue to leverage Medicaid for its adult day and home care co-pay programs and the Department of Children, Youth and Families to continue to leverage Medicaid for its community based programs; however, the eligibility threshold has been increased from up to 200 percent to above 138 percent to 200 percent for any programs that provide services to individuals who now have access to health benefits under the Affordable Care Act, including the Medicaid expansion program (certain adults at or below 138 percent of poverty). This includes the HIV program in the Office of Health and Human Services for which the FY 2015 enacted budget includes Medicaid matched by drug rebate revenue and mental health and substance abuse services in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals for which there is no funding in the FY 2015 enacted budget. It should also be noted that the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals received federal approval to provide mental health and substance abuse benefit to an individual with an annual income at or below 138 percent of poverty through December 31, 2014, but this is not necessary since this is the population that is covered through the Medicaid expansion program.

Rhode Island Global Waiver Evaluation. The Office of Health and Human Services commissioned The Lewin Group to conduct an evaluation of the impact of the Rhode Island Global Consumer Choice Compact Waiver. The final report, *An Independent Evaluation of Rhode Island's Global Waiver*, is available at: www.eohhs.ri.gov/ReferenceCenter/1115MedicaidWaiver.aspx.

It addressed three specific issues: (1) whether global waiver and budget initiatives changed the long-term care processes, procedures and providers payments affected by enrollment, utilization, and cost of services and supports provided to elderly and adults with disabilities in home and community based versus institutional settings; (2) whether global waiver budget initiatives designed to reduce cost through care management by providing each member with a medical home affected Medicaid expenditures and improved health outcomes, particularly for those beneficiaries with disabilities; and (3) whether the global waiver initiatives facilitated the state's effort to ensure that every Medicaid beneficiary has " *the right services, at the right time, in the right setting.* "

The Lewin Group concluded that during the three year period, FY 2008 to FY 2010, the number of individuals accessing nursing home care declined by 3.0 percent and the number of those using home and community based services rose by 9.5 percent for savings of \$35.7 million in long term care in that three year period.

The state was also able to mandate enrollment of disabled adults and children with special health care needs in care management programs that provide a medical home. The result of this initiative was lower emergency room utilization and improved access to physician services for savings of \$5.0 million in the three-year period. The waiver also allowed the state to leverage Medicaid for previously state funded programs in health and human service agencies.

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

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

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

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

Enrollment and expenses for the aged population are also higher than the national average when comparing percent of enrollment to total enrollment and cost per enrollee. Expenses supporting this population are in the budgets of the Office of Health and Human Services and the Department of Human Services' Division of Elderly Affairs.

Poverty Guidelines

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

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

They are issued each year, generally in the winter, in the Federal Register by the United States Department of Health and Human Services. The guidelines are thresholds used to determine financial eligibility for certain federal programs. They are adjusted for families of different sizes. The 2014 guidelines are shown in the following table.

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

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

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

Medicaid Recipients

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

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

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

Children and Parents. Medical services are provided to children whose family income is at or below 250 percent of poverty and parents if the income is at or below 133 percent of poverty through the RIte Care and RIte Share programs. Medical services are also provided to children who are placed in foster care or an adoptive placement through the Department of Children, Youth and Families.

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

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

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

There are two programs that provide a monthly cash assistance benefit to a disabled individual: Social Security Disability Insurance (SSDI) and/or Supplemental Security Income (SSI). If an individual is determined to be disabled and has a work history of 40 quarters, he or she may first be eligible for Social Security Disability Insurance and is not considered to be a public assistance program. This is a federal program where the individual receives a monthly payment.

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

Populations	
Mandatory	Optional
Low income Medicare beneficiaries	Low income elderly or adults with disabilities and individuals eligible for home & community care waiver services
Individuals who would qualify under 1996 AFDC eligibility standards (50% of poverty)	Parents to 133% of poverty as of 1/1/2014
	Non-disabled adults, without dependent children, ages 19 through 64 with income at or below 138% of poverty
Supplemental Security Income or Social Security Disability Insurance recipients	Individuals who are medically needy
Children under 6 and pregnant women at or below 133% of poverty	Children to 250% of poverty
Children 6 to 19 at or below 100% of poverty	
Children in adoption assistance or who live in foster care under a Title IV-E program	Children under 18 who would otherwise need institutional care
Infants born to Medicaid enrolled pregnant women	Women eligible for breast and cervical cancer treatment services

Non-disabled Adults without Dependent Children. The 2013 Assembly expanded Medicaid coverage to non-disabled adults, without dependent children, between the ages of 19 and 64 at or below 138 percent of federal poverty, consistent with the changes under the Affordable Care Act.

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

Medicaid - Benefits

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

The Office of Health and Human Services' FY 2012 Annual Medicaid report includes a breakdown by cost by mandatory and optional populations and mandatory and optional services in FY 2012. The state spent \$1,811.0 million from federal and state funds on Medicaid services. Of this total, \$652.0 million or 36.0 percent, was spent on mandatory services for mandatory populations.

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

The following includes Medicaid spending by population and cost per person according to the Office of Health and Human Services' FY 2012 Annual Medicaid report.

Populations	Persons	Costs*	Annual Cost/Person
Children/Parents	132,511	\$ 474.0	\$ 3,576
Elderly	17,802	476.0	26,760
Disabled - Children	12,190	170.0	13,968
Disabled - Adults	30,527	662.0	21,696
<i>* In millions</i>			

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

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

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

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

Medicaid Programs

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

Medical Benefits

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

The federal government allows states to provide medical benefits to individuals beyond the populations it mandates and that coverage is provided through Medicaid waivers. Rhode Island chooses to provide benefits to children whose family income is at or below 250 percent of poverty (for example, a family of four with an income that does not exceed \$55,875) and to parents if the family income is at or below 133 percent of poverty (for that same family of four, an income that is not above \$31,322). If a family's income is at or below 200 percent of poverty, the child (or children) would receive RItE Care benefits, but the parent (or parents) would not because the annual income is too high.

RItE Share recipients are eligible for RItE Care but have access to employer sponsored insurance for which the state pays monthly cost sharing requirement and deductibles.

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

RIte Share Co-Pays	
Poverty Level	Current Payments
150% up to 185%	\$61
185% up to 200%	\$77
200% up to 250%	\$92

The 2013 Assembly eliminated the monthly cost sharing requirement for families receiving coverage through RIte Care so that a family receiving coverage through the exchange will not have two monthly premiums: one for the child(ren) in RIte Care and the monthly cost for commercial health coverage.

Extended Family Planning, The state provides extended family planning services to post-partum women with an income at or below 250 percent of poverty, for 24 months if she had lost RIte Care coverage 60 days after having a child.

Foster Care/Adoptive Assistance. The state provides RIte Care benefits to a child in a foster care placement. The state does not provide benefits to the biological parent or the foster parent. The state also provides RIte Care benefits to a child in adoptive assistance.

Children with Special Health Care Needs - Katie Beckett Option. The state chooses to provide home care and other services to children under the age of 18 who would require an institutional level of care. The income eligibility is based on the child's income and not the family's income. States can also choose to provide this service as a waiver, which would include a limited number of placements, or as an option under the Medicaid state plan, which is not limited. Rhode Island provides the services under the state plan option allowing for an unlimited number of program participants. The 2014 Assembly includes Section 4 of Article 18 of 2014-H 7133 Substitute A, as amended, to require the Office of Health and Human Services to collect financial information from a family with a child in the Katie Beckett option program; the change does not impact program eligibility.

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

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

Rhody Health Options. For adults who are eligible for both Medicare and Medicaid the state entered into a contract with Neighborhood Health Plan of Rhode Island to manage the acute care and long term care services for these individuals.

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

Long Term Care Residential and Community Care Services

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

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

home or other institutional setting.

Assisted Living Facilities. The state provides access to assisted living facilities, a less expensive alternative to residing in a nursing home.

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

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

Residential Services/Other Programs

Adults with Developmental Disabilities. States are mandated to provide Medicaid funded medical benefits to developmentally disabled adults who require a nursing home level of care and to those who are supplemental security income recipients. The state continues to maintain Intermediate Care Facilities through the Eleanor Slater Hospital System, with Tavares Pediatric as the state's fifth.

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

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

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

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

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

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

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

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

Foster Care/Group Homes. The state provides foster care services and group home placement to children in its custody.

Bradley Hospital Psychiatric Hospitalization/Group Homes. The state provides short-term treatment and crisis stabilization for children in acute distress, comprehensive evaluations, and long-term treatment. The state pays for psychiatric hospitalization services for Medicaid eligible children and children who are uninsured at Emma Pendleton Bradley Hospital in East Providence. There are five group homes that are run by Bradley Hospital for children ages 4 to 21, located in East Providence (Rumford House and Swan House), East Greenwich (Greenwich House), North Providence (Hill House), and Warwick (Heritage House).

Community Medication Assistance Program. The state provides a limited pharmaceutical program to individuals with mental health issues who are uninsured. As of January 1, 2014, program recipients will either be eligible for Medicaid expansion or coverage through the exchange and the FY 2015 enacted budget does not include any funding for the limited benefit program.

HIV Treatment Services. The state provides treatment and supportive services to HIV positive individuals who are uninsured and with income up to 400 percent of poverty. As of January 1, 2014, individuals will either be eligible for the Medicaid expansion program or benefits through the exchange. Benefits will be provided using the Ryan White grant and any rebate funding the state receives.

Office of Health and Human Services

The Office of Health and Human Services is the umbrella agency for the four health and human services departments and each agency is analyzed separately in the *House Fiscal Advisory Staff Budget as Enacted FY 2015*. The following table shows the services provided by population and the department that is responsible for the expenses.

Programs	OHHS	DHS	BHDDH	DCYF	DOH
Medical Benefits					
Children and Parents	X				
Elderly	X	X			
Disabled and Certain Non-Disabled Adults	X				
Residential and Other Services					
Nursing and Hospice Services	X				
Assisted Living and Home and Community Based Services	X	X			
Foster Care and Group Home Placements - Children				X	
Community Based Services - Developmentally Disabled			X		
HIV Surveillance and Treatment Services	X				X

Mergers and Consolidations

Introduction

Merger and consolidation proposals have appeared regularly in budgets. The FY 1991 budget presented to the 1990 General Assembly listed 72 state agencies and departments. By contrast, the FY 2014 budget adopted by the 2013 General Assembly contains 37 state agencies and departments. The Governor's FY 2015 recommendation of 38 state agencies and departments includes several administrative transfers, conversions, and revisions to some of the changes enacted by the 2013 Assembly. The FY 2015 budget adopted by the 2014 General Assembly contains 38 state agencies and departments and the Assembly's actions on these items are noted below along with additional changes.

FY 2015

Office of Diversity, Equity and Opportunity. The Budget reflects the creation of the Office of Diversity, Equity and Opportunity within the Department of Administration. Existing staff of 7.0 full-time positions and funding will be transferred from the Division of Purchasing's Minority Business Enterprise Office and the Division of Human Resources' Outreach and Diversity Office.

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 required that the Department of Administration review 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 creation of the Office of Diversity, Equity and Opportunity reflects the Department of Administration's recommendation.

Rhode Island Emergency Management Agency. The Budget reflects the Emergency Management Agency and the National Guard as two stand-alone agencies. They are currently two distinct programs in the Military Staff under the control of the Adjutant General. This action was recommended to reflect the individual agency missions as well as current operational structure. There are no major changes to funding levels or positions.

Executive Office of Commerce. The Governor's budget proposed to delay the creation of the Executive Office of Commerce and the transfer of the functions of the Department of Business Regulation from February 1, 2015 to July 1, 2015. The Assembly did not concur with the delay.

The Governor also proposed maintaining the Office of Regulatory Reform in the Office of Management and Budget instead of transferring it to the new Executive Office of Commerce. The Assembly concurred.

Department of Environmental Management Customer Service Unit. The Budget creates in statute a customer service unit within the Department of Environmental Management. The Department already includes an Office of Customer and Technical Assistance, but this section codifies a requirement that the agency have a customer service unit and program to provide technical assistance to customers and help them to comply with environmental regulations and requirements. This section also mandates that the Department and the Office of Regulatory Reform collaborate on a report detailing an alternative compliance approaches plan, which would be due to the General Assembly and the Governor by May 1, 2015.

Higher Education Assistance Authority. The Budget includes legislation that requires the

administration to include a plan for allocating Higher Education Assistance Authority programs to other agencies as part of FY 2016 budget.

Behavioral Healthcare Services to OHHS. The Budget transfers Medicaid-funded behavioral health care services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Office of Health and Human Services so that mental health and substance abuse treatment services for disabled individuals will be appropriated to one agency and included \$60.8 million, of which \$30.1 million is general revenues.

History

FY 1991

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

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

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

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

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

FY 1992

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

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

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

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

FY 1993

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

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

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

FY 1994

Consumers Council. The Council was abolished as recommended.

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

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

Children's Code Commission. This agency was abolished.

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

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

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

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

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

FY 1995

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

FY 1996

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

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

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

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

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

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

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

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

FY 1997

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

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

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

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

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

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

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

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

The Governor recommended to the 1996 Assembly that the Department be established as a Library Information Services division within the Department of Administration. The division would continue to support the development of the state libraries' access to information resources as well as adding the task of the Department of Administration information processing to its responsibilities. The Assembly concurred.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

State Energy Office. Governor Almond proposed transferring the agency to the Department of Administration, Division of Central Services. The Governor had recommended in his presentation of the FY 1996 budget to the 1995 Assembly that the Office of Housing, Energy and Intergovernmental Relations be broken up with the energy conservation program integrated into the Department of Administration Central Services and means tested energy programs placed in the Department of Human Services. He modified his proposal to retain all energy programs and housing functions in a new Office of Energy and Conservation with the emergency shelter grants portion of housing being transferred to the Department of Human Services.

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

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

FY 1998

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

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

FY 2000

Workers' Compensation Fraud Unit. In Article 8 of his FY 2000 Appropriations Bill, Governor Almond proposed to transfer the Workers' Compensation Fraud unit from the Department of

Administration to the Department of Labor and Training. Both the Workers' Compensation Fraud unit and the Workers' Compensation Compliance unit (currently housed in Labor and Training) perform investigative activities. The merger would create a single investigative unit and provide the Fraud unit investigators with access to workers' compensation computer files. The Assembly concurred.

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

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

FY 2002

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

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

FY 2003

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

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

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

FY 2004

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

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

Eleanor Slater Hospital. Governor Carcieri recommended closure of a psychiatric ward and a medical ward at the Eleanor Slater Hospital on the Pastore Complex in Cranston. One unit is in the Adolph Meyer Building and the other in the Long Term Care Unit on the Cranston Campus. The projected hospital census following the FY 2004 plan implementation was projected to be between 360 and 370. His budget assumed \$10.3 million in savings, of which \$4.6 million is general revenues. The Assembly concurred.

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

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

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

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

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

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

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

FY 2005

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

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

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

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

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

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

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

FY 2006

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

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

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

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

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

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

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

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

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

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

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

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

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

FY 2007

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

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

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

of Administration's budget for display purposes only; the expenditures are charged to user state agencies. The Assembly concurred with the transfer of positions but included direct appropriations to the Department of Administration.

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

Registry and School Bus Inspection Unit Closure. Governor Carcieri recommended closure of the school bus inspection unit and elimination of 8.0 full-time equivalent positions. This change would require outside inspection companies to do the bus inspections for a fee paid by the local city or town school systems. The Assembly did not concur and restored the funding and the 8.0 positions to keep the School Bus Inspection Unit open for FY 2007. The Assembly then transferred the Registry of Motor Vehicles to the newly created Department of Revenue.

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

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

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

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

Health and Human Services Secretariat. Governor Carcieri proposed legislation consistent with his Executive Order 05-21 establishing the Office of Health and Human Services to serve as the principal agency for managing the Departments of Human Services, Elderly Affairs, Mental Health, Retardation

and Hospitals, Health, and Children, Youth and Families. It also created the unclassified position of secretary of health and human services. He included the position in the FY 2006 revised and FY 2007 budgets of the Governor's Office. The legislation gives the secretary authority to appoint the employees for the Secretariat. The budget does not include associated positions. The Assembly concurred and provided for the current five employees to be transferred to the office from their respective agencies. This includes 2.0 from Department of Human Services, 1.0 from Department of Children, Youth and Families, 1.0 from Department of Health and 1.0 from the Governor's Office.

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

Corrections Educational Programs. Governor Carcieri recommended outsourcing educational instruction programs at the Department of Corrections. This initiative included the elimination of 17.0 instructors and individual instruction contracts and the establishment of a single \$550,000 contract for all instructional services. The Assembly did not concur with the Governor's recommendation and restored the 17.0 instructor positions.

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

FY 2008

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

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

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

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

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

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

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

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

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

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

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

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

FY 2009

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

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

Coastal Resources Management Council. Governor Carcieri proposed merging the Coastal Resources Management Council's staff into the Department of Environmental Management to reduce overhead costs and duplication of effort; however, the Council itself would remain intact. The Governor assumed general revenue savings of \$701,856 by reducing staff assigned to perform the functions of the Council from 30.0 positions to 22.0 positions. The Assembly did not concur and maintained the Council as a separate agency.

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

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

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

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

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

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

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

West Warwick Branch Closure. Governor Carcieri proposed to close the West Warwick branch of the Division of Motor Vehicles to save \$0.4 million, which includes personnel reductions of 4.0 positions and lease expenses. This branch was staffed with 7.0 employees. The Governor recommended that the remaining staff be transferred to the main office. The Budget assumes relocating the main registry to the Pastore Complex in Cranston, which is very close to the West Warwick branch. The Assembly did not concur with closing the registry at this time. The new registry building, funded in the capital budget will not be complete until FY 2010.

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

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

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

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

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

FY 2010

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

compilation of local charters, most of which are updated annually. The Assembly concurred.

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

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

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

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

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

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

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

Food Nutrition Service Function. The Assembly enacted legislation to transfer food programs from the Department of Human Services and the Women, Infants and Children supplemental nutrition

program from the Department of Health and any other such programs into the Office of Health and Human Services by March 1, 2010.

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

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

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

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

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

FY 2011

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

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

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

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

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

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

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

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

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

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

FY 2012

State Aid Transfer. The Governor's Budget transferred some of the appropriation for the State Aid program from the Department of Administration to the Department of Revenue. These include the distressed communities' relief fund, motor vehicles excise tax, payment in lieu of taxes program, and

the newly proposed Municipal, Accountability, Stability and Transparency Fund. State aid for library operations and library construction will remain in the Department of Administration. The Assembly concurred.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FY 2013

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

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

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

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

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

Rhode Island Health Benefits Exchange. The Budget reflects the Rhode Island Health Benefits Exchange in the Office of the Governor. In September 2011, the Governor issued an executive order to establish the Office as the centrally accountable office for operational and financial implementation, including policy development. The Exchange will report to the Board of the Rhode Island Health Benefits Exchange and will work with the Department of Health, the Office of the Health Insurance Commissioner and the Office of the Lieutenant Governor. The Budget includes 6.0 positions, including a director to oversee the Exchange.

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

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

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

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

Rhode Island Public Telecommunications Authority. The Budget included legislation to require the Administration to submit a plan to the Chairpersons of the House and Senate Finance Committees by November 1, 2012 to transition the Rhode Island Public Telecommunications Authority from a state to a privately supported entity by July 1, 2013. The Administration also must include any statutory changes required for the transition as part of the FY 2014 budget.

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

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

FY 2014

EDC/Commerce Corporation. The Budget delays the creation of the Executive Office of Commerce and the transfer of the functions of the Department of Business Regulation from February 1, 2015 to July 1, 2015. It maintains the Office of Regulatory Reform in the Office of Management and Budget instead of transferring it to the new Executive Office of Commerce. As contained in 2013-H 6063, Substitute B, on or about February 1, 2015, the Office will have powers to assume functions from the Department of Business Regulation and, subsequently, various functions from the Department of Administration. The legislation further requires that the Office submit a comprehensive review of the roles, functions and programs of the Department of Administration and the Department of Labor and Training to the House of Representatives and the Senate before September 1, 2015. Additionally, the Office shall make recommendations and a business plan for the integration of these entities with the Office and the Governor may include these recommendations as part of his FY 2017 budget.

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

Office of Regulatory Reform. Subsequent to the enactment of the FY 2013 budget, the Assembly adopted legislation contained in Chapter 445 of the 2012 Public Law to transfer the Office of Regulatory Reform from the Economic Development Corporation to the Office of Management and Budget in the Department of Administration. The Governor's revised budget reflects this transfer as well as the 2.0 positions that support the Office. The Office was created in 2010 to improve the state's

business climate by making it easier for businesses to navigate through state and local permitting and regulatory issues. The Assembly adopted legislation in 2013-H 6063, Substitute B, requiring that the Office of Regulatory Reform reports to the Secretary of Commerce within the Executive Office of Commerce, effective February 1, 2015.

Rhode Island Health Benefits Exchange. The Budgets reflect the transfer of the Rhode Island Health Benefits Exchange from the Office of the Governor to the Department of Administration. In September 2011, the Governor issued an executive order to establish the Office as the centrally accountable office for operational and financial implementation, including policy development.

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

Rhode Island Public Telecommunications Authority. The Budget includes the statutory authority to end state support to the authority as of July 1, 2013 and abolish it as a public agency as the Authority has been transferred to the Rhode Island PBS Foundation.

Assisted Living and Home Care Waiver Services. The Budget shifts assisted living and home care waiver services in the Division of Elderly Affairs within the Department of Human Services to the Office of Health and Human Services for FY 2014, consistent with the Governor's requested amendment, in order to locate all Medicaid assisted living and home care expenditures in the Office's budget.

Explanations of Budget Articles

2014-H 7133, Substitute A, as Amended

Article 1

Section 1. Appropriations. This section of Article 1 contains the appropriations for FY 2015.

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

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

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

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

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

Section 7. Temporary Disability Insurance Funds. This section appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund for FY 2015.

Section 8. Employment Security Funds. This section appropriates all funds required for benefit payments to the unemployed from the Employment Security Fund for FY 2015.

Section 9. Lottery. This section appropriates to the Lottery Division any funds required for the payment of prizes and commissions. Prizes are not included as expenditures in the budget.

Section 10. Full-Time Equivalent Positions. This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2015. It also provides that state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization.

It also provides that no contracted employee could be hired nor may any agency contract for services replacing work done by state employees without public hearings and recommendations by the Budget Officer and the State Director of Personnel and determination of need by the Director of Administration. The Governor's budget recommendation excluded this language, which has been included in prior years; however, the budget restores it.

Total staffing is 15,086.0 full-time equivalent positions, which is 32.3 positions less than the FY 2014

Explanations of Budget Articles

enacted budget.

Section 11. Multi-Year Appropriations. Section 11 of Article 1 makes multi-year appropriations for a number of capital projects included in the FY 2015 through FY 2019 Capital Budget that are funded from Rhode Island Capital Plan funds. The FY 2015 and multi-year appropriations supersede appropriations made for capital projects in Section 11 of Article 1 of the FY 2014 Appropriations Act.

Section 12. Reappropriations. This section of Article 1 provides for automatic reappropriation of unexpended balances from Rhode Island Capital Plan fund projects over \$500. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. Balances of less than \$500 can be reappropriated at the discretion of the State Budget Officer.

Section 13. Rhode Island Housing and Mortgage Finance Corporation. This section requires that the Rhode Island Housing and Mortgage Finance Corporation provide from its resources an appropriate amount to support the Neighborhood Opportunities Program. The Corporation is also required to provide to the director of the Department of Administration, the chair of the Housing Resources Commission and both chairs of the House and Senate Finance Committees a report detailing the amount of funding and information such as the number of housing units created.

Section 14. Attorney General Transfer. This section of the article requires that the Attorney General transfer \$0.6 million from the mortgage settlement funds into the Housing Resources Commission's restricted receipt account.

Section 15. Effective Date. This section of Article 1 establishes July 1, 2014 as the effective date of the article.

Article 2. State Aid

Article 2 amends current law to require appropriations of \$5.0 million from general revenues for FY 2015 and FY 2016, the second and third years of the Municipal Incentive Aid program to encourage sustainable funding of retirement plans and to reduce unfunded liabilities. Eligibility requirements remain unchanged. However, the article permits a non-compliant municipality's allocation to be reappropriated for payment with the following fiscal year's allocation; if a municipality does not satisfy eligibility requirements for both fiscal years, both its reappropriated allocation and the current fiscal year's allocation will be redistributed to the other cities and towns, effective June 1, 2013. Section 2 of the article also requires that municipalities must submit tax assessment data for the Payment In Lieu of Taxes program for the following fiscal year prior to receiving the current fiscal year's payment, effective July 1, 2015.

Article 3. Restricted Receipts

This article creates the Veterans' Home Construction and the HIV Care Grant Drug Rebates accounts as well as exempting them from the 10.0 percent indirect cost recovery charge. It also exempts the Job Development Fund and the Housing Resources Commission restricted account, which is established in Article 12 Section 6.

Article 4. Public Corporation Debt Management and Leases

Explanations of Budget Articles

The Public Corporation Debt Management Act requires that all new debt authorizations be approved by the Assembly except in certain circumstances. State law also requires Assembly approval for most long-term lease agreements. This article contains five authorizations applicable under those requirements as follows.

Section 2. Garrahy Courthouse Parking Project. This section authorizes \$45.0 million for construction of approximately 1,250 parking spaces and 13,800 square feet of retail space on state owned land near the Garrahy Courthouse. The authorization stipulates that purchase and sale agreements for at least three parcels under the control of the I-195 Commission are executed before the debt can be issued. Additionally, the authorization to issue the debt sunsets after five years. Debt service payments will be supported by parking revenues, which may be state subsidized.

Section 3. Airport. This section authorizes \$60.0 million for various improvements at T.F. Green Airport, to be supported by Airport Corporation revenues.

Sections 4 and 5. DEPCO. This section authorizes the Rhode Island Refunding Bond Authority to issue new taxable bonds to refund a portion of outstanding bonds from the Depositors Economic Protection Corporation, which was created in 1991 to pay off depositors who lost their savings in the collapse of the Rhode Island Share and Deposit Indemnity Corporation. Savings generated will reduce state debt.

Sections 6 and 7. Tobacco Settlement. These sections authorize the Tobacco Settlement Financing Corporation to raise additional funds in an amount of not less than \$20.0 million from the Tobacco Settlement Financing Corporation Act through the refunding of its bonds. Of this amount, \$5.0 million each will be deposited into the State General Fund and the Municipal Road and Bridge Revolving Fund, and the remaining proceeds will be deposited into the Information Technology Investment Fund.

Sections 8 through 10. Nursing Education Center. These sections authorize the Board of Education and the Department of Administration to enter into a 15-year lease with the developer of the South Street Landing property in Providence for use as a joint nursing education center by the University of Rhode Island and Rhode Island College. Occupancy is anticipated for July 2016 and no lease payments will be made until possession occurs which would be FY 2017. The annual lease payment would be \$6.0 million funded from a combination of general revenues, tuition and fees.

The sections also authorize issuance of \$15.0 million from Certificates of Participation to purchase equipment, fixtures and furnishings. Annual debt service assuming a ten-year term and 7.0 percent interest would be \$1.5 million.

Article 5. Capital Development Program

Article 5 places \$248.0 million of new general obligation bond authorizations on the November 2014 ballot for voter approval through four separate questions. The first referendum would provide \$125.0 million for the first phase of a project to renovate and build additions to the College of Engineering complex at the University of Rhode Island. The second question would authorize \$35.0 million for the State Council on the Arts to make renovations to public and nonprofit theaters and performance spaces with \$5.0 million of that reserved for qualifying projects in historic sites.

Explanations of Budget Articles

Question three would provide \$35.0 million to make renovations and enhancements to the infrastructure of the state's mass transit hubs. The final referendum is \$53.0 million for clean water, open space and healthy communities. It is divided into seven distinct components with \$20.0 million for Clean Water Finance Agency infrastructure loans and the remaining six components totaling \$33.0 million for brownfields remediation, flood prevention, farmland acquisition, recreation and development grants, as well as improvements and renovations to the Roger Williams Park and Zoo.

Article 6. Resource Recovery Municipal Tipping Fees

Article six extends the current municipal tipping fees charged by the Resource Recovery Corporation by one year, through FY 2015. The current fees range from \$29 to \$32 per ton and are based on the proportion of solid waste recycled by each municipality. The municipal tipping fees were last extended by the 2011 Assembly to sunset as of June 30, 2014, which would leave no statutory guidance for setting the fees. Absent the extension, the Corporation would be responsible for the determination of municipal tipping fees. The article requires the Corporation to provide a rate plan with its budget submission to the state on or before October 1, 2014.

Article 7. Regional Greenhouse Gas Initiative

Current law allows 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. This article increases the administrative percentage to \$0.3 million or 10.0 percent, whichever is greater. Reported administrative expenditures were \$0.1 million each in FY 2013 and FY 2012, and \$0.2 million in FY 2011. The article takes effect on July 1, 2014.

Article 8. Task Force on the Underground Economy and Employee Misclassification

This article creates an interdepartmental task force to combat the underground economy and prevent misclassification of employees by employers, such as categorizing workers as contracted staff instead of employees and paying wages lower than the minimum wage or not properly documenting payroll expenses. The task force will include representatives of the Department of Labor and Training, Division of Taxation, Department of Business Regulation, Attorney General, State Police and Workers' Compensation Court. An annual report shall be submitted by March 15 to the Governor and chairpersons of the House and Senate Finance Committees, beginning in 2015. The Budget includes revenues of \$1.8 million from personal income taxes not currently collected from misclassified workers and the assessment of interest and penalties on employers.

Article 9. Relating to Government Reform

Section 1. Direct Deposit. This section requires the controller to implement a direct deposit payroll system for state employees and requires that all state employees hired after September 30, 2014 participate in the direct deposit system. Employees hired before September 30, 2014 who are not participating in the direct deposit system must do so by June 30, 2016.

Section 2. FICA Alternative Retirement Plan. Section two makes a technical correction to clarify that an eligible participant of the alternative retirement plan would be an employee who works less than 20 hours per week. The plan was established by the 2013 Assembly for seasonal and part-time employees who are not members of the state's retirement system.

Explanations of Budget Articles

Section 3. Privatization Contract. The 2006 Assembly adopted legislation requiring agencies to list all privatization contracts as part of the budget request when obtaining services that are substantially similar to work performed by regular employees of the department, commission, board, council or agency starting in FY 2009. The list must contain the name of the contractor, duration of the contract and costs of previous, current and upcoming years. Agencies must also include a summary of contracted private employees for each contract, reflected as full-time equivalent positions and their hourly wage rate. Section 3 alters the requirements so that agencies provide actual information for the prior fiscal year and projected costs for the current and upcoming fiscal years. The listings will be published annually online using the state's transparency portal or an equivalent website no later than December 1 of each year.

Section 4. Consultant Report. Current law requires that state agencies report a list of all contracted services in excess of \$100,000 to the Secretary of State on a quarterly basis. This section of the article increases the threshold to \$150,000 to mirror current legislation and requires that the reporting be annually submitted to the Budget Office electronically. It further requires that the Budget Office electronically post all contracts and reports online using the state's transparency portal or an equivalent website no later than December 1 of each year.

Sections 5 and 7. Information Technology Investment Fund. These sections dedicate 10.0 percent of the \$1.00 monthly surcharge on wireless and land lines to the Information Technology Investment Fund, effective July 1, 2015. This is estimated to direct \$1.5 million annually from general revenues to this fund beginning in FY 2016; there are no new fees. The fund was created by the 2011 Assembly and is currently supported from land sales and other transfers.

Section 6. Property and Leases Reporting. This section requires the Department of Administration to prepare a report by October 31, 2014, which will include all current property owned or leased by the state or a quasi-public agency. The report will include information on costs and square footage of each owned or leased building. The Administration will also develop a strategic plan for leases that are starting or ending by June 30, 2016.

Section 8. Non-Employee Services Reporting. This section repeals the requirement that all state departments submit quarterly reports of all non-state employee expenditures for legal services, financial services, temporary works and other non-state employee personnel costs. Reporting will now be submitted on an annual basis to the Budget Office for contracts that exceed \$150,000.

Section 9. Effective Date. Sections one through four and sections six and eight take effect upon passage. Sections five and seven take effect July 1, 2014.

Article 10. Revised Budget

Section 1. Revisions to Appropriations. This section of Article 10 contains the revised appropriations for FY 2014.

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

Explanations of Budget Articles

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

Section 4. Full-Time Equivalent Positions. This section limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2014. It also provides that state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization. It also includes language that no contracted employee could be hired nor any agency contract for services replacing work done by state employees without public hearings and recommendations by the Budget Officer and the State Director of Personnel and determination of need by the Director of Administration. The Governor's revised budget removed this language; however, the final budget restores it.

Total staffing is 15,100.3 full-time equivalent positions, 18.0 positions less than enacted.

Section 5. Bond Premiums. This section of Article 10 transfers \$3.3 million of bond premium proceeds that were deposited into the Rhode Island Capital Plan Fund in FY 2014 to the Municipal Road and Bridge Revolving Fund on or before June 30, 2014.

Section 6. Insurance Recovery Fund. This section of the article transfers \$0.9 million from the Insurance Recovery Fund into the State General Fund. The Insurance Recovery Fund receives receipts from insurance companies for claim settlements and had a cash balance of \$2.3 million on June 30, 2013.

Section 7. Effective Date. This section of Article 10 establishes an effective date upon passage of the article.

Article 11. Employment

Sections 1 and 2. Job Development Assessment. These sections clarify existing language stating that once the state's unemployment insurance loans are repaid, the 0.3 percent job development assessment charged to employers will end. This is now anticipated to occur during tax year 2014 but no later than November 2014. Beginning the quarter following full repayment, the assessment will be reduced from 0.51 percent to 0.21 percent. Also, the article makes a technical correction to ensure continued utilization of a portion of the assessment for administrative costs.

Section 3. Temporary Borrowing. This section allows the Department to borrow from the state General Fund to pay unemployment insurance benefits to avoid borrowing from the federal government for cash flow purposes; current law only allows borrowing from the General Fund to repay outstanding federal loans. This ensures that employers will not be subject to an increased federal tax because of cash flow borrowing.

Section 4. Minimum Wage. This section ensures that no municipality can establish, mandate, or otherwise require employers to pay a minimum wage other than the state or federal minimum wage or apply minimum wage laws to wages exempt from minimum wage requirements.

Explanations of Budget Articles

Article 12. Relating to Taxation and Revenues

Section 1. Auto Registration Block. This section amends current law to establish a block on new vehicle registrations applied for by persons who are not current in tax return filings or are delinquent in payments and who have not begun an administrative or appellate review process. The Tax Administrator is made responsible for the quarterly reporting of applicable data to the Division of Motor Vehicles and certification of subsequent compliance. The Budget includes \$0.5 million in additional revenues from the establishment of this block.

Section 2. Use Tax Safe Harbor. This section establishes a safe harbor provision for the payment of use tax according to a lookup table provided by the Tax Administrator. Filers who purchase taxable items from vendors that do not collect or remit Rhode Island sales tax are responsible for the payment of use tax on those purchases. Personal income tax return forms will include a table to assist filers with the determination of use tax owed based on the filer's Rhode Island adjusted gross income and single purchases over \$1,000. Proper filing of use tax, per the Tax Administrator's instructions, will absolve the filer from the requirement to pay any additional taxes owed as well as any penalties. This tool is another method to voluntarily comply with current law. The Budget assumes \$2.2 million in new use tax will be remitted.

Section 3. Public Employment Income Tax Compliance. This section establishes enhanced income tax compliance for state and municipal public employees and officials. The Division of Taxation shall notify any public employee who is out of compliance of the amount of any tax, interest, and penalties due and provide procedures to come into compliance. The wages of any public employee who is unresponsive or remains noncompliant following contact from the Division will be garnished. The Budget assumes \$1.1 million in associated revenues.

Section 4. Property Tax Relief Credit. This section modifies the eligibility requirements for claimants of the property tax relief credit, making funding available exclusively for the elderly and disabled populations, effective the tax year beginning January 1, 2014. The budget includes associated general revenue savings of \$8.2 million.

Sections 5 and 6. Real Estate Conveyance Tax. Section 5 increases 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, which is estimated to generate an additional \$2.8 million. Section 6 establishes a restricted receipt account for these funds to be used for lead hazard reduction abatement and rental housing subsidies, administered by the Housing Resources Commission. This initiative was previously funded through a general revenue appropriation.

Section 7. Earned Income Tax Credit. This section modifies the state Earned Income Tax Credit for low and moderate wage earners to equal 10.0 percent of the federal credit, of which 100 percent would be refundable to the filer, effective the tax year beginning January 1, 2015. Under current law, the state credit is valued at 25.0 percent of the federal credit; 15.0 percent of the state credit is refundable. The budget includes an associated general revenue loss of \$4.3 million for FY 2015; this annualizes to \$8.8 million for FY 2016.

Section 8. Automatic Sales Suppression Devices. This section criminalizes the purchase, sale, and use of any technology that enables the understatement of actual sales through the alteration of transaction data or reports for sales tax purposes. Violators will be guilty of a felony and subject to a

Explanations of Budget Articles

fine of up to \$50,000, five years in prison, or both, in addition to any tax owed and all associated interest and penalties. The Tax Administrator will provide safe harbor to those persons in possession of such a device, if any requested information is provided, any unreported tax is corrected, and all amounts owed are fully paid by October 1, 2014. The Budget includes \$0.8 million in associated revenues.

Sections 9 through 11. Alcohol Tax Pilot Extension. These sections postpone the sunset of the pilot program to increase alcohol excise taxes and exempt retail sales of wine and spirits from sales and use taxes, enacted by the 2013 Assembly, to June 30, 2015. The budget includes an associated revenue loss of \$1.6 million.

Section 12. Estate Tax. This section converts the current estate tax threshold of \$921,655, indexed to inflation, to a credit equivalent to taxes owed for estate values up to \$1.5 million, effective January 1, 2015. The Budget assumes an associated revenue loss of \$9.4 million for FY 2015 and \$18.0 million for FY 2016.

Sections 13 through 21. Business Taxes Restructuring. These sections include multiple changes to business taxes, including the implementation of combined reporting for business corporations tax filers and the elimination of the franchise tax, effective January 1, 2015. These sections additionally modify the apportionment calculation used by filers to determine net income and tax liability from the current method, which weighs property, sales, and payroll equally, to the “single sales” method, which uses only sales, determined by market-based sourcing. The Tax Administrator is required to establish an independent appeals process for the determination of income apportionment, and must report on the impact of these changes by March 2018.

Section 22. Effective Date. This section establishes that section 4 is effective upon passage and shall apply to tax years beginning January 1, 2014. Section 5 and sections 11 through 19 of this article shall take effect upon passage and shall apply to tax years beginning January 1, 2015. The remainder of this article shall take effect as of July 1, 2014.

Article 13. Lottery

The article amends current law regarding the net transfer of lottery funds to the state General Fund. It eliminates existing statutory minimum percentage transfer requirements from traditional lottery and Keno games, enabling the Lottery Division to determine the types and amounts of games it offers to maximize sales and the transfer to the General Fund. The article also amends existing statute to require that the transfer of remaining lottery funds to the General Fund reflect the employer contribution to the employees’ retirement system. This is to allow compliance with new Governmental Accounting Standards Board rules regarding the recognition of unfunded retirement liabilities beyond the annual required contribution without affecting the transfer.

Additionally, this article amends the master contract for Twin River Casino, increasing the state’s share of marketing expenditures. Under current law, reimbursement is capped at a maximum of the state share of slots revenue multiplied by actual costs between \$4.0 million and \$10.0 million. The state reimburses Twin River a maximum of \$3.6 million. The recommended contract amendment requires the state to reimburse for marketing costs between \$14.0 million and \$17.0 million at the existing rate of the state share multiplied by actual costs. The budget assumes an associated revenue loss of \$1.1 million.

Explanations of Budget Articles

Article 14. Government Reorganization

Section 1. This section transfers control of the state Emergency Management Agency from the Adjutant General of the National Guard to the executive director of the Emergency Management Agency. This effectively separates what is currently a single administrative structure with both the Emergency Management Agency and the National Guard. Article 1 separates the entities into stand alone agencies.

Section 2. This section makes a technical correction to a Public Utilities Commission statute regarding the Low Income Home Energy Assistance Program Enhancement Plan, replacing references to the Office of Energy Resources with the Department of Human Services since the administration of the Low Income Home Energy Assistance Program was transferred to the Department on July 1, 2012.

Section 3. This section creates a customer service unit within the Department of Environmental Management. The Department already includes an Office of Customer and Technical Assistance, but this section codifies a requirement that the agency have a customer service unit to provide technical assistance to customers and help them to comply with environmental regulations and requirements. This section also mandates that the Department and the Office of Regulatory Reform collaborate on a report detailing an alternative compliance approaches plan, which would be due to the General Assembly and the Governor by May 1, 2015.

Section 4. This section requires the administration to include a plan for allocating Higher Education Assistance Authority programs to other agencies as part of FY 2016 budget.

Sections 5 and 6. Office of Regulatory Reform. These sections of the article retain the Office of Regulatory Reform in the Office of Management and Budget in lieu of transferring it to the Executive Office of Commerce, and makes other technical adjustments. It requires that the director of the Office of Regulatory Reform instead of the Economic Development Corporation, designate an existing staff member as a small business regulatory enforcement ombudsman, since the position falls under the purview of the Office of Regulatory Reform.

Section 7. This section specifies that Article 14 will take effect on July 1, 2014.

Article 15. Health and Human Services

Section 1. This section extends the \$206 state payment currently made to individuals living in a non-Medicaid funded assisted living facility to individuals living in an assisted living facility that was financed by Rhode Island Housing prior to January 1, 2006.

Section 2. This section extends the sunset provision for the Child Care Subsidy Transition Program for two years to September 30, 2016. The 2013 Assembly created the pilot program to allow 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. Otherwise, a family is only eligible for child care assistance either by qualifying for the Rhode Island Works program or as low income, which is at or below 180 percent of federal poverty.

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Section 3. This section repeals the numerical limits to the number of plants and usable marijuana that compassion centers can possess to instead limit the compassion centers to the inventory of seedlings, plants and usable marijuana based on projected needs of registered qualifying patients. Under current law, each compassion center shall not possess more than 150 marijuana plants, of which no more than 99 can be mature, and 1,500 ounces of usable marijuana.

Section 4. Section 1 is effective October 1, 2014 and the remaining sections shall be effective upon passage.

Article 16. Hospital Licensing Fee and Assessments

This article extends the hospital licensing fee in FY 2015 at a rate of 5.703 percent on net patient services revenue for the hospital fiscal year ending on or after September 30, 2013 for all community hospitals except South County and Westerly, which will be assessed a 3.6 percent license fee. It includes the due date for filing returns and making the payment. Revenue from the two-tiered fee will be \$156.1 million, including \$149.6 million from community hospital payments and \$6.5 million from state payments for the Eleanor Slater Hospital. This article appears annually in the Appropriations Act.

The article also increases the FY 2014 license fee from 5.246 percent to 5.418 percent for revenues totaling \$145.9 million, including \$140.4 million from the community hospitals and \$5.5 million from the state payment for the Eleanor Slater Hospital.

The article also replaces the assessments that support the infant and adult immunization programs as well as the assessments for the children's health account on January 1, 2016 and establishes a new funding methodology, "Healthcare Services Funding Contribution", that will be 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.

It also includes a study on the expansion of the new funding methodology program to municipalities and for the state to seek federal clarification as to the extent that Medicare and Medicare managed care plans can be included.

Article 17. Hospital Payments

Article 17 extends the uncompensated care payments to the community hospitals, with the state making a payment for FY 2016 that does not exceed \$136.8 million. It also includes an inpatient and outpatient upper payment limit reimbursement made to community hospitals totaling \$22.6 million, including \$11.3 million from general revenues. It also updates the FY 2015 payment to not exceed \$136.8 million.

Article 18. Medical Assistance

Article 18 includes the statutory authority for the state to freeze rates it pays to hospitals and includes the necessary resolution language for Assembly approval to make that statutory change in addition to other program changes requiring legislative approval that are included in the budget.

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The article includes a graduate medical assistance payment to qualifying hospitals and an April 1, 2015 increase for nursing facilities and adds language to address beneficiary choice, rate payments and incentives, and other changes to the provisions the state has with the managed care organization that provides acute care and long term care benefits to Medicaid and Medicare eligible individuals through the integrated care initiative.

It also allows the Office of Health and Human Services to collect tax and other appropriate financial information from a family with a child who receives services under the Katie Beckett state plan option without making any changes to eligibility for services and requires out-of-state facilities that provide services to Medicaid eligible individuals to apply for and be approved to participate in the Rhode Island Medicaid program.

The other changes to the Medicaid global waiver for programs under the Office of Health and Human Services that do not require a statutory change include: reducing payments made to the managed care organizations; pursuing the Community First Choice Option for home and community based services; and coverage for certain pregnant and post-partum women to promote enrollment in a qualified health plan. The budget assumes savings of \$37.7 million, including \$21.4 million from general revenues from the statutory and program changes.

The resolution also allows the Office to pursue any requirement or opportunities under the Patient Protection and Affordable Care Act that may require a state plan amendment change but does not have an adverse impact on beneficiaries or state finances.

Article 19. Medical Assistance Recoveries

Article 19 includes language to strengthen the state's medical assistance eligibility and recovery efforts for long term care recipients when an individual has a life estate and to conform to new federal requirements that allow states to recover resources from third party settlements paid to medical assistance recipients.

Article 20. Relating to Board of Education

Article 20 includes legislation to restructure the Board of Education. It includes a 17-member board which would be responsible for setting goals and working on system-wide initiatives and whose members would serve on one of two eight-member councils, one for elementary and secondary education and one for higher education. These councils would have full statutory authority for governance and regulatory functions. It also transfers a limited number of management authorities currently held by the Board to the presidents.

Article 21. Relating to Transportation Funding

Article 21 allocates multiple sources of funds to the Highway Maintenance account, primarily to be used by the Department of Transportation for maintenance and improvements to the state's highways, roads and bridges, with a percentage of the proceeds annually allocated to the Public Transit Authority for operational support. The article transfers 3.5 cents of gasoline tax to the Turnpike and Bridge Authority for operations and debt service and ends tolls on the Sakonnet River Bridge. Article 21 also

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adjusts the gasoline tax every two years according to the consumer price index to the nearest cent beginning in FY 2016; however, the tax cannot go below the current amount of 32 cents. When fully phased in by FY 2018, the Department will have an additional \$50 million annually for infrastructure related projects.

Article 22. Relating to Education

This article extends the moratorium on the approval of new school housing aid projects except for those necessitated by health and safety reasons from July 1, 2014 to May 1, 2015.

Article 23. Effective Date

Article 23 provides that the act shall take effect on July 1, 2014, except where a provision within an article specifies a retroactive or prospective effective date.