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# **Section V**

**FY 2011  
Revised Budget**

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## FY 2011 Final Budget

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Function*</b>				
General Government	\$ 1,938.8	\$ 1,681.4	\$ 1,753.4	\$ 1,823.0
Human Services	2,887.7	3,121.9	3,107.1	3,099.8
Education	2,013.0	2,101.2	2,205.7	2,194.7
Public Safety	421.9	431.8	482.5	474.8
Natural Resources	71.6	98.9	111.8	111.1
Transportation	375.9	428.9	450.9	453.8
<b>Total</b>	<b>\$ 7,708.9</b>	<b>\$ 7,864.1</b>	<b>\$ 8,111.4</b>	<b>\$ 8,157.2</b>
<b>Expenditures by Category*</b>				
Salaries and Benefits	\$ 1,340.6	\$ 1,439.6	\$ 1,448.9	1,451.8
Contracted Services	187.3	222.5	247.7	248.5
<b>Subtotal</b>	<b>\$ 1,528.0</b>	<b>\$ 1,662.0</b>	<b>\$ 1,696.6</b>	<b>\$ 1,700.3</b>
Other State Operations	615.0	633.2	670.7	670.9
Aid to Local Units of Government	1,163.8	1,053.9	1,105.6	1,096.1
Assistance, Grants, and Benefits	3,838.1	3,864.1	3,961.4	4,018.7
Capital	216.1	266.9	305.3	280.3
Capital Debt Service	206.1	233.8	232.9	230.4
Operating Transfers	141.8	150.1	138.9	160.4
<b>Total</b>	<b>\$ 7,708.9</b>	<b>\$ 7,864.1</b>	<b>\$ 8,111.4</b>	<b>\$ 8,157.2</b>
<b>Sources of Funds*</b>				
General Revenue	\$ 2,863.6	\$ 2,942.1	\$ 2,965.3	\$ 2,974.2
Federal Aid	2,813.2	2,903.5	3,011.2	3,085.0
Restricted Receipts	152.3	180.0	178.5	181.2
Other	1,879.9	1,838.5	1,956.3	1,916.8
<b>Total</b>	<b>\$ 7,708.9</b>	<b>\$ 7,864.1</b>	<b>\$ 8,111.4</b>	<b>\$ 8,157.2</b>
<b>FTE Authorization</b>	<b>14,340.8</b>	<b>14,827.6</b>	<b>15,007.6</b>	<b>14,957.6</b>
<b>FTE Average</b>	<b>13,588.5</b>			

*\*Data in millions*

### Summary

The Governor's revised budget recommendations for FY 2011, along with his recommendations for FY 2012, are contained in 2011-H 5894, introduced on March 9. The Governor signed 2011-H 5269 on February 18 that extended the submission date 35 days to March 10. Supporting documents were not all published until late March.

The Governor recommended total revised expenditures for FY 2011 of \$8,111.4 million, which is \$247.2 million or 3.1 percent more than enacted by the 2010 Assembly. Total expenditures would increase \$402.4 million or 5.2 percent over reported FY 2010 expenditures. General revenue

expenditures are \$23.2 million or 0.8 percent more than included in the FY 2011 budget adopted by the 2010 Assembly and \$101.7 million or 3.7 percent more than actual FY 2010 expenditures.

FY 2011 Revised	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2010 Final	\$ 2,886.8	\$ 3,096.3	\$ 189.5	\$ 1,895.7	\$ 8,068.3
FY 2010 Actual	2,863.6	2,813.2	152.3	1,879.9	7,708.9
Difference	\$ (23.2)	\$ (283.1)	\$ (37.2)	\$ (15.8)	\$ (359.4)
FY 2011 Enacted	\$ 2,942.1	\$ 2,903.5	\$ 180.0	\$ 1,838.5	\$ 7,864.1
Governor's FY 2011 Revised	2,965.3	3,011.2	178.5	1,956.3	8,111.4
Governor's Change to Enacted	\$ 23.2	\$ 107.7	\$ (1.5)	\$ 117.8	\$ 247.2
Percent Change	0.8%	3.7%	-0.8%	6.4%	3.1%
<b>Assembly</b>	<b>\$ 2,974.2</b>	<b>\$ 3,085.0</b>	<b>\$ 181.2</b>	<b>\$ 1,916.8</b>	<b>\$ 8,157.2</b>
Change to Enacted	32.1	181.5	1.2	78.3	293.0
Percent Change	1.1%	6.2%	0.7%	4.3%	3.7%
Change to Governor	\$ 8.9	\$ 73.7	\$ 2.7	\$ (39.5)	\$ 45.8
Change to FY 2010	\$ 110.6	\$ 271.8	\$ 28.9	\$ 36.9	\$ 448.3
Percent Change to FY 2010	3.9%	9.7%	19.0%	2.0%	5.8%

Expenditures from federal funds are \$107.7 million more than enacted and \$198.0 million more than FY 2010. Expenditures from restricted receipts are \$1.5 million or 0.8 percent less than enacted and \$26.2 million more than FY 2010. Those from other funds, including the gas tax and Rhode Island Capital Plan funds and unemployment trust funds, are \$117.8 million or 6.4 percent more than enacted and \$76.4 million more than FY 2010.

The Assembly's budget increased spending recommended by the Governor by \$45.8 million, of which \$54.4 million is from increased unemployment benefit expenses paid from federal and unemployment trust fund sources. The \$8,157.2 million revised budget is \$293.0 million more than originally enacted by the 2010 Assembly and \$448.3 million more than FY 2010 actual expenditures. As with the Governor's recommendation, most of the change to FY 2010 is federal funds, \$271.8 million more.

*For the first time in recent years, there was no significant current year budget gap to be solved. A shortfall in projected Medicaid match opened up a potential gap in August that was largely resolved with an unexpected opening surplus and more favorable November revenue and caseload estimates.*

After three consecutive years of ending in the red, the FY 2010 budget ended with a surplus. The FY 2010 budget assumed a \$14,215 surplus would be available for FY 2011. However, closing statements the State Controller finalized on January 14, 2011 showed a closing surplus of \$17.9 million. The surplus is \$0.2 million higher than shown in the preliminary statements released on September 1.

<b>FY 2010 Closing</b>		<b>Enacted</b>	<b>Audited</b>	<b>Variance</b>
<b>Open:</b>	Free Surplus	\$ (62,286,104)	\$ (62,286,104)	\$ -
<b>Plus:</b>	Reappropriated Surplus	998,144	998,144	-
<b>Equals:</b>	Total Surplus	(61,287,960)	(61,287,960)	-
<b>Plus:</b>	Revenues	3,019,051,178	3,017,031,203	(2,019,975)
<b>Minus:</b>	Transfer to Budget Stabilization Fund	(70,962,362)	(70,913,882)	48,480
<b>Equals:</b>	Total Available	2,886,800,856	2,884,829,361	(1,971,495)
<b>Minus:</b>	Expenditures	(2,886,786,641)	(2,863,574,992)	23,211,649
<b>Equals:</b>	<b>Closing Surplus</b>	\$ 14,215	\$ 21,254,369	\$ 21,240,154
<b>Minus:</b>	Reappropriations	-	(3,364,847)	(3,364,847)
<b>Equals:</b>	<b>Free Surplus</b>	\$ 14,215	\$ 17,889,522	\$ 17,875,307

Revenues were \$2.0 million less than estimated. The lower revenues cause transfers to the Budget Reserve and Cash Stabilization Fund to be \$48,480 less. Expenditures were \$23.2 million less than enacted; \$3.4 million must be reappropriated into FY 2011. The total is \$17.9 million more than the \$14,215 anticipated surplus.

As noted above, the FY 2011 enacted budget includes an estimated Medicaid reimbursement that is \$38.1 million higher than what Congress eventually authorized. November revenue estimates were up from the enacted budget by \$16.7 million. Caseload savings and projected savings in teacher retirement costs offset unachieved expenditure savings elsewhere in the budget. Combined, these changes led to the House Fiscal Staff's projection of no current year deficit.

The Governor recommended changes in his revised budget in addition to these projected revisions to generate a \$16.2 million opening surplus for use in FY 2012. These changes included \$22.0 million in savings from delaying the required pay back of rainy day funds until FY 2013.

The results of the May Revenue Estimating Conference provided approximately \$46.6 million in additional resources not previously accounted for to help create a greater surplus to address the FY 2012 budget gap. The final budget adopted further reductions to agency expenditures and restored funding to pay back the funds borrowed from the rainy day fund as was included in the enacted budget.

The revised budget, as recommended by the Governor, would leave a \$16.2 million surplus for FY 2012 and his general revenue surplus statement for FY 2012 shows an ending surplus of \$0.8 million and is presented as part of the overview of his FY 2012 budget recommendations in that section of this analysis.

The final budget has a \$57.2 million surplus; the FY 2012 enacted budget ends with a \$0.2 million surplus.

	Enacted	Final	Difference
<b>Opening Surplus</b>			
Free Surplus	\$ 14,215	\$ 17,889,522	\$ 17,875,307
Reappropriated Surplus	-	3,364,847	3,364,847
<b>Subtotal</b>	<b>\$ 14,215</b>	<b>\$ 21,254,369</b>	<b>\$ 21,240,154</b>
<b>Revenues</b>	3,020,646,545	3,020,646,545	-
Governor's Changes Assembly	-	19,074,620	19,074,620
<b>Revenues</b>	3,020,646,545	3,090,983,107	70,336,562
Cash Stabilization Fund	(78,537,180)	(80,830,688)	(2,293,508)
<b>Total Available Resources</b>	<b>\$ 2,942,123,580</b>	<b>\$ 3,031,406,788</b>	<b>\$ 89,283,208</b>
<b>Expenditures</b>	2,942,118,704	2,942,118,704	-
FMAP Rate Change	-	38,071,703	38,071,703
November Caseload Conference	-	(5,907,439)	(5,907,439)
Reappropriations	-	3,364,847	3,364,847
Governor's Changes Assembly	-	(12,342,861)	(12,342,861)
<b>Expenditures</b>	<b>\$ 2,942,118,704</b>	<b>\$ 2,974,204,052</b>	<b>\$ 32,085,348</b>
<b>Total Surplus</b>	<b>\$ 4,876</b>	<b>\$ 57,202,736</b>	<b>\$ 57,197,860</b>
Reappropriations	-	-	-
<b>Free Surplus</b>	<b>\$ 4,876</b>	<b>\$ 57,202,736</b>	<b>\$ 57,197,860</b>
<i>Operating Surplus/(Deficit)</i>	<i>(9,339)</i>	<i>39,313,214</i>	<i>39,322,553</i>
<b>Budget Stabilization and Cash Reserve</b>	<b>\$ 126,867,752</b>	<b>\$ 130,572,650</b>	<b>\$ 3,704,898</b>





## Department of Administration

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
Central Management	\$ 1,263,509	\$ 1,475,743	\$ 1,593,558	\$ 1,449,293
Accounts & Control	3,450,141	3,806,968	3,605,242	3,540,113
Budgeting	1,681,178	2,007,066	1,923,513	1,917,923
Purchasing	2,155,815	2,554,715	2,458,519	2,298,105
Auditing	1,153,211	1,436,515	1,240,160	1,248,753
Human Resources	10,676,552	11,146,821	10,666,807	10,722,336
Personnel Appeal Board	65,482	80,803	78,172	80,147
General	194,709,177	118,014,074	106,862,622	118,313,899
Debt Service	201,228,865	191,268,497	192,649,398	191,916,345
Legal Services	1,585,988	1,693,282	1,770,720	1,778,377
Facilities Management	33,833,319	36,851,760	36,554,784	36,571,291
Capital Projects and Prop. Mgt.	3,389,507	3,776,092	3,720,390	3,702,536
Information Technology	25,338,716	27,590,025	27,485,082	27,252,377
Library Programs	1,781,561	2,273,201	2,531,162	2,531,162
Planning	13,916,455	17,921,395	20,257,238	21,226,994
Undistributed Savings	-	(8,178,357)	-	-
Energy Resources	46,203,494	69,240,003	95,413,349	96,651,823
Sheriffs	14,641,865	16,341,206	15,976,566	15,884,988
<b>Total</b>	<b>\$ 557,074,835</b>	<b>\$ 499,299,809</b>	<b>\$ 524,787,282</b>	<b>\$ 537,086,462</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 70,955,220	\$ 70,895,702	\$ 76,818,483	\$ 76,166,493
Contracted Services	6,426,788	5,448,177	5,228,735	5,158,014
<b>Subtotal</b>	<b>\$ 77,382,008</b>	<b>\$ 76,343,879</b>	<b>\$ 82,047,218</b>	<b>\$ 81,324,507</b>
Other State Operations	31,023,995	34,423,085	34,188,940	35,905,617
Aid to Local Units of Government	168,819,711	61,188,736	67,970,965	60,978,736
Assistance, Grants, and Benefits	63,188,919	85,988,827	115,600,213	117,953,814
Capital	11,060,895	22,658,143	26,845,519	23,210,861
Capital Debt Service	168,852,388	191,023,652	192,460,940	190,039,440
Operating Transfers	36,746,919	27,673,487	5,673,487	27,673,487
<b>Total</b>	<b>\$ 557,074,835</b>	<b>\$ 499,299,809</b>	<b>\$ 524,787,282</b>	<b>\$ 537,086,462</b>
<b>Sources of Funds</b>				
General Revenue	\$ 418,405,347	\$ 324,063,375	\$ 325,928,779	\$ 334,437,010
Federal Aid	57,534,460	79,572,545	103,620,313	107,645,920
Restricted Receipts	19,964,401	17,140,339	25,689,655	25,689,655
Other	61,170,627	78,523,550	69,548,535	69,313,877
<b>Total</b>	<b>\$ 557,074,835</b>	<b>\$ 499,299,809</b>	<b>\$ 524,787,282</b>	<b>\$ 537,086,462</b>
<b>FTE Authorization</b>	<b>835.4</b>	<b>871.6</b>	<b>873.6</b>	<b>871.6</b>
<b>FTE Average</b>	<b>803.7</b>			

**FY 2011 Revised Request.** The Department requested FY 2011 revised expenditures totaling \$538.1 million from all funds. This is \$38.8 million more than enacted, \$8.2 million of which is due to the allocation of undistributed pension savings. Adjusted for that, the request is \$30.7 million more, including a decrease of \$3.2 million from general revenues and increases of \$16.5 million from federal funds, \$8.6 million from restricted receipts and \$8.8 million from other funds. The general revenue reduction primarily consists of savings from debt service and turnover. The request includes \$84,200 in undistributed savings from an employee's prescription drug benefit initiative.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$3.6 million for the Department. The constrained budget submitted by the agency meets that, but is only \$0.5 million below the current service budget. The proposals to achieve the reductions are noted among the items described below where appropriate.

*The Governor recommended expenditures totaling \$524.8 million, including \$325.9 million from general revenues. This is \$25.5 million more than enacted, including the allocation of \$8.2 million for pension savings and delaying the \$22.0 million repayment to the Rhode Island Capital Plan Fund. Accounting for these adjustments, the recommendation is \$39.3 million more than enacted, including \$26.2 million for energy related projects, \$5.2 million more for the Distressed Communities Relief Fund, \$3.6 million for capital projects, and \$1.8 million for Central Falls. The recommendation also shifts \$12.6 million of debt service expenditures from gasoline tax proceeds to general revenues. The Governor recommended 2.0 positions more than requested.*

*Subsequently, he requested several amendments; to shift \$5.1 million of general revenue debt service to federal funds and gasoline tax proceeds due to lower than expected winter maintenance expenses. He requested federal funds adjustments of \$1.9 million for weatherization and community development programs. He also included savings of \$0.7 million from general revenues for Fidelity debt service.*

**The Assembly provided total expenditures of \$537.1 million, including \$334.4 million from general revenues. This is \$12.3 million more than the recommendation, of which \$22.0 million is to repay the Rhode Island Capital Plan Fund in FY 2011. The Assembly did not concur with the Governor's recommendation to provide additional funds for Central Falls or the Distressed Communities Relief Fund. It reduced expenditures for capital projects by \$4.0 million to reflect revised project costs or delays. Authorized staffing is consistent with the enacted level.**

**Staffing Authorization.** The Department requested 871.6 full-time positions for FY 2011, consistent with the enacted authorization. The request includes a number of transfers within department functions, including a current vacancy from Accounts and Control to the Division of Purchasing to administer transportation related procurement, a transfer from the Office of Energy Resources to the Division of Legal Services. The request reflects the elimination of a vacant position from the Division of Information Technology and a new position in the State Budget Office. *The Governor concurred and provided 2.0 additional positions; executive director and an executive assistant to the director in Central Management. The Assembly provided staffing consistent with the authorized level.*

### Statewide Items

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the

Department of Administration, he assumed savings of \$445,692 of which \$303,877 is from turnover. This is in addition to other program changes in his revised budget and described below. **The Assembly concurred.**

**Distributed Pension Savings.** The request assumes the distribution of \$8.2 million from all sources, including \$5.7 million from general revenues included in the enacted budget for the state's share of retirement costs for state employees. The 2010 Assembly adopted pension changes, which limits the cost-of-living adjustments to the first \$35,000 of retirement allowance indexed to inflation but capped at 3.0 percent beginning on the third anniversary of the date of retirement or age 65, whichever is later, for state employees, teachers, and judges that were not eligible to retire before June 12, 2010. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Statewide Pharmacy Savings.** The Department projected statewide savings of \$84,200 from all funds, \$43,212 from general revenues from the implementation of an initiative that encourages members who are on select non-specialty medications, commonly referred to as Tier 3, to fill their prescriptions through the mail or switch to a lower cost option. Members on selected medications will receive two grace period refills of the higher cost Tier 3 medicine at their retail pharmacy. The Office of Employee Benefits indicated that during this grace period, members will receive letters and phone calls to inform them of the program and the low cost alternatives. Additionally, the dispensing pharmacist will inform the member of the low cost alternatives. If the member does not switch to a low cost alternative, he/she will continue to access the original prescription by mail order. The FY 2011 savings is for one quarter, which the Office indicated should be achieved by April 2011. The Office projected an annual savings of \$0.3 million from the implementation of this initiative.

The Budget Office indicated that it is in the process of deciding how the FY 2011 savings will be reflected in the budget recommendation. *The FY 2011 recommendation did not include the savings; rather they are allocated in the FY 2012 budget.* **The Assembly concurred.**

**Budget Stabilization Fund Transfer.** The Department requested the enacted amount of \$22.0 million from general revenues to pay back the Rhode Island Capital Plan Fund for rainy day funds borrowed in FY 2009. Rhode Island General Law requires that any amounts used must be replaced in the following year. *The Governor proposed legislation to delay the repayment to FY 2013. He subsequently requested an amendment to repay the fund as scheduled.* **The Assembly provided \$22.0 million for the repayment in FY 2011.**

**Transition Expenses.** The request includes the enacted amount of \$0.1 million from general revenues for transition expenses for elected officials. Rhode Island General Law 36-1-2.1 requires that all newly elected general officers, prior to their engagement of office, shall be entitled to space for transition staff, adequate funds from the outgoing general officer from the budget of that department for use to hire transition staff, obtain office supplies and equipment. Historically the budgets of the general officers have included this expenditure. *The recommendation reflects the allocation of the funds. The FY 2011 revised budget includes transition expenses totaling \$207,625, of which \$126,864 was incurred by the Office of the Governor, \$36,831 by the Office of the Treasurer and \$43,930 by the Office of the Attorney General.* **The Assembly concurred.**

## Local Aid

**Distressed Communities Relief Fund.** The Department requested the enacted amount of \$10.4 million to level fund the Distressed Communities Relief program in FY 2011. This program was established in 1990 to provide assistance to the communities with the highest property tax burdens

relative to the wealth of the taxpayers. Current law mandates that 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. For FY 2011, East Providence qualified for distressed aid and North Providence disqualified.

*The Governor provided \$15.6 million, which reflects an increase of \$5.2 million in funding for the program. He included legislation in Article 40 of 2011-H 5894 to require that communities submit a five year budget forecast to the Division of Municipal Finance by June 20, 2011 in order to receive the additional funding. The forecast must include a scenario reflecting pensions and other post-employment benefits obligations at 100 percent of the annual required contribution for both general and unrestricted school funds. **The Assembly did not concur and provided funding consistent with the enacted budget.***

**Property Revaluation Reimbursements.** The Department requested FY 2011 revised expenditures of \$0.8 million from general revenues, \$0.2 million less than enacted for the Property Revaluation program, which reimburses communities conducting scheduled property revaluations or statistical updates. Expenditures fluctuate annually; including \$1.5 million in FY 2010, \$1.0 million in FY 2009 and \$1.1 million in FY 2008. *The Governor recommended funding as requested. **The Assembly concurred.***

**Central Falls Stabilization Payment.** The 2010 Assembly enacted the "Providing Financial Stability Act" to enable the state to work with cities and towns undergoing financial distress that threatens the fiscal well being, public safety and welfare of such cities and towns. In July 2010, a temporary state receiver was appointed in Central Falls. Pursuant to section 45-9-7(b)(2) of the general laws, the state receiver has the power to exercise any function or power of any municipal officer or employee, board, authority or commission, whether elected or otherwise relating to or impacting the fiscal stability of the city or town including, without limitation, school and zoning matters. In December 2010, the receiver issued a report detailing the city's structural fiscal problems. It indicated that Central Falls ended FY 2010 with a \$2.4 million deficit with current assets of \$623,000, which can be used to reduce the deficit to \$1.8 million. The report also projected a deficit of \$4.9 million in FY 2012. *The Governor recommended \$1.8 million to eliminate the projected deficit in FY 2011. **The Assembly did not concur.***

## Energy Programs

**Stimulus – State Energy Program.** The request includes \$19.2 million from federal stimulus funds for the State Energy Program, \$6.3 million in carry forward from FY 2010 unexpended balances. The total amount that the state will receive is estimated to be \$24.0 million; the Department programmed \$6.4 million in FY 2010 and reported expenditures were \$0.2 million. The federal Stimulus Act requires that the funds be distributed on a formula basis and to take into account population and energy usage. The program provides direct funding to state energy offices and the states use the funds to address their energy priorities and programs to adopt or support energy efficiency and renewable energy programs and strategies. *The Governor concurred, with the exception of providing \$24,142 less for turnover savings. **The Assembly concurred.***

**Stimulus – Weatherization Assistance Program.** The Department requested \$11.2 million from federal stimulus funds for the Weatherization Assistance Program, \$1.7 million more than enacted. This program provides cost effective, energy efficient weatherization improvements. It also provides

low-income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. The total amount that the state will receive is estimated to be \$20.1 million; \$9.8 million was programmed in FY 2010 and reported expenditures were \$3.8 million. *The Governor concurred, with the exception of providing \$21,458 less for turnover savings. Subsequently, he requested an amendment to include an additional \$1.2 million for grant expenditures. The Assembly concurred.*

**Stimulus – All Other Programs.** The request includes \$7.1 million from federal stimulus funds, \$1.8 million more than enacted to reflect carry forward funds for the Energy Conservation Block Grants. The funds can be used for the implementation of specific programs established under the Energy Independence and Security Act of 2007; to reduce energy use and fossil fuel emissions, and for improvements in energy efficiency. The funds will be distributed on the existing formula, which takes into account population and other factors. The Department indicated that the funds will be allotted to all municipalities in three installments. The total amount that the state will receive is estimated to be \$9.6 million; the Department programmed \$2.0 million in FY 2010 and reported expenditures of \$0.2 million. The request also includes \$0.1 million for appliance rebates. *The Governor concurred, with the exception of providing \$2,683 less for turnover savings. The Assembly concurred.*

**Regional Greenhouse Gas Initiative.** The Department requested FY 2011 revised expenditures of \$10.3 million from the Regional Greenhouse Gas restricted receipt fund. This is \$5.2 million more than enacted to reflect anticipated receipts from the sale of emission allowances. To date, six regional auctions have been held for a total of \$494.4 million. Rhode Island's share of that is \$10.2 million. Another three auctions have been scheduled in 2011. The state was allocated just over 2.6 million tons of emission allowances. These allowances can be sold to energy producers in Rhode Island to offset the emissions they produce. The proceeds are to be used to invest in projects that reduce long-term energy demands and costs. *The Governor recommended funding as requested. The Assembly concurred.*

**Demand Side Energy Grants.** The Department requested FY 2011 revised expenditures of \$3.3 million from restricted receipts to make energy grants for weatherization, gas and electric boiler replacements. These funds are collected from a surcharge on electricity and gas sales. The request is \$1.3 million more than enacted to reflect carry forward funds from FY 2010, for which the final budget included \$3.8 million and reported expenditures were \$2.6 million. Funding for the Demand Side Grants have been treated as restricted receipts since July 1, 2008. *The Governor recommended funding as requested. The Assembly concurred.*

**Low Income Heating Assistance Program.** The request includes \$37.8 million from federal funds, including \$7.5 million in carry forward funds from FY 2010 unexpended balances for the Low Income Home Energy Assistance Program. The Office of Energy Resources indicated that the reason for such a large carry forward balance is due to crisis payments for restoration of utility services being made after November 1. The program provides funds to assist Rhode Island's low income households to meet the increasing cost of home energy and reduce the severity of an energy related crisis. The program currently assists approximately 32,000 low income households and grants range from \$200 to \$900 depending on income level and energy source. *The Governor recommended \$3.8 million more than requested to reflect an additional award received. The Assembly concurred.*

**Other Energy Programs.** The request includes \$2.9 million from all funding sources for all other expenditures for the Office of Energy Resources. This is \$1.3 million less than the enacted budget, of which \$1.7 million is from federal funds primarily for the Weatherization Assistance Program to reflect the anticipated award from the U.S. Department of Health and Human Services. This program

provides cost effective, energy efficient weatherization improvements. It also provides low income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. The request includes \$0.1 million from general revenues for an employee payout as a result of a desk audit and \$0.2 million from restricted receipts. *The Governor concurred, with the exception of providing \$26,375 less for turnover savings.* **The Assembly concurred.**

### **Facilities Management**

**Utilities.** The Department projected utility costs of \$19.8 million from all funds for FY 2011, including \$17.0 million from general revenues at state buildings under its jurisdiction, including the Pastore Campus. The projection is 14.2 percent or \$2.5 million more than FY 2010 reported expenditures of \$17.3 million and is \$0.2 million less than the enacted budget. This reflects savings of \$0.5 million from electricity and natural gas and an increase of \$0.3 million for sewer, which is due to a rate increase from the City of Cranston. The expenditure projection for natural gas is based upon a two-year fixed pricing option for natural gas implemented in FY 2010. The estimate is based upon the commodity pricing received for the Department's usage estimates for FY 2011. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Facilities Operations.** The Department requested \$7.9 million from all funds including \$6.9 million from general revenues for all other expenditures for the Division of Facilities Management to support building operations, maintenance and repairs for 365 state properties, including the Pastore Campus. This is \$0.4 million or 1.1 percent more than enacted, of which \$0.3 million is from general revenues, including \$0.1 million for janitorial services. The request includes \$0.3 million for contractual services provided by Solar Turbine for the maintenance of the power plant turbines, for which the Department indicated that it inadvertently omitted funding for in its FY 2011 request. The request for \$0.3 million is consistent with FY 2010 reported expenses. The request also includes a reduction of \$0.1 million for building maintenance based on historical spending patterns. *The Governor recommended funding as requested.* **The Assembly concurred.**

### **Information Technology**

**Information Technology Operations.** The Department requested FY 2011 revised expenditures of \$6.8 million from all funds for the Division of Information Technology. This is \$162,820 or 2.3 percent less than enacted, including \$102,327 less from general revenues. It includes an increase of \$27,000 for the completion of two billing rate studies. The Department indicated that the FY 2011 model was not completed by the close of FY 2010; payment for FY 2011 and FY 2012 models will be paid in the current year. The request reflects decreases for various operating items to reflect anticipated expenses. The current request is \$0.3 million more than FY 2010 reported expenditures. The request includes the enacted amount of \$1.0 million for the operational costs of the Rhode Island Financial Information Network System.

As part of its constrained budget, the Department proposed a savings of \$24,291 for computer supplies in the Division of Information Technology. *The Governor recommended general revenue funding consistent with the constrained request. He also provided an additional \$47,500 from federal funds for information technology support services. He subsequently requested an amendment to include \$50,000 from available federal funds for the Division to maintain an internet portal, which collects data from the Departments of Corrections and the Judiciary. He also included savings of \$92,696 from general revenues due to enhanced federal match.* **The Assembly concurred with the subsequent requests.**

**IT Enterprise Operations Center.** The Department requested \$4.6 million from Rhode Island Capital Plan funds to be used in FY 2011 for the Information Technology Enterprise Operations Center. This is \$0.7 million more than enacted and \$0.3 million more than the approved plan and is consistent with the capital budget request. In the fall of 2009, the Department purchased an 80,000 square foot building off Jefferson Boulevard. The Department is in the process of renovating the facility and indicated that it will occupy the first floor and offices will be made available for the Treasurer's Office and the State Police. Subsequent to the approved plan, the Department indicated that additional resources would be needed for renovations to the elevator and general construction items for the State Police and the Treasurer's Office.

*The Governor included the reappropriation of \$430,946 from FY 2010 unexpended funds. He subsequently requested an amendment to provide an additional \$288,000 in FY 2012 to fix the elevators. The Assembly concurred.*

### Human Resources

**Worksite Wellness Program.** The Department requested expenditures of \$42,000 from general revenues for the worksite wellness program. The 2009 Assembly eliminated funding for the program. In FY 2010, the Department used staff from the Division of Human Resources to implement the program. It indicated that this method did not prove to be reliable. The state employee wellness program was created by Executive Order 05-12 to improve wellness programs for state employees and their families. The request includes \$30,000 for supplies, such as pedometers and \$12,000 for brochure materials and mailings. *The Governor recommended funding as requested. The Assembly concurred.*

**Short and Long Term Disability Review.** The Department requested supplemental expenditures of \$49,000 from general revenues for contractual services provided by Hewitt Associates, which performs employee health benefit analyses on an as needed basis. The additional funds are requested to review the state's short and term long disability contracts. The enacted budget includes \$50,000 for the firm's annual medical audit to verify accuracy of claim payments and compliance with the different benefit plans. *The Governor recommended funding as requested. The Assembly concurred.*

### Purchasing

**Purchasing Website.** The Department requested new expenditures of \$100,000 from general revenues, including \$50,000 each in FY 2011 and FY 2012 to enhance the website for the Division of Purchasing. The Department indicated that the current server that handles all state bids and provides information to the public has experienced downtime and the technology for it is outdated and is no longer supported. Programmed expenditures for FY 2011 include \$12,000 to convert from Windows 2000 to 2008, \$2,000 for licensing costs, \$5,000 for hardware costs and \$31,000 for website enhancements. *The Governor recommended funding as requested. Subsequently, he requested an amendment to shift \$30,000 from the current year to FY 2012 to reflect a project delay. The Assembly concurred.*

**Vendor Contract Dispute.** The Department requested FY 2011 revised expenditures of \$50,000 from general revenues for expert witness fees for a vendor dispute pertaining to the Rhode Island Training School project. The construction on that project was completed in FY 2008 and both the Youth Development and the Youth Assessment facilities were open in March 2009. The FY 2009 closing statement reported expenditures of \$2.2 million from general revenues for project cost overruns. The Department then indicated that it was in litigation with multiple vendors to reduce the project cost

overrun by \$1.3 million for expenses it was refuting. This particular vendor is seeking a payment of \$186,000 for meetings he attended subsequent to the opening of the training school. The Department indicated that his attendance is part of the project scope and therefore is ineligible for payment. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Transportation Purchasing Position.** The Department requested FY 2011 revised expenditures of \$48,929 from gasoline tax proceeds to fund a chief buyer position dedicated to procurement for transportation related projects, effective January 2011. The Department of Administration reallocated a current vacancy from Accounts and Control for this position. A similar memorandum of understanding was reached with Higher Education. The FY 2012 budget request includes \$0.1 million for annualized funding for the position. *The Governor recommended funding as requested.* **The Assembly concurred.**

### Overhead Functions

**Department of Transportation Debt Service.** The Department requested \$43.7 million, \$0.8 million from gasoline tax proceeds for debt service expenditures for the Department of Transportation for its general obligation bonds. Per statute, the Department of Administration's budget includes most debt service costs.

*The Governor recommended total funding as requested; however, shifted expenditures of \$12.6 million from gasoline tax proceeds to general revenues. The Department of Transportation incurred higher than budgeted winter maintenance expenses during FY 2011, and the recommendation would alleviate a projected shortfall in gasoline tax proceeds of \$12.6 million. Subsequently, the Governor requested an amendment to shift \$1.7 million of general revenue debt service to available federal funds.*

**The Assembly concurred with the subsequent request and shifted an additional \$3.4 million of general revenue debt service to available gasoline tax proceeds. Projected winter maintenance expenditures were \$18.1 million, which was lower than the \$21.5 million anticipated in the Governor's revised budget.**

**Other Debt Service.** The Department requested \$146.7 million from all funds, including \$136.6 million from general revenues for statewide debt service expenditures, excluding those for higher education and a portion of transportation. The request is \$51,450 less than enacted, including a reduction of \$2.0 million from general revenues. Major changes include a savings of \$2.6 million from interest payments relating to the Historic Tax Credit Trust Fund to reflect a delay in issuance and an additional requirement of \$1.4 million for general obligation debt service costs. The request also includes an increase of \$2.3 million from restricted receipts for interest earnings pertaining to short-term borrowing. Interest earnings on borrowed funds are received as restricted receipts and are used to offset the cost of the Tax Anticipation Notes borrowing. It also includes savings of \$2.3 million from unused bond proceeds from the State Police Headquarters project.

*The Governor recommended total debt expenditures of \$149.0 million, including \$139.3 million from general revenues. This is \$2.2 million more than requested from treating the excess bond proceeds for the State Police Headquarters project as revenues. The recommendation reflects a shift of \$0.5 million from restricted receipts to general revenues due to lower than assumed interest earnings for Tax Anticipation Notes. Accounting for these adjustments, the recommendation is \$18,797 less than requested to reflect actual debt service required for McCoy Stadium.*



*Subsequently, he requested an amendment to decrease general revenue debt service payments by \$0.7 million in both FY 2011 and FY 2012 from the recommended \$3.4 million required payments under the Fidelity Job Rent Credits agreement to reflect actual average filled positions. **The Assembly concurred with the subsequent request.***

**Other Salary and Benefit Adjustments.** Excluding items mentioned above, the Department requested \$75.6 million from all funds for all other salaries and benefits, \$1.3 million or 1.7 percent less than the enacted budget. This includes savings of \$1.2 million from general revenues due to greater than anticipated turnover throughout the Department. The revised budget includes a total of \$3.2 million in turnover savings, which equates to 36.5 vacant positions. As of pay period ending November 20, 2010, the Department had 71.9 positions vacant. The request assumes that most vacant positions will be filled in January.

As part of its constrained budget, the Department requested an additional \$0.5 million in turnover savings, including \$0.4 million from general revenues. The constrained request assumes that 31.0 vacancies would remain vacant for an additional three months. This includes savings of \$19,378 for 2.0 positions in the Office of Central Management, \$0.2 million for 16.0 positions in the Division of Facilities Management and \$0.2 million for 13.0 positions in the Division of Information Technology. The Department indicated that maintaining the vacancies for an additional three months will interfere with operations and service levels.

*The Governor recommended total funding of \$75.1 million, including \$60.7 million from general revenues. The recommendation is \$1.7 million less than enacted and \$0.5 million less than requested and is consistent with the constrained request. He recommended \$0.1 million for two new positions in Central Management; an executive director and an executive assistant to the director. **The Assembly concurred, with the exception of funding the new positions. It also included \$0.3 million in additional turnover savings to reflect the Department's third quarter report.***

**Community Development Block Grants.** The Department requested \$4.9 million from federal funds, \$0.1 million more than enacted for the Community Development Block Grant program administered by the Office of Housing and Community Development within Statewide Planning. The program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low and moderate income people. Annually the grant award is received from the federal government and prior years remaining funds are carried forward for expenditures. Due to the timing of payments, grant funds often overlap fiscal years.

*The Governor recommended \$2.4 million more than requested to reflect an additional award from the United States Department of Housing and Urban Development for the Disaster Recovery program. The funds may be used for efforts involving housing, economic development, and infrastructure improvements. He subsequently requested an amendment to provide an additional \$0.7 million to reflect anticipated grant increases. **The Assembly concurred.***

**All Other State Operations.** The Department requested \$13.0 million from all funds, including \$4.1 million from general revenues for all other state operations. This is \$0.2 million or 1.3 percent more than enacted, including increases of \$3,810 from general revenues and \$200,847 from federal funds primarily for grants administered by the Division of Planning. The request also includes reductions of \$22,975 from restricted receipts and \$8,623 from other funds.

As part of its constrained budget, the Department proposed savings of \$19,404. This includes \$1,000 from clerical services from the Judicial Nominating Commission, \$11,600 from the Bureau of Audits for mileage reimbursements and laptop replacements, and \$6,804 from the Office of Library and Information Services. These adjustments appear to reflect historical spending patterns.

*The Governor provided \$84,413 more than requested, including \$100,000 from federal funds administered by the Division of Planning for emergency shelters. He also included \$2,475 in savings from legal expenses based on a plan to reduce them by 5.0 percent. **The Assembly concurred and reduced expenditures by \$0.1 million to reflect the Department's third quarter report.***

**Cannon Building.** The Department requested revised expenditures of \$1.6 million from Rhode Island Capital Plan funds, including \$0.6 million in reappropriated funds from FY 2010 unexpended balances for ongoing renovations and new expenditures of \$1.0 million to repair the roof cap on the Cannon building. Funding for this was not included in the Department's capital budget request; however, the request includes a preliminary study of the roof cap which identified numerous structural issues that could cost as much as \$3.0 million to repair. The Department indicated that it would suggest reallocating \$1.0 million from the central HVAC of the State House Renovations project to fund this repair. The request for the State House Renovations project appears to have been reduced by \$850,000. *The Governor included only the reappropriation of \$0.6 million. He subsequently requested an amendment to provide the additional funds for the roof cap in FY 2012. **The Assembly concurred with the \$1.6 million.***

**New Capital Projects.** The Department requested \$0.5 million from Rhode Island Capital Plan funds for one-time purchases, including \$0.2 million for a backup storage unit and \$0.3 million to purchase and install a web-based work order system for the Division of Facilities. This system will allow the division a more efficient way to track request of work orders. These projects do not appear to meet the definition of a capital expense and use of Rhode Island Capital Plan funds may not be appropriate for these projects. *The Governor did not recommend funding these projects. **The Assembly concurred.***

**Other Capital Projects.** The Department requested \$24.5 million from Rhode Island Capital Plan funds for all other capital project expenditures. This is \$7.3 million more than enacted, primarily due to a reappropriation from FY 2010 unexpended Rhode Island Capital Plan funds, of which \$1.0 million each is for the Veterans Memorial Auditorium and Zambarano building projects. Section 13 of Article 1 of 2010-H 7397, Substitute A, as amended provides that any unexpended and unencumbered funds for Rhode Island Capital Plan fund projects may be reappropriated at the recommendation of the Governor in FY 2011. *The Governor recommended \$3.2 million, \$4.1 million less than requested. He subsequently requested an amendment to provide \$0.3 million to reflect actual expenditures for the Zambarano project.*

**The Assembly provided \$4.0 million less than recommended to reflect revised project costs or delays. A detailed analysis of the projects is included in the Capital Budget Section of this publication.**

## Department of Business Regulation

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
Central Management	\$ 1,194,475	\$ 1,024,858	1,060,195	1,060,195
Banking Regulation	1,358,346	1,821,156	1,638,045	1,638,045
Securities Regulation	693,323	854,862	882,179	882,179
Commercial Licensing, Racing & Athletics	876,389	1,195,701	1,189,408	1,189,408
Insurance Regulation	4,748,109	5,582,931	6,167,824	6,017,824
Board of Accountancy	148,713	164,031	162,845	162,845
Boards for Design Professionals	294,088	255,891	316,292	316,292
<b>Total</b>	<b>\$ 9,313,443</b>	<b>\$ 10,899,430</b>	<b>\$ 11,416,788</b>	<b>\$ 11,266,788</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 8,071,526	\$ 9,188,307	9,090,791	8,915,791
Contracted Services	668,660	866,382	1,446,385	1,471,385
<b>Subtotal</b>	<b>\$ 8,740,186</b>	<b>\$ 10,054,689</b>	<b>\$ 10,537,176</b>	<b>\$ 10,387,176</b>
Other State Operations	348,039	751,003	779,874	779,874
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	201,457	80,000	80,000	80,000
Capital	23,761	13,738	19,738	19,738
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 9,313,443</b>	<b>\$ 10,899,430</b>	<b>\$ 11,416,788</b>	<b>\$ 11,266,788</b>
<b>Sources of Funds</b>				
General Revenue	\$ 8,078,399	\$ 9,156,047	\$ 8,919,355	\$ 8,744,355
Federal Aid	-	-	758,454	758,454
Restricted Receipts	1,235,044	1,743,383	1,738,979	1,763,979
Other	-	-	-	-
<b>Total</b>	<b>\$ 9,313,443</b>	<b>\$ 10,899,430</b>	<b>\$ 11,416,788</b>	<b>\$ 11,266,788</b>
<b>FTE Authorization</b>	<b>85.5</b>	<b>90.0</b>	<b>93.0</b>	<b>93.0</b>
<b>FTE Average</b>	<b>80.5</b>			

**FY 2011 Revised Request.** The Department of Business Regulation's revised request includes \$824,004 more from all fund sources including \$108,408 more from general revenues, \$720,000 more from federal sources and \$4,404 less from restricted receipts.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$121,775 for the Department. The constrained budget submitted by the agency is \$108,365 more than the Budget Office target. The proposals to achieve the reductions are noted among the items described below where appropriate.

*The Governor recommended \$0.6 million more than enacted from all sources, including \$0.2 million less from general revenues, \$0.8 million more from federal sources, and \$4,404 less from restricted receipts. He recommended 3.0 positions more than enacted and 1.0 position more than requested. The Assembly included 93.0 positions and \$150,000 less than recommended from all sources, including \$175,000 less from general revenues and \$25,000 more from restricted receipts.*

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Business Regulation, he assumed savings of \$44,551, of which \$2,503 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below. **The Assembly concurred.**

**Rate Review Grant.** The Department requested \$0.6 million from new federal Department of Health and Human Services grants for health insurance premium review. This request includes \$344,009 and 1.0 full-time equivalent position for a new rate review manager and to fund a principal policy associate position that although authorized, was not funded in the enacted budget. The new rate review manager position will manage the rate review process for the Health Insurance Commissioner, including routine rate filings, the annual large and small group rate factor review, and the reporting process to external officials. The remaining \$0.3 million will allow the Office to acquire actuarial services, consultant fees, and a hospital utilization and payment evaluation.

[Staff Note: The cost of the requested positions total \$231,311.]

*The Governor recommended \$0.4 million from federal sources, which is \$0.2 million less than requested to more accurately reflect necessary funding due to a delay in filling the vacant positions. The Governor also included an additional assistant administrator of management and finance position that was not included in the Department's request. The Assembly concurred and included the additional 3.0 full-time equivalent positions.*

**Consumer Assistance Program Grant.** The Department requested \$120,001 from new federal Consumer Assistance Program grant funds. This request includes \$93,877 and 1.0 full-time equivalent position for a new analyst to assist the Office of the Health Insurance Commissioner by reviewing financial statements and rate filings of commercial insurers in Rhode Island in conjunction with the new federal health care law. The remaining \$26,124 would support new computers, office supplies and other related operating expenses. *The Governor recommended \$73,081, which is \$46,920 less than requested to more accurately reflect necessary funding due to a delay in filling the vacant position. The Assembly concurred.*

**Office of Health Insurance Commissioner Legal Services.** The Department requested \$10,813 more from general revenues to hire outside legal counsel until the currently vacant position of deputy executive assistant is filled. These outside legal services will assist the Office of the Health Insurance Commissioner in conducting legal research and analysis of health insurance issues. The enacted budget does not include any funding for this service.

As part of its FY 2011 constrained request, the Department would exclude this request for the \$10,813.

*The Governor recommended \$30,374, which is \$19,561 more than requested to more accurately reflect current need until the vacant position is filled. The Assembly concurred.*

**Exchange Planning Grant.** The Department received notification after the submission of its request that it had been awarded a new federal grant. The grant provides funding for the state to research the benefits of having a state run health insurance exchange as opposed to participating in a federally operated exchange in conjunction with the new federal health care law. *The Governor recommended \$288,000 for the Department to begin to formulate the request-for-proposal process to hire an outside consultant to conduct this study.* **The Assembly concurred.**

**Actuarial Costs.** The Department includes \$9,188 more from restricted receipts for actuarial services conducted for insurance regulation. The Department will utilize this additional funding to pay for actuarial studies to assist in the review of insurance rates. *The Governor recommended funding as requested. Subsequently, he requested an amendment to add \$25,000 from restricted receipts based upon increased use of actuarial services time.* **The Assembly concurred with the Governor and the subsequent requested amount.**

**Other Operations.** The Department requested \$271,360, the enacted amount for all other operating expenses. *The Governor recommended \$549 less than enacted from reduced legal service fees.* **The Assembly concurred.**

**Salary and Benefit Adjustments.** The Department requested \$84,003 more than enacted for all salaries and benefits, including \$97,595 more from general revenues and \$13,592 less from restricted receipts. The request includes additional turnover savings of \$72,303, offset by benefit adjustments totaling \$156,306 from all sources, including \$150,015 from general revenues.

As of the November 20, 2010 payroll, the Department is averaging 79.4 filled full-time equivalent positions, 10.6 positions fewer than authorized in the enacted budget. The request appears to be overstated as it assumes some of the vacant positions would have previously been filled.

In order to meet its constrained budget level, the Department proposed \$111,005 more turnover savings from keeping a deputy executive assistant position vacant for the remainder of the fiscal year and eliminating an administrative assistant position effective January 1, 2011.

*The Governor recommended \$235,558 less than enacted from all sources, including \$221,966 less from general revenues. This is \$0.3 million less than requested, achieved from additional turnover savings based on a more updated estimate of current vacancies. The Governor's recommendation did not eliminate the administrative assistant position proposed in the Department's constrained request; however, it included the turnover savings assumed in the constrained request.* **The Assembly further reduced general revenue expenditures by \$175,000 to reflect additional turnover savings projected in the Department's third quarter report.**



## Department of Labor and Training

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
Central Management	\$ 440,417	\$ 1,493,284	\$ 1,643,169	\$ 883,169
Workforce Development Services	40,213,112	41,582,765	48,905,198	49,303,198
Workforce Regulation and Safety	2,045,194	2,404,353	2,498,957	2,493,263
Income Support	971,272,996	778,595,118	801,831,922	857,324,622
Injured Workers Services	7,787,311	9,080,322	8,676,808	8,676,808
Labor Relations Board	371,897	402,597	400,289	371,959
<b>Total</b>	<b>\$1,022,130,927</b>	<b>\$ 833,558,439</b>	<b>\$ 863,956,343</b>	<b>\$ 919,053,019</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 36,193,996	\$ 45,661,387	\$ 42,065,099	\$ 42,060,832
Contracted Services	3,992,189	4,065,573	5,390,783	5,390,783
<b>Subtotal</b>	<b>\$ 40,186,185</b>	<b>\$ 49,726,960</b>	<b>\$ 47,455,882</b>	<b>\$ 47,451,615</b>
Other State Operations	4,744,755	7,231,533	4,864,575	4,919,904
Aid to Local Units of Government	-	-	-	-
Assistance, Grants and Benefits	959,303,756	761,597,538	784,802,578	840,618,192
Capital	754,775	1,409,843	2,715,207	1,945,207
Capital Debt Service	-	-	-	-
Operating Transfers	17,141,456	13,592,565	24,118,101	24,118,101
<b>Total</b>	<b>\$1,022,130,927</b>	<b>\$ 833,558,439</b>	<b>\$ 863,956,343</b>	<b>\$ 919,053,019</b>
<b>Sources of Funds</b>				
General Revenues	\$ 6,308,675	\$ 7,117,031	\$ 7,005,613	\$ 6,930,789
Federal Aid	330,506,338	181,957,663	153,430,142	221,153,642
Restricted Receipts	19,182,852	17,529,145	18,004,845	18,004,845
Other	666,133,062	626,954,600	685,515,743	672,963,743
<b>Total</b>	<b>\$1,022,130,927</b>	<b>\$ 833,558,439</b>	<b>\$ 863,956,343</b>	<b>\$ 919,053,019</b>
<b>FTE Authorization</b>	<b>514.4</b>	<b>519.4</b>	<b>512.2</b>	<b>512.2</b>
<b>FTE Average</b>	<b>402.5</b>			

**FY 2011 Revised Request.** The Department of Labor and Training requested \$862.2 million from all fund sources, which is \$28.7 million more than enacted. This includes \$0.1 million less from general revenues, \$26.6 million more from federal funds, \$0.5 million more from restricted receipts, and \$54.9 million less from other funds. The request includes 511.8 full-time equivalent positions, which is 7.6 fewer positions than the enacted level.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$94,535 for the Department. The Department's revised request met the target, thus the Department did not submit a separate constrained budget request.

*The Governor recommended \$1.7 million more from all sources than requested, including \$16,883 less from general revenues, \$1.9 million less from federal funds, \$55,371 less from restricted receipts and \$3.7 million more from other funds. He included 512.2 positions, which is 7.2 positions less than enacted and 0.4 positions more than requested.*

*He subsequently requested an amendment to increase funding by \$56.0 million from federal funds and the unemployment insurance Trust Fund. Each change is discussed in the appropriate area. **The Assembly concurred with the Governor's amendment and included \$919.1 million from all funds, including \$6.9 million from general revenues and 512.2 positions.***

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Labor and Training, he assumed savings of \$14,800, primarily from personnel. This is in addition to other program changes in his revised budget and described below. **The Assembly concurred.**

**Emergency TANF Funding.** The state was eligible to receive up to \$47.5 million in new federal emergency temporary assistance to needy families' contingency funds to implement a new subsidized employment program. This program was a collaboration between the Departments of Human Services, Labor and Training, and Revenue. The enacted budget contains \$0.7 million for all expenses within the Department for the subsidized employment program, which ended September 30, 2010, including 19.0 time-limited positions.

The Department's revised request is \$0.2 million less than enacted, reflecting actual expenditures. The Department indicated that \$0.5 million was spent in FY 2011, \$0.2 million less than enacted and it filled 16.0 of the 19.0 positions. However, because of the no layoff provision included in the most recent union contract negotiations, the people who filled the 16.0 time-limited positions have transitioned to other projects within the Department. *The Governor recommended \$839 more for salary and benefit expenses determined subsequent to submission of the request. He subsequently requested an amendment to add \$398,000 for expenditures made prior to September 30, but inadvertently omitted in the Department's revised request. **The Assembly concurred.***

**Staff Reduction.** The Department's revised request includes \$0.6 million less from federal funds by eliminating 7.6 vacant positions within the Workforce Development program. These positions are vacant and the Department indicated that several people moved from these positions to stimulus-funded positions while others have switched to other positions elsewhere in the Department. *The Governor recommended eliminating 7.2 of these positions, 0.4 positions less than requested and included \$33,324 for that position. **The Assembly concurred.***

**Turnover Savings.** The Department's request includes additional turnover savings of \$2.3 million from all fund sources, including \$0.2 million from general revenues by maintaining 39.0 vacant positions. The request does not assume any positions will be vacant for the full year; it assumes only part-year vacant positions due to promotions, retirements and normal attrition.

Although the Department did not fill all of the authorized stimulus positions, there is little turnover savings from the stimulus positions since the Department used existing staff for stimulus programs as well. The Department indicated that the 19.0 stimulus positions that were not filled were distributed into the rest of the Department for non-stimulus activities.



The request also includes turnover savings for several positions within the unemployment insurance division as employees are frequently promoted or shifted to other divisions. It should be noted that the Department requested additional authorization and funding for these positions through a Governor's budget amendment, which was included in the enacted budget. The request also includes turnover savings from maintaining 2.5 positions vacant for six months in the workers' compensation unit and 5.0 positions vacant for the first half of the year in the workforce regulation division. The enacted budget assumes \$0.8 million in turnover savings.

*The Governor recommended \$1.0 million less than requested from turnover savings, including \$15,644 less from general revenues and restoring \$0.8 million from federal funds and \$0.2 million from other funds. The Governor's budget includes turnover for approximately 29 positions, which is 10 less than requested. He included 12.5 positions for six months in workforce development services, 1.6 positions in injured workers services and appeared to include 3.0 positions in workforce regulation and 12.0 positions in income support. **The Assembly concurred.***

**Other Salaries and Benefits.** The Department requested \$0.5 million less than enacted for all other salaries and benefits, including \$0.3 million more from general revenues, \$0.8 million less from federal funds, \$0.2 million less from restricted receipts and \$0.1 million more from other funds. The request includes \$0.5 million less for overtime expenses, primarily from the unemployment insurance division and \$0.1 million more from general revenues to fill 4.0 workforce regulation and safety division positions for the final six months of FY 2011. Adjusting for that, the request includes \$122,615 more than enacted, a 0.3 percent increase from shifting several positions within the Department, filling positions at lower rates and updated benefit rates.

The request also includes savings of \$62,335 from general revenues by seeking third party in-kind contributions for the general revenue state match portion of the Senior Community Service Employment Grant. The Department indicated it is allowable under federal rules and a contract is in progress with the vendor to provide the match, thus eliminating the need for the general revenue match. The request does not include a corresponding full-time equivalent position reduction from reducing this expense.

Subsequent to the request, the Assembly passed 2011-H 5050 to allow the transfer of \$1.9 million from unemployment modernization funding in the state's benefit payment account to the General Fund to be used for administrative expenses in FY 2011. This offsets administration expenses from federal funds.

*The Governor recommended \$1.1 million less from all sources than requested, including \$16,363 more from general revenues. After the adjustment for the reduced turnover savings, this is \$0.1 million less than requested and includes revised benefit rates. He included the \$1.9 million from modernization funds and reduced federal funds accordingly. He also included the savings from the Senior Community Service Employment program, consistent with the constrained request. **The Assembly reduced general revenue expenditures by \$18,330 for the Labor Relations Board, based on estimated savings included in the Department's third quarter report.***

**Police and Fire Relief Fund.** The Department requested \$101,160 less from general revenues for police and fire benefits paid to surviving spouses of deceased police and firefighters and education benefits for the spouses and children of deceased or disabled officers and firefighters, as well as the disabled workers. The request consists of \$180,722 less for pension benefits and \$79,562 more for education benefits. *The Governor recommended funding as requested. **The Assembly reduced grant***

**expenditures by \$50,800 based on estimated savings included in the Department's third quarter report.**

**Unemployment Insurance.** The Department requested \$17.4 million more for the payment of unemployment insurance benefits, including \$32.1 million less from federal stimulus funds, \$0.1 million less from federal disaster unemployment compensation funds and \$49.7 million more from the Employment Security Trust Fund. The Department's request reflects that the Federal Emergency programs and full federal funding of state extended benefits were to end November 30, 2010, thus state extended benefit would be paid from the Trust Fund, providing for the increase. On December 17, 2010, Congress extended the Emergency Unemployment Compensation program, which allows for full federal funding of the four federal benefit tiers and state extended benefits, extending the pre-November 30, 2010 program through January 3, 2012. The Department's request does not reflect this extension, since it occurred after the request was submitted.

For December 2010, the national unemployment rate was 9.4 percent and Rhode Island had an 11.5 percent seasonally adjusted unemployment rate or 66,042 unemployed residents, down from 12.7 percent or 72,750 unemployed residents in December 2009. *The Governor recommended funding as requested and did not adjust for the federal benefit extension. He subsequently requested an amendment adding \$54.5 million for benefits, including \$66.3 million more from federal funds and \$11.8 million less from the Trust Fund, reflecting the federal extension.* **The Assembly concurred.**

**Employment Security Fund.** Unemployment insurance taxes are paid by employers into the Employment Security Fund to finance benefit payments. The tax has a federal and state component and the state tax collections can solely be used for the payment of benefits. The federal tax collections finance administrative expenditures, make repayable advances to states when funding is needed to pay benefit costs and partially reimburse state funds for the cost of extended benefits.

The 2010 Assembly enacted Article 22 of 2010-H 7397, Substitute A, as amended which converted the 0.3 percent surtax that employers would have to pay beginning January 1, 2011 to a 0.3 percent increase in the Job Development Fund assessment from 0.21 percent to 0.51 percent to be used solely to pay the principal and interest on the loans. The surtax could only be used to repay the principal, but the job development assessment increase can be used to repay interest and the principal on the federal unemployment insurance loans.

The state has borrowed approximately \$225.5 million from the federal government for the payment of benefits as of January 1, 2011. This borrowed money was interest-free through January 1, 2011, the first interest payment is due in November 2011 and the Department's FY 2012 request includes a payment of \$10.0 million for the required interest payment. The Employment Security Advisory Council had been meeting monthly from October 2009 to March 2010 and again in November 2010 to develop ways for the state to raise the money to repay the loans.

*The Governor included the \$10.0 million interest payment in his FY 2012 recommendation and included Article 4 to make several changes to both taxes and benefit payments from FY 2012 through FY 2015 to increase the solvency of the Trust Fund and repay the state's loans by FY 2015. He subsequently requested an amendment to Article 4, reducing the amount of taxes employers would pay, but maintained the FY 2015 date for Trust Fund solvency.* **The Assembly included the payment and concurred with the amended Article 4.**

**Trade Readjustment Assistance Programs.** The Department's FY 2011 revised budget request includes \$232,552 more in expenditures from federal Trade Readjustment Assistance Act funds to support initiatives that help workers from Rhode Island companies who lost their jobs due to the

adverse impact of foreign trade. The request includes \$500,000 less for the distribution of weekly trade readjustment allowances and \$732,552 more for programs oriented to assist qualified workers to obtain a competitive level of education.

Someone eligible for these benefits must first exhaust all of their unemployment insurance benefits before becoming eligible for this program. Because these other programs take precedence, there have been fewer claims; and the request was based upon the federal extension of benefits ending November 30, 2010, and that there will be an increase in newly-eligible people wanting to obtain training benefits in order to find employment. However, on December 17, 2010, Congress extended the Emergency Unemployment Compensation program through January 3, 2012, which may reduce the use of the Trade Readjustment Program if a person has not exhausted all of their unemployment insurance benefits. The Department's request does not reflect this extension, since it occurred after the request was submitted. *The Governor recommended funding as requested. He subsequently requested an amendment to increase funding by \$1.1 million, reflecting the receipt of an additional grant award in FY 2011. The Assembly concurred with the amendment.*

**Workforce Investment Programs.** The Department's FY 2011 revised budget request includes \$7.9 million more from Workforce Investment Act funds to support initiatives oriented to youth, adults and dislocated workers. This request includes \$5.6 million more for adult and youth programs and \$2.3 million more for dislocated workers, comprised of \$3.2 million more from federal stimulus funds and \$4.7 million more from regular federal Workforce Investment Act funds. The Department indicated that the increase is due to a significant amount of unspent funds carried forward from the previous year and slightly higher grant awards than originally anticipated. *The Governor recommended funding as requested. The Assembly concurred.*

**Human Resource Investment Council.** The Department's FY 2011 revised budget request includes \$1.3 million more than enacted from restricted receipts to support initiatives through the Human Resource Investment Council. The Council provides grant funding for workforce, education, and economic development projects that produce long-term results for Rhode Island employers and workers. The Department indicated that the Council incurred \$0.2 million in expenditures that would not be paid until FY 2011 and the additional increase is due to unspent funds carried forward from previous years and higher grant awards than originally anticipated. *The Governor recommended funding as requested. The Assembly concurred.*

**Temporary Disability Insurance.** The Department requested revised expenditures of \$162.0 million, or \$3.0 million less than the enacted level for temporary disability insurance benefits for FY 2011. Temporary disability insurance protects eligible workers against wage loss resulting from a non-work related illness or injury. With the sustained high unemployment rate and less people working in the state, there are less people likely to be eligible for these benefits. In addition, the Department has indicated that unemployed people who have lost their health insurance may be postponing elective procedures and those working may be reluctant to take time off for fear of losing their jobs.

The Department spent \$166.2 million in FY 2007, \$171.7 million in FY 2008, \$163.2 million in FY 2009 and \$157.3 million in FY 2010 for the payment of benefits. *The Governor recommended funding as requested. The Assembly concurred.*

**Senior Community Service Employment Program.** The Department requested \$297,498 more from federal funds than enacted to support the Senior Community Service Employment Program. The increase is primarily unspent funds carried forward from an additional grant for \$260,000 the state received late in FY 2010. Typically these funds cannot be carried forward from year to year, but the

state is allowed to do so with these funds because they were received so late in the fiscal year. The remainder is due to an increase in the anticipated award. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Workers' Compensation Administration Fund.** The Department requested \$510,000 less from restricted receipts for claims on the Workers' Compensation Administration Fund, formerly known as the Second Injury Fund. This reflects reduced FY 2010 expenditures and claims paid to date but also adjusts slightly upward for increasing medical costs. Over the last few years, although the number of claims has decreased, the payout for many claims has increased because of rising prescription costs, the higher number of operations being performed and the rising cost of nursing home and long-term care. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Roof Replacement.** The Department requested \$472,733 more from all fund sources for the roof replacement or repair on three buildings at the Center General complex and assumed the project will be completed in FY 2011. The request is consistent with its FY 2012 through FY 2016 capital budget described in the Capital Section of this analysis. *The Governor recommended funding as requested.* **The Assembly shifted Rhode Island Capital Plan fund expenditures of \$770,000 from FY 2011 to FY 2012, reflecting continued delays.**

**Asset Protection Projects.** The Department's revised request does not include funding from Rhode Island Capital Plan funds for nine projects through its asset protection plan, unlike its FY 2012 through FY 2016 capital budget request, which includes expenditures of \$654,000 for FY 2011 for the completion of five projects and the beginning of four projects. *The Governor did not recommend any funding for these projects.* **The Assembly concurred.**

**Information Technology and Computer Purchases.** The revised request includes \$2.0 million more from all fund sources for information technology and computer purchases, including \$3,549 from general revenues, \$1.5 million from federal funds, \$0.5 million from restricted receipts and \$0.1 million from other funds. This includes \$1.4 million more from federal unemployment administration funds for the purchase of computer equipment and technology upgrades, delayed from FY 2010 because of repeated extensions of federally funded unemployment benefits by Congress. The request also includes \$544,660 more for the completion of the computer system upgrades in the workers' compensation division that had been spread over several years. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Operating Transfers.** The Department's revised request includes \$22.2 million for expenditures classified as "operating transfers," which is \$8.6 million more than enacted. These are shown for accounting purposes to reflect transfers of funds in and out of the state's general fund, out of the temporary disability insurance and unemployment insurance funds and among state agencies, such as transfers from the Department to the three Rhode Island institutions of higher education. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies.

Subsequent to submitting the request, the Assembly passed 2011-H 5050 to allow the transfer of \$1.9 million from unemployment modernization funding in the state's benefit payment account to the General Fund to be used for administrative expenses in FY 2011. *The Governor recommended \$1.9 million more than the original request, reflecting the transfer provided by the Assembly.* **The Assembly concurred.**

**Transfers to RI Higher Education.** The revised request includes transfers of \$1.5 million from federal funds, \$0.4 million less than enacted to the three Rhode Island institutions of higher education. This

includes \$0.7 million less from the Trade Readjustment Act Fund reflecting lower eligibility and increased use of other grant and training programs not hosted by one of these three schools and \$0.3 million more from the Workforce Investment Act funds, primarily from unspent federal stimulus funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

Unemployment Benefits Owed to Other States. The Department's revised request includes \$4.5 million more from the Employment Security Trust Fund for the payment of unemployment insurance benefits to other states, for total payments of \$14.5 million. This is the amount that Rhode Island reimburses other states for paying benefits on the state's behalf; there is also a corresponding revenue item in the Rhode Island Office of the General Treasurer for reimbursements from other states, though they are often not equal. The payment of benefits to other states is included in the total benefits paid out, discussed earlier. *The Governor recommended funding as requested.* **The Assembly concurred.**

Temporary Disability Insurance Transfers. The revised request includes \$2.0 million, which is \$0.2 million more than enacted, from temporary disability insurance funds transferred to the Department of Revenue to support the employer tax unit and Department of Administration for debt service. *The Governor recommended funding as requested.* **The Assembly concurred.**

Unemployment Administration Funding Transfer. The revised request includes an additional \$4.3 million for the required transfer from the Employment Security Fund to the general fund for the state to utilize the unemployment modernization funds for administrative costs. The enacted budget includes \$4.3 million for administrative costs, but not the transfer to the general fund allowing the expenditure. *The Governor recommended \$1.9 million more transferred from unemployment modernization funds to the General Fund for administrative expenses.* **The Assembly concurred.**

**Other Operations.** The Department requested \$2.3 million less than enacted from all fund sources for all other operations, including \$0.1 million from general revenues, \$1.1 million from federal funds, \$0.5 million from restricted receipts and \$0.7 million from temporary disability insurance funds, for total expenditures of \$7.6 million. This was a 23.7 percent reduction from the enacted and brought expenses to \$23,892 more than the amount spent in FY 2010.

The request includes expenditure increases of \$0.3 million for temporary services across all programs and \$0.1 million for printing and postage expenses in the unemployment insurance division due to the benefit extensions. The request includes reductions of \$1.0 million for miscellaneous expenses, though the Department has not clarified what those include, \$0.6 million for various maintenance costs, such as computers, vehicles, office and medical equipment, and \$0.5 million less for centralized state services. The revised request also includes reductions of \$0.2 million for property rental and security expenses, \$0.1 million for medical services related to workers' compensation in addition to \$0.1 million for staff training and various operating expenditures for the Workforce Regulation and Safety program and \$0.5 million for all other operating expenditures.

*The Governor recommended \$23,874 less than requested, including \$2,802 less from general revenues, reflecting a 5.0 percent reduction for legal expenses and \$20,982 less from restricted receipts for updated operating expenses. He subsequently requested an amendment to shift funding of \$10,000 from general revenues for legal expenses from the Labor Relations Board to the Arbitration of Teacher disputes.* **The Assembly concurred with the Governor's amendment and further reduced general revenues expenditures by \$5,694, based on estimated savings included in the Department's third quarter report.**





## Department of Revenue

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
Office of Director	\$ 480,822	\$ 500,231	\$ 592,880	\$ 592,880
Office of Revenue Analysis	371,823	555,607	435,073	416,073
Lottery Division	216,181,394	192,140,596	215,006,506	215,006,506
Division of Municipal Finance	1,124,503	1,159,585	2,081,811	2,121,690
Taxation	17,353,468	20,278,893	19,647,805	19,802,805
Registry of Motor Vehicles	33,842,041	21,695,505	22,339,204	22,379,204
<b>Total</b>	<b>\$ 269,354,051</b>	<b>\$ 236,330,417</b>	<b>\$ 260,103,279</b>	<b>\$ 260,319,158</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 31,794,830	\$ 35,942,800	\$ 35,732,400	\$ 35,379,133
Contracted Services	1,238,250	1,515,859	2,010,705	2,509,851
<b>Subtotal</b>	<b>\$ 33,033,080</b>	<b>\$ 37,458,659</b>	<b>\$ 37,743,105</b>	<b>\$ 37,888,984</b>
Other State Operations	218,274,357	193,432,036	216,479,297	216,394,297
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	83,019	11,633	56,650	56,650
Capital	17,802,618	5,191,708	5,566,598	5,721,598
Capital Debt Service	-	-	-	-
Operating Transfers	160,977	236,381	257,629	257,629
<b>Total</b>	<b>\$ 269,354,051</b>	<b>\$ 236,330,417</b>	<b>\$ 260,103,279</b>	<b>\$ 260,319,158</b>
<b>Sources of Funds</b>				
General Revenue	\$ 32,476,057	\$ 35,479,085	\$ 36,130,650	\$ 35,941,529
Federal Aid	1,803,123	2,289,770	2,365,000	2,615,000
Restricted Receipts	4,001,548	824,191	1,966,459	1,966,459
Other	231,073,323	197,737,371	219,641,170	219,796,170
<b>Total</b>	<b>\$ 269,354,051</b>	<b>\$ 236,330,417</b>	<b>\$ 260,103,279</b>	<b>\$ 260,319,158</b>
<b>FTE Authorization</b>	<b>413.5</b>	<b>426.0</b>	<b>428.5</b>	<b>426.5</b>
<b>FTE Average</b>	<b>388.6</b>			

**FY 2011 Revised Request.** The Department of Revenue requested FY 2011 revised expenditures totaling \$240.2 million from all sources, including \$36.5 million from general revenues, \$2.4 million from federal funds, \$2.1 million from restricted receipts and \$199.3 million from other funds, primarily from lottery funds and Rhode Island Capital Plan funds for the new Registry of Motor Vehicles project. The request is \$3.9 million more than enacted, including \$1.0 million more general revenues. The Department requested staffing of 426.5 full-time positions, 0.5 positions more than the authorized level.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$471,267 for the Department. The



constrained budget submitted by the agency is \$0.5 million above that primarily for added expenditures of \$1.0 million for the Central Falls receivership. Adjusting for that, the request would meet the revised target. The proposals to achieve the reductions are noted among the items described below where appropriate.

*The Governor recommended \$23.8 million more from all funds than enacted. This is \$19.9 million more than requested, including \$0.4 million less from general revenues. The recommendation includes \$22.9 million from lottery funds based on estimated changes in lottery collections. He recommended 2.0 positions more than requested to reflect staffing relating to the Central Falls receivership.*

*Subsequently, he requested several amendments to include \$0.3 million from available federal funds for the Division of Motor Vehicles computer modernization project and to provide an additional \$0.2 million from general revenues for legal services pertaining to the Central Falls Receivership. **The Assembly concurred, with the exception of providing staffing to assist the receiver.***

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Revenue, he assumed savings of \$174,166 of which \$139,679 is from turnover. This is in addition to other program changes in his revised budget and described below. **The Assembly concurred.**

**Central Falls Receivership.** The 2010 Assembly enacted the "Providing Financial Stability Act" to enable the state to work with cities and towns undergoing financial distress that threatens the fiscal well being, public safety and welfare of such cities and towns. The Department projected expenses of \$923,249 in FY 2011 for various costs pertaining to the non-judicial receivership for Central Falls. The request includes \$0.5 million in legal fees to be provided by Orson & Brusini and Edwards, Angell, Palmer and Dodge, as the constitutionality of the act is being questioned. The request includes \$0.2 million for a receiver and \$0.2 million for 2.0 full-time positions to assist the state appointed receiver. The positions are assigned to the Office of the Governor and the Department of Administration; however, the individuals are working in Central Falls. The FY 2012 budget projects \$872,443 for these expenses.

*The Governor recommended \$19,337 more than requested, including \$15,000 for a pension study that was conducted. He also included additional funding for operations, including mileage allowance. He recommended staffing of 2.0 full-time positions to assist the state appointed receiver. He subsequently requested an amendment to provide an additional \$0.2 million for legal services. **The Assembly concurred, with the exception of providing funding for the positions and decreased staffing accordingly.***

**Jamestown and Newport Tolls.** The Department requested revised expenditures of \$53,000 from general revenues, an increase of \$46,604, for toll expenses. Current law mandates that the state reimburse the City of Newport when school, fire and police officials travel into Jamestown for business related commuting and vice versa. The Department indicated that the City of Newport has not requested its reimbursement since FY 1999. The city submitted documentation to the Department requesting a reimbursement totaling \$23,000 for the period of FY 1999 through FY 2007. It appears that Jamestown has not sought its reimbursements for FY 2009 and FY 2010. The Department projected an additional \$23,000 for toll expenses for Newport from FY 2008 through FY 2010 and FY 2009 and FY 2010 for Jamestown. *The Governor recommended funding as requested. **The Assembly concurred.***

**Salary and Benefit Adjustments.** The Department requested revised expenditures of \$35.8 million from all funds, including \$28.1 million from general revenues for salaries and benefits and staffing of 426.5 full-time positions. The request is \$0.2 million less and 0.5 positions more than the enacted budget. The Department requested an additional 0.5 positions to convert a current half position to a full position for a customer service representative in the Registry of Motor Vehicles. The request reflects the transfer of 2.0 positions, one each from the divisions of Taxation and Lottery to the legal services unit within the Office of the Director to centralize legal services. The request reflects updated benefit rate changes and an additional \$150,000 in overtime expenses. It assumes total turnover savings of \$1.2 million, \$0.5 million more than enacted. As of the pay period ending November 20, 2010, the Department had 26.5 vacancies. The request assumes filling all vacancies in the Division of Taxation in January 2011.

As part of its constrained budget, the Department proposed \$0.3 million in turnover savings by maintaining two positions vacant throughout the fiscal year, consisting of a senior appraiser in the Division of Municipal Finance and a senior revenue policy analyst in the Office of Revenue Analysis for a savings of \$0.1 million. While the unconstrained request assumes all vacancies in the Division of Taxation would be filled in January 2011, the constrained request maintained 12 vacancies for an additional three pay periods for a savings of \$0.1 million. The constrained request also includes an additional \$0.1 million in savings from the Registry of Motor Vehicles, which assumes that some vacancies would remain vacant for an extended period.

*The Governor recommended \$0.1 million less than requested to reflect additional turnover savings. Subsequently, he requested an amendment to include an additional \$0.2 million in turnover savings to reflect the projected expenditures. **The Assembly concurred, with the exception of providing \$158,000 less general revenues to reflect additional turnover savings.***

**Registry Computer Technology Project.** The Department requested revised expenditures of \$1.2 million from restricted receipts for the Division of Motor Vehicles' technology project. The 2006 Assembly authorized the Department of Administration to borrow \$13.0 million from Certificates of Participation to replace the computer system at the Division of Motor Vehicles with debt service supported by a transaction surcharge. The Department developed and adopted the surcharge by rule and regulation, which could not exceed seven years and started collecting the surcharge of \$1.50 per transaction on July 3, 2007. The 2009 Assembly amended the borrowing authority to extend the collection period of the surcharge from seven to ten years and allow the surcharge collection to be used for project expenses in addition to debt service costs. As of June 30, 2010, \$6.5 million in receipts have been collected and expenditures totaled \$5.9 million.

*The Governor recommended \$0.1 million less than requested to reflect anticipated expenditures. Subsequently, he requested an amendment to provide \$250,000 in expenditures from available federal funds. **The Assembly concurred.***

**Registry of Motor Vehicles/Forand Building.** The Department requested an additional \$1.6 million from Rhode Island Capital Plan funds to renovate the Forand Building to be the new home of the Registry of Motor Vehicles. Construction started in September 2009, and the Division moved in late August 2010. Information obtained from the state's accounting system indicates that FY 2010 expenditures were \$13.7 million, or \$0.8 million above the final appropriation. This balance would be carried forward and thereby reduce the available funding for FY 2011 from \$4.1 million to \$3.3 million. When the Department submitted its capital budget, it indicated that the \$3.3 million would be sufficient to finish the project on time and on budget. The current request is \$2.4 million above the

total project cost. Subsequently, the Department indicated that it inadvertently overestimated the project cost and that it should incur a savings of \$0.1 million.

*The Governor recommended \$0.8 million less than enacted to reflect the carry forward balance from FY 2010. Total funding is consistent with the approved plan. **The Assembly concurred.***

**Registry Federal Award Adjustments.** The Department's request includes federal fund expenditures of \$0.6 million within the Registry of Motor Vehicles, \$49,968 more than enacted based on anticipated awards for two projects. This includes \$0.3 million in carry forward funds from FY 2010 for the Division's Real ID program, which requires national standards for the issuance of state driver's licenses and identification cards. The funds will be used to purchase software to enhance imaging. The request also includes the removal of \$0.2 million for a network system on commercial vehicles based on anticipated receipts. *The Governor recommended funding as requested. **The Assembly concurred.***

**All Other Registry Operations.** The Department requested \$5.7 million from all funds, \$0.2 million or 3.7 percent more than enacted for all other operating expenses for the Registry of Motor Vehicles. The request is \$0.1 million less than FY 2009 and \$34,289 more than FY 2010 reported expenses. The request includes new general revenue expenditures of \$90,000 to replace 20 copiers that will network with the new workstations and provide scanning capabilities. The request includes an additional \$68,655 for license plate printing, based on FY 2010 expenditures. It also includes additional dues payments related to the International Registration Plan, which is a cooperative agreement among states, the District of Columbia and provinces of Canada providing for payment of license fees based on trucks operated in various jurisdictions. The Division projected savings from utilities, printing and postage.

As part of its constrained budget, the Department reduced operating expenses in the Registry by \$0.2 million. It eliminated the request for the new copy machines and excluded \$85,000 for software maintenance pertaining to the new computer system.

*The Governor recommended \$0.1 million less than requested; he did not recommend funding for the new copy machines. He subsequently requested an amendment to reduce expenditures by \$0.2 million to reflect projected savings. **The Assembly concurred.***

**Lottery Operations.** Excluding salaries and benefits, the Department requested \$187.2 million for all other expenditures for the Lottery Division, \$22,631 less than enacted to reflect anticipated expenditures for FY 2011. Major changes include an additional \$0.1 million for insurance based on historical expenses and decreases in advertising, fuel and vehicle maintenance to reflect the division's plan to replace four vehicles. Consistent with the enacted budget, the request includes \$182.4 million for lottery commission payments.

*The Governor recommended \$22.9 million more than enacted and requested based on estimated changes in lottery collections, including \$20.7 million for lottery commission payments. Commission payments totaled \$204.5 million in FY 2010. It also reflects \$2.4 million for marketing costs for Twin River. **The Assembly concurred.***

**Tax Data Warehouse.** The Department requested the enacted amount of \$0.5 million from Rhode Island Capital Plan funds for the tax data warehouse project. The 2006 Assembly approved \$2.5 million from Certificates of Participation for the Division to purchase computer hardware and associated software to modernize its operations. The Division indicated that since the implementation

of that project, more than 30,000 notices have been sent to taxpayers and \$13.0 million has been recovered from delinquency and discrepancy. The 2010 Assembly provided \$0.5 million from Rhode Island Capital Plan funds in FY 2011 to allow users to create, run reports, and perform queries to enhance tax collection. *The Governor shifted \$155,000 from FY 2011 to FY 2012 to reflect anticipated expenditures.* **The Assembly provided funding consistent with the enacted budget.**

**All Other Operations.** The Department requested \$3.1 million for all other operating expenses. The request is \$911 less than enacted from all funds, including an increase of \$42,994 from general revenues. The request includes \$10,200 for maintenance of an economic model used by the Office of Revenue Analysis. It also includes \$35,115 for various items in the Division of Taxation to reflect anticipated expenditures for printing.

As part of its constrained budget, the Department reduced other operating expenses by \$31,000, including \$11,000 for mileage reimbursement and \$10,000 for out-of-state travel expenses for audit reviews. The Office of Revenue Analysis included a savings of \$10,000 for the Corporate Income Tax Simulation Model software maintenance. *The Governor recommended funding consistent with the constrained budget. He also included savings of \$93 from legal expenses based on a plan to reduce them by 5.0 percent.* **The Assembly concurred.**



## Legislature

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
General Assembly	\$ 4,560,966	\$ 6,766,435	\$ 7,172,362	\$ 7,172,362
Fiscal Advisory Staff	1,327,990	1,525,113	1,573,979	1,573,979
Legislative Council	3,931,857	4,244,997	4,244,866	4,244,866
Joint Comm. on Legislative Affairs	17,839,677	21,284,871	20,577,135	20,577,135
Office of the Auditor General	4,413,343	5,213,828	4,963,232	4,963,232
Special Legislative Commissions	6,884	13,900	13,831	13,831
<b>Total</b>	<b>\$ 32,080,717</b>	<b>\$ 39,049,144</b>	<b>\$ 38,545,405</b>	<b>\$ 38,545,405</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 28,047,892	\$ 31,985,946	\$ 31,880,891	\$ 31,880,891
Contracted Services	430,876	2,125,300	1,036,451	1,036,451
<b>Subtotal</b>	<b>\$ 28,478,768</b>	<b>\$ 34,111,246</b>	<b>\$ 32,917,342</b>	<b>\$ 32,917,342</b>
Other State Operations	1,900,948	2,387,898	2,500,363	2,500,363
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,585,420	2,300,000	2,900,000	2,900,000
Capital	115,581	250,000	227,700	227,700
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 32,080,717</b>	<b>\$ 39,049,144</b>	<b>\$ 38,545,405</b>	<b>\$ 38,545,405</b>
<b>Sources of Funds</b>				
General Revenue	\$ 30,577,686	\$ 37,474,136	\$ 36,970,091	\$ 36,970,091
Federal Aid	-	-	-	-
Restricted Receipts	1,503,031	1,575,008	1,575,314	1,575,314
Other	-	-	-	-
<b>Total</b>	<b>\$ 32,080,717</b>	<b>\$ 39,049,144</b>	<b>\$ 38,545,405</b>	<b>\$ 38,545,405</b>
<b>FTE Authorization</b>	<b>288.8</b>	<b>295.9</b>	<b>298.5</b>	<b>298.5</b>
<b>FTE Average</b>	<b>280.3</b>			

**FY 2011 Revised Request.** The Legislature's revised budget of \$38.7 million includes \$0.6 million of a \$3.4 million general revenue reappropriation and 297.8 full-time equivalent positions. It also shifts \$0.9 million of the \$1.5 million enacted to fund redistricting expenses to FY 2012.

*The Governor's revised budget makes a \$3,307 technical correction to the request and reduces the request by \$164,978 in unidentified statewide savings. **The Assembly concurred.***



## Office of the Lieutenant Governor

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 816,518	\$ 906,015	\$ 860,040	\$ 869,040
Contracted Services	506	-	500	500
<b>Subtotal</b>	<b>\$ 817,024</b>	<b>\$ 906,015</b>	<b>\$ 860,540</b>	<b>\$ 869,540</b>
Other State Operations	31,348	15,964	25,060	25,060
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	2,500	3,500	3,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 848,372</b>	<b>\$ 924,479</b>	<b>\$ 889,100</b>	<b>\$ 898,100</b>
<b>Sources of Funds</b>				
General Revenue	\$ 848,372	\$ 924,479	\$ 889,100	\$ 898,100
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 848,372</b>	<b>\$ 924,479</b>	<b>\$ 889,100</b>	<b>\$ 898,100</b>
<b>FTE Authorization</b>	<b>8.0</b>	<b>8.0</b>	<b>7.0</b>	<b>8.0</b>
<b>Average FTE</b>	<b>6.8</b>			

**FY 2011 Revised Request.** The Office of the Lieutenant Governor requested \$28,097 less than the FY 2011 enacted budget.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$12,296 for the Office. The constrained budget submitted by the agency is \$22,117 below the Budget Office target. The proposals to achieve the reductions are noted among the items described below where appropriate.

*The Governor recommended \$35,379 less than enacted and \$7,282 less than requested from general revenues. The Governor included 7.0 full-time equivalent positions, 1.0 fewer than authorized to reflect the elimination of a vacant policy analyst position. The Office has averaged 6.7 filled full-time equivalent positions in FY 2011. **The Assembly included \$9,000 more general revenues and 1.0 more position than recommended.***

**Salaries and Benefits.** The Office requested \$39,675 less than enacted for all salaries and benefits. This includes turnover savings of \$45,522 from keeping a policy analyst position vacant for the entire fiscal year. The request also includes \$5,847 from benefit changes consistent with the FY 2011 planning values.



As part of its FY 2011 constrained request, the Office included \$5,000 less for medical benefit expenses associated with a position that was vacant for a portion of the fiscal year.

*The Governor recommended \$45,975 less than enacted and \$6,300 less than requested for benefit adjustments associated with the position that was vacant for a portion of the fiscal year. The Governor also eliminated a vacant policy analyst position. **The Assembly concurred; however, recommended additional general revenue turnover savings of \$26,698 based on updated personnel projections.***

**Health Policy Director.** The health policy director will develop policy options and recommendations for consideration by the Governor, Lieutenant Governor, the General Assembly and the Board of the Health Insurance Exchange. The director will develop, maintain, and ensure compliance with a checklist of action items, timeliness, and assignments for implementation. *Subsequent to the original submission of his FY 2011 revised budget, the Governor requested an amendment to add \$35,698 from general revenues for 1.0 full-time health policy director to assist in the implementation of the federal health insurance reform. **The Assembly concurred and included the \$35,698 from general revenues for 1.0 full-time health policy director.***

**Other Operations.** The Office requested \$11,578 more than enacted from general revenues for all other operating expenditures. This includes \$8,500 to restore savings for the Lieutenant Governor's vehicle that were not available. The request also includes \$1,000 more than enacted for printing, \$446 more for telephone expenditures, \$150 more for staff travel, \$500 more for American Sign Language translators for a member of the Emergency Management Services Council and \$982 more for other expenses.

As part of its FY 2011 constrained revised request, the Office requested \$300 less for vehicle repairs and \$1,000 less for miscellaneous operating expenses.

*The Governor recommended \$10,596 more than enacted and \$982 less than requested. **The Assembly concurred.***

## Office of Secretary of State

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
Administration	\$ 1,819,331	\$ 1,943,053	\$ 1,944,766	\$ 1,944,766
Corporations	1,729,914	2,070,271	2,110,406	2,110,406
State Archives	539,821	574,651	570,178	570,178
Elections	1,073,893	2,013,831	1,810,758	1,810,758
State Library	545,550	571,887	573,543	573,543
Office of Public Information	291,196	329,581	331,094	331,094
<b>Total</b>	<b>\$ 5,999,705</b>	<b>\$ 7,503,274</b>	<b>\$ 7,340,745</b>	<b>\$ 7,340,745</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 4,606,120	\$ 4,939,660	\$ 4,886,866	\$ 4,886,866
Contracted Services	183,265	557,864	482,865	482,865
<b>Subtotal</b>	<b>\$ 4,789,385</b>	<b>\$ 5,497,524</b>	<b>\$ 5,369,731</b>	<b>\$ 5,369,731</b>
Other State Operations	949,677	1,734,348	1,749,612	1,749,612
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	217,812	251,302	151,302	151,302
Capital	42,831	20,100	70,100	70,100
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 5,999,705</b>	<b>\$ 7,503,274</b>	<b>\$ 7,340,745</b>	<b>\$ 7,340,745</b>
<b>Sources of Funds</b>				
General Revenue	\$ 5,142,949	\$ 6,908,707	\$ 6,754,217	\$ 6,754,217
Federal Aid	397,172	100,000	127,092	127,092
Restricted Receipts	459,584	494,567	459,436	459,436
Other	-	-	-	-
<b>Total</b>	<b>\$ 5,999,705</b>	<b>\$ 7,503,274</b>	<b>\$ 7,340,745</b>	<b>\$ 7,340,745</b>
<b>FTE Authorization</b>	<b>56.5</b>	<b>57.0</b>	<b>57.0</b>	<b>57.0</b>
<b>FTE Average</b>	<b>55.9</b>			

**FY 2011 Revised Request.** The Secretary of State requested revised FY 2011 expenditures of \$7.7 million from all sources, which is \$213,847 more than the enacted budget. This includes \$237,438 more from general revenues, \$1,591 less from federal funds and \$22,040 less from restricted receipts. The request includes full funding for 57.0 full-time equivalent positions, consistent with the enacted authorization.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$91,768 for the Office. The constrained budget submitted by the Office is \$161,121 above that. The proposals to achieve the reductions are noted among the items, described below where appropriate.

*The Governor recommended \$7.3 million from all sources, including \$6.8 million from general revenues. This is \$0.2 million less than enacted and \$0.4 million less than requested. He recommended 57.0 full-time equivalent positions, consistent with the enacted authorization. **The Assembly concurred.***

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Office of the Secretary of State, he assumed savings of \$30,677, including \$7,958 from reduced operating expenses. This is in addition to other program changes in his revised budget and described below. **The Assembly concurred.**

**Election Expenses.** The Secretary of State and Board of Elections requested \$3.6 million from all sources for expenses directly related to elections, including salaries and benefits. This is \$241,927 less than enacted, including \$240,336 less from general revenues and \$1,591 less from federal funds. FY 2011 is an on-year in the two-year election cycle. *The Governor recommended \$3.4 million, \$0.2 million less than requested, including \$0.3 million less from general revenues and \$28,683 more from federal funds. **The Assembly included an additional \$0.1 million from federal funds for an FY 2010 expense that was not paid by the Board until FY 2011, discussed below.***

The enacted budget includes no federal Help America Vote Act funds for the Board and \$100,000 for the Office of the Secretary of State to ensure compliance with the Military and Overseas Voter Empowerment Act for the November 2010 election. The Office was able to use existing resources to accomplish these duties and requests the transfer of \$50,000 to the Board to help offset general revenue expenditures for the maintenance of election equipment; however, the Board did not include the funds. The Office intended to use the remaining \$50,000 along with \$12,000 from general revenues to replace servers in FY 2011. The Secretary of State also requested an additional \$37,300 from a federal grant for a mock election program to simulate federal elections involving high school students. *The Governor recommended \$28,683 more from federal funds for the Secretary of State and did not recommend shifting \$50,000 to the Board of Elections.*

*He subsequently requested two amendments, the first shifts expenditures of \$50,000 from federal funds to general revenues for the Office, to ensure that there are sufficient federal funds for the Board in FY 2012 and the second adds \$109,694 from federal funds for expenditures the Board made in FY 2010, but paid in FY 2011 that were inadvertently omitted. **The Assembly did not concur with the first amendment since the Office's third quarter report indicated sufficient general revenues without the increase and that the extra federal funds would not be needed, and did concur with the additional federal funds for the FY 2010 expenditure.***

The Secretary of State requested \$18,366 more for salaries and benefits, including increases of \$1,376 from general revenues and \$16,817 from federal funds from shifting a general revenue funded position to federal funds for part of the year to administer the mock election program and to assist with preparations for the November election. The revised request also restored the four pay reduction days and fully funded the division's 7.0 full-time equivalent positions, though 1.0 position has been vacant since July 2010. The request also included a reduction of \$2,795 for miscellaneous operating expenses.

As part of its constrained request, the Office reduced expenditures by \$41,022 from general revenues and \$115 from federal funds to reflect the exclusion of the four pay reduction days and funding for 1.0 position that has been vacant since the fiscal year began. It also excluded the \$12,000 requested for

the replacement of servers. *The Governor recommended \$0.2 million less than requested. He did not restore funds for the pay reduction days, vacant position or the replacement of servers. He reduced contracted services by \$0.1 million, including \$60,000 for legal expenses, in addition to \$5,500 for lease costs, \$3,000 for printing expenses, based on actual expenditures after the conclusion of elections.* **The Assembly concurred.**

The Board of Elections requested \$163,224 less from general revenues, including \$33,674 less for salaries and benefits, including turnover savings for the vacant chief auditor position and reduced expenditures for seasonal staff for the November 2010 election offset by an increase for benefit rate changes, though the request appears to have overstated costs for several benefits compared to the Budget Office instructions. Excluding staffing, the Board requested \$127,550 less from general revenues, including \$84,500 less for printing and postal expenses, \$47,400 less for clerical services for the November 2010 election and \$3,650 less from miscellaneous expenditures offset by an increase of \$6,000 for the replacement of 39 computers supplied to the local Board of Canvassers for the November 2010 election. *The Governor recommended funding as requested.* **The Assembly concurred.**

**State Archives.** The Secretary of State's revised request of \$583,825 from all fund sources, is \$9,174 more than enacted for the operation of the state archives, which is funded primarily by the Historical Records Trust Fund. This includes \$31,214 more from general revenues and \$22,040 less from restricted receipts than enacted, reflecting fewer receipts available. The request includes the restoration of the four pay reduction days, updated benefit rates along with retirement benefits for the Office's union employees and expenses for natural gas which were both omitted from the FY 2011 request. The request also includes an increase of \$4,500 to replace computer servers, partially offset by adjustments in overhead, insurance and rental expenses.

As part of its constrained request, the Office included additional reductions of \$9,055 from restricted receipts. This includes \$4,555 less for salaries and benefits for the four pay reduction days and \$4,500 less for the replacement of servers.

*The Governor recommended the requested amount of general revenues and \$13,091 less from restricted receipts. He did not restore funding for the pay reduction days, the replacement of servers or the union employees' retirement benefits and reduced expenditures for utilities by \$1,500.* **The Assembly concurred.**

**Other Salaries and Benefits.** The revised request includes \$161,585 more than enacted from general revenues for all other salary and benefit costs to fully fund the remaining 41.9 full-time equivalent positions. This includes restoring the four pay reduction days, updated benefit rates and \$13,607 more for retirement benefits for union employees which were omitted from the FY 2011 request.

The enacted budget assumed a 12.0 percent or \$11,905 increase to the Secretary of State's salary for the final six months of FY 2011, as based on the Northeast Consumer Price Index estimate for the four previous fiscal years as provided in Rhode Island General Laws. Subsequently, the rate increase was determined to be 9.67 percent. The request assumed the 9.67 percent increase and payment for one furlough day for a total salary of \$104,393 in FY 2011; this is \$774 less than enacted.

The revised request also included full funding for two vacant positions, 1.0 each in the Administration and the Corporations divisions, though the positions have been vacant since the start of FY 2011. The Administration position is fully funded in the enacted budget, but it was the Governor and Assembly's intent to keep the Corporations position vacant, thus it was not funded in the enacted budget.

As part of its constrained request, the Office reduced salaries and benefits by \$113,123 for the four pay reduction days and for expenses related to filling the 2.0 vacant positions discussed above.

*The Governor recommended \$101,356 less than requested and did not restore funding for the four pay reduction days. **The Assembly concurred.***

**State House Tours.** The revised request includes \$12,500 for a contract with Johnson and Wales University to coordinate tours of the State House to the public and all the school districts in Rhode Island. Students volunteer to lead tours, but the University coordinates the schedules of the students and handles their training. There is no funding in the enacted budget for the tours. Past expenditures include \$12,004 in FY 2007, \$11,730 in FY 2008, \$12,330 in FY 2009 and \$12,564 in FY 2010. In FY 2009, 2010 and 2011, the Office requested funding for this item, but neither the Governor nor the Assembly recommended the funding. The Office has spent \$5,556 for the first two academic quarters in FY 2011 for this service. *The Governor did not recommend this funding. **The Assembly concurred.***

**Other Operating Expenses.** The Secretary of State requested \$21,598 more than enacted from general revenues for all other operating expenditures. This includes \$13,980 for the replacement of servers which the Office intends to accomplish over FY 2011 and FY 2012 and \$1,200 for the rental of equipment for the Civic Leadership Awards to accommodate increased capacity. The request also included \$2,500 more for postage, \$700 more for printing and \$5,960 more for other operating expenses, partially offset by reductions of \$2,742 for communications expenditures. *The Governor did not recommend the \$13,980 for the replacement of the servers. **The Assembly concurred.***

## Office of the General Treasurer

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
General Treasurer	\$ 2,433,959	\$ 2,663,619	\$ 2,659,813	\$ 2,767,753
Unclaimed Property	16,482,981	15,789,173	15,131,150	16,839,370
Employees' Retirement System	6,254,227	12,121,419	7,130,899	7,308,224
Crime Victim Compensation	1,564,608	2,444,147	2,430,988	2,453,946
Refunding Bond Authority	25,801	-	-	-
<b>Subtotal</b>	<b>\$ 26,761,576</b>	<b>\$ 33,018,358</b>	<b>\$ 27,352,850</b>	<b>\$ 29,369,293</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 7,050,935	\$ 7,670,916	\$ 7,271,511	\$ 7,271,511
Contracted Services	1,717,928	2,706,401	2,392,896	2,392,896
<b>Subtotal</b>	<b>\$ 8,768,863</b>	<b>\$ 10,377,317</b>	<b>\$ 9,664,407</b>	<b>\$ 9,664,407</b>
Other State Operations	16,584,213	15,917,334	15,444,736	17,109,399
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,326,036	2,163,000	2,163,000	2,163,000
Capital	82,464	4,560,707	80,707	432,487
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 26,761,576</b>	<b>\$ 33,018,358</b>	<b>\$ 27,352,850</b>	<b>\$ 29,369,293</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,072,608	\$ 2,270,649	\$ 2,253,614	\$ 2,342,202
Federal Aid	1,072,595	1,108,180	1,115,608	1,131,024
Restricted Receipts	23,407,229	29,420,614	23,756,475	25,653,498
Other	209,144	218,915	227,153	242,569
<b>Total</b>	<b>\$ 26,761,576</b>	<b>\$ 33,018,358</b>	<b>\$ 27,352,850</b>	<b>\$ 29,369,293</b>
<b>FTE Authorization</b>	<b>79.5</b>	<b>82.0</b>	<b>82.0</b>	<b>82.0</b>
<b>FTE Average</b>	<b>76.8</b>			

**FY 2011 Revised Request.** The Office of the General Treasurer requested \$0.4 million less than enacted from all sources including \$31,338 less from general revenues and the authorized level of 82.0 full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$30,161 for the Office. The budget submitted by the agency is \$1,177 above that. It did not submit a separate constrained budget.

*The Governor recommended \$27.4 million from all sources, which is \$5.7 million less than enacted and \$5.3 million less than requested. General revenues are \$17,035 less than enacted and \$14,303 more than requested.*

**The Assembly added \$0.4 million including \$0.1 million from general revenues for build out costs for the new offices in Warwick. It also added \$1.7 million from restricted receipts to reflect the unclaimed property estimate of the May Revenue Estimating Conference. It concurred with the remainder of the Governor's recommendation.**

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Office of the General Treasurer, he assumes savings of \$10,913 of which \$2,524 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below. **The Assembly concurred.**

**Salaries and Benefits.** The Office requested \$0.2 million less than enacted for all salaries and benefits including \$36,616 less from general revenues. This reflects additional turnover savings from leaving the associate director of planning and policy and an administrative aide position unfilled for six months and 2.0 other positions for the entire year. This also includes restricted receipt savings in the retirement system from eliminating funding for two vacant administrative aide positions and one filled senior administrative assistant position.

*The Governor recommended \$0.1 million less than requested including \$52,102 less from general revenues to account for additional vacancies prior to the new administration taking office, the backfill of several positions at lower levels than the incumbents and changes to allocations to other divisions. The Assembly concurred.*

**Unclaimed Property.** The Office requested \$58,583 in unclaimed property adjustments including the transfer to the state. The request includes \$228,647 less than enacted for the transfer from unclaimed property to the state. Transfers of unclaimed property to the state are shown as expenditures in the Office's operating budget. The November Revenue Estimating Conference adopted an estimate of \$5.3 million, which is \$0.7 million less than enacted and \$0.5 million less than the request because of different estimates on stock sales.

The Office also requested \$8.6 million for payment of unclaimed property claims, which is \$83,091 less than enacted and consistent with the November Revenue Estimating Conference. The request includes an increase of \$0.2 million in the amount of revenues set aside for future claims liability; for FY 2011, that amount represents 28.0 percent of net revenues. The Offices also requested \$14,400 to pay an appraiser to appraise items for sale during the unclaimed property on-line auction each year. The program periodically auctions items from safety deposit boxes on E-Bay.

*The Governor recommended \$0.7 million less than enacted and \$0.6 million less than requested to reflect the November Revenue Estimating Conference estimate. He recommended the \$14,400 to pay appraisers as requested.*

**The Assembly provided an additional \$1.7 million for FY 2011 to reflect the estimate of the May Revenue Estimating Conference. This includes an additional \$1.8 million in transfer to the state General Fund.**

**New Servers.** The Office requested \$30,000 from all funds, \$10,000 from general revenues to upgrade its server configuration for its new office at 50 Service Avenue in Warwick. The current lease on Fountain Street expires on April 30, 2011 and the operations on Fountain Street including the Retirement System will be moving to state-owned land off Jefferson Boulevard in Warwick. The

request includes the purchase of five new servers. *The Governor recommended total funding as requested, but only \$5,000 from general revenues.* **The Assembly concurred.**

**Retirement System Legal Services.** The FY 2011 enacted budget includes \$185,000 from restricted receipts for legal services for the investment division. These services were approximately \$60,000 for FY 2008, \$26,194 for FY 2009 and \$5,775 for FY 2010. Based on anticipated need, the Office requested a decrease of \$135,000 for FY 2011 revised funding of \$50,000. The request also includes the enacted level of \$620,000 for legal services for the administrative unit.

*The Governor recommended funding for the investment division as requested and reduced legal services for the administrative unit by \$200,000 based on prior years' spending. The unit spent \$267,858 for FY 2009 and \$235,492 for FY 2010.* **The Assembly concurred.**

**Retirement Computer System.** The request includes the enacted level of \$4.5 million from restricted receipts to upgrade its membership benefit database, also known as the Anchor System. The System is in the process of receiving bids and is planning a three month bid review period for the spring. It seems unlikely that these funds will be expended during FY 2011. *The Governor recommended removing the \$4.5 million for FY 2011 and shifting it to FY 2012.* **The Assembly concurred.**

**Transition Costs.** The Department of Administration's enacted budget included \$0.1 million from general revenues for transition expenses for elected officials. *The Governor recommended \$36,831 from general revenues for the Office's transition expenses.* **The Assembly concurred.**

**Moving Delay.** The current lease on Fountain Street expires on April 30, 2011 and the operations on Fountain Street including the Retirement System will be moving to 50 Service Avenue in Warwick. The enacted budget assumed two months of rental savings during FY 2011 for savings of \$0.1 million. The move is now scheduled for the beginning of FY 2012.

*The Governor recommended an additional \$0.2 million including \$49,260 from general revenues. This includes \$0.1 million to restore the two months of rental savings as well as funding for new equipment and other moving preparation activities.*

*The Governor requested an amendment to add \$0.4 million for build out costs for the offices in Warwick. This represents 66 percent of the total build out expense; the remainder is requested for FY 2012. Of the \$0.4 million, \$0.1 million is from general revenues.* **The Assembly concurred.**

**Other Operating Adjustments.** The Office requested \$9,296 more than enacted, including \$4,722 less from general revenues for all other expenses including legal and other contracted services. *The Governor recommended an additional \$28,245 including \$3,773 less from general revenues for miscellaneous operating expenses.* **The Assembly concurred.**





## Rhode Island Board of Elections

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 957,234	\$ 1,213,920	\$ 1,081,309	\$ 1,081,309
Contracted Professional Services	120,728	461,002	302,664	412,358
<b>Subtotal</b>	<b>\$ 1,077,962</b>	<b>\$ 1,674,922</b>	<b>\$ 1,383,973</b>	<b>\$ 1,493,667</b>
Other State Operations	120,750	258,049	149,149	149,149
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	3,500	2,000,000	1,655,710	1,655,710
Capital	-	25,000	31,000	31,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,202,212</b>	<b>\$ 3,957,971</b>	<b>\$ 3,219,832</b>	<b>\$ 3,329,526</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,092,281	\$ 3,957,971	\$ 3,219,832	\$ 3,219,832
Federal Aid	109,931	-	-	109,694
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,202,212</b>	<b>\$ 3,957,971</b>	<b>\$ 3,219,832</b>	<b>\$ 3,329,526</b>
<b>FTE Authorization</b>	<b>11.5</b>	<b>12.0</b>	<b>11.0</b>	<b>11.0</b>
<b>FTE Average</b>	<b>11.3</b>			

**FY 2011 Revised Request.** The Rhode Island Board of Elections requested \$594,912 less from general revenues than enacted. The request includes 12.0 full-time equivalent positions, consistent with the enacted authorization.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$52,574 for the agency. The budget submitted by the Board is \$542,338 below that, so the Board did not submit a constrained request.

*The Governor recommended \$3.2 million from general revenues, which is \$0.7 million less than enacted and \$0.1 million less than requested. He included 11.0 positions, which is one less than the enacted authorization and the request. **The Assembly provided \$3.3 million, including \$3.2 million from general revenues and 11.0 positions.***

**Salaries and Benefits.** The request includes \$33,674 less from general revenues than enacted for salaries and benefits for 12.0 full-time equivalent positions. The request includes \$109,040 in turnover savings for the vacant chief auditor position, which has been vacant since FY 2009 and a reduction of \$43,000 for seasonal staff for the November 2010 election. The request includes an increase of \$118,366 for all other salaries and benefits, though the request appears to overstate costs for several benefits compared to the Budget Office instructions.

*The Governor recommended \$98,937 less than the request for salaries and benefits. This change included eliminating the authorization and funding for the vacant chief auditor position. **The Assembly concurred.***

**Public Financing of Elections.** The Board requested \$405,000 less from general revenues for the matching public funds campaign finance program, required by Rhode Island General Law 17-25-19 for total expenditures of \$1.7 million, including \$105,000 less for auditing expenses. *The Governor recommended \$44,290 less than requested based on actual expenditures, which were completed after the request was submitted. **The Assembly concurred.***

**Election Expenses.** The Board of Elections and Secretary of State requested \$1.8 million from all sources for expenses directly related to elections, excluding salaries and benefits, which is \$136,753 less than enacted. This includes \$118,345 less from general revenues and \$18,408 less from federal funds. FY 2011 is an on-year in the two-year election cycle. Including salaries and benefits, the Secretary of State and Board of Elections requested \$585,922 less than enacted from all funds, which is \$584,331 less from general revenues and \$1,591 less from federal funds. *The Governor recommended funding essentially as requested. **The Assembly included an additional \$0.1 million from federal funds for an FY 2010 expense that was not paid by the Board until FY 2011, discussed below.***

The enacted budget contains no federal Help America Vote Act funds for the Board and \$0.1 million for the Office of the Secretary of State. The Office's revised request transferred \$50,000 to the Board to help offset general revenue expenditures for the maintenance of election equipment; however, the Board did not include the funds. The Secretary of State also requested an additional \$28,748 from a federal grant for a mock election program to simulate federal elections involving high school students to promote voter participation and education. *The Governor recommended \$28,683 more from federal funds for the Secretary of State and did not recommend shifting \$50,000 to the Board of Elections until FY 2012.*

*He subsequently requested two amendments, the first to shift expenditures of \$50,000 from federal funds to general revenues for the Office, to ensure that there are sufficient federal funds for the Board in FY 2012 and the second to add \$109,694 from federal funds for expenditures the Board made in FY 2010, but paid in FY 2011 that were inadvertently omitted. **The Assembly did not concur with the first amendment since the Office's third quarter report indicated sufficient general revenues without the increase and that the extra federal funds would not be needed, and did concur with the additional federal funds for the FY 2010 expenditure.***

The Board of Elections requested \$129,550 less from general revenues, excluding salaries and benefits. Savings include \$84,500 from printing and postal expenses, \$47,400 for clerical services for the November 2010 election and \$3,650 for miscellaneous expenditures offset by an increase of \$6,000 for the upgrade and replacement of 39 computers supplied to the local Board of Canvassers for the November 2010 election. *The Governor recommended funding as requested. **The Assembly concurred.***

The Secretary of State requested \$9,203 less from all funds for expenses of regular elections, excluding salaries and benefits, which is \$9,205 more from general revenues and \$18,592 less from federal funds. This includes \$12,000 more from general revenues for the partial replacement of computers and servers which the Office intends to accomplish over FY 2011 and FY 2012, offset by a reduction of \$2,795 for miscellaneous expenses. *The Governor recommended \$0.1 million less than*

*requested, primarily from general revenues. He did not include funding for the replacement of servers and included further reductions of \$60,000 for legal expenses, \$15,864 for information technology support, \$5,500 for lease costs, \$3,000 for printing expenses and \$3,000 for interpreters and translators, based on actual expenditures after the conclusion of elections. **The Assembly concurred.***

**Other Operating Expenses.** The Board of Elections requested \$26,688 less from general revenues than enacted for all other operations. This includes decreases of \$7,900 for maintenance and repairs, \$7,100 for mileage and travel expenses, and \$11,688 less for other miscellaneous expenditures. *The Governor recommended funding as requested. **The Assembly concurred.***



## Rhode Island Ethics Commission

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,185,540	\$ 1,263,231	\$ 1,243,783	\$ 1,243,783
Contracted Services	25,888	34,500	34,500	34,500
<b>Subtotal</b>	<b>\$ 1,211,428</b>	<b>\$ 1,297,731</b>	<b>\$ 1,278,283</b>	<b>\$ 1,278,283</b>
Other State Operations	149,389	177,635	167,968	167,968
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	5,195	7,293	8,618	8,618
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,366,012</b>	<b>\$ 1,482,659</b>	<b>\$ 1,454,869</b>	<b>\$ 1,454,869</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,366,012	\$ 1,482,659	\$ 1,454,869	\$ 1,454,869
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,366,012</b>	<b>\$ 1,482,659</b>	<b>\$ 1,454,869</b>	<b>\$ 1,454,869</b>
<b>FTE Authorization</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>
<b>Average FTE</b>	<b>12.0</b>			

**FY 2011 Revised Request.** The Commission requested \$1.5 million from general revenues for FY 2011, which is \$25,989 less than enacted. The Commission requested 12.0 full-time equivalent positions, the authorized level.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$19,719 for the Commission. The Commission did not submit a constrained budget; however, its current service budget is \$6,295 below the Budget Office target.

*The Governor recommended \$27,790 less than enacted and \$1,801 less than requested. The Assembly concurred.*

**Staffing and Operations.** The Commission requested \$25,989 less than enacted for salaries and benefits and operating expenses. Salary and benefit costs decrease by \$25,483, of which \$12,850 is for turnover savings achieved from keeping a staff attorney position vacant for four pay periods and the remainder is benefit changes consistent with the FY 2011 planning values. The request includes \$506 less than enacted for all other state operations.

*The Governor recommended \$6,035 more than requested for salary and benefit expenses to accurately reflect the Commission's needs based upon revised projections offset by operating reductions of \$7,836. These include reductions for office expenses and staff training. **The Assembly concurred.***

## Office of the Governor

	FY 2010	FY 2011	FY 2011	FY 2011
	Reported	Enacted	Revised	Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 4,808,438	\$ 5,190,439	\$ 4,550,775	\$ 4,487,515
Contracted Services	111,407	382,000	51,250	51,250
<b>Subtotal</b>	<b>\$ 4,919,845</b>	<b>\$ 5,572,439</b>	<b>\$ 4,602,025</b>	<b>\$ 4,538,765</b>
Other State Operations	297,828	347,135	322,789	314,842
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	28,000	250,000	250,000	250,000
Capital	4,119	11,000	20,325	20,325
Capital Debt Service	-	-	-	-
Operating Transfers	70,481	70,578	72,055	72,055
<b>Total</b>	<b>\$ 5,320,273</b>	<b>\$ 6,251,152</b>	<b>\$ 5,267,194</b>	<b>\$ 5,195,987</b>
<b>Sources of Funds</b>				
General Revenue	\$ 4,344,370	\$ 4,752,606	\$ 4,414,905	\$ 4,343,698
Federal Aid	55,161	-	132,605	132,605
Restricted Receipts	920,742	1,498,546	719,684	719,684
Other	-	-	-	-
<b>Total</b>	<b>\$ 5,320,273</b>	<b>\$ 6,251,152</b>	<b>\$ 5,267,194</b>	<b>\$ 5,195,987</b>
<b>FTE Authorization</b>	<b>44.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>
<b>FTE Average</b>	<b>35.9</b>			

**FY 2011 Revised Request.** The Office requested FY 2011 revised expenditures of \$5.6 million from all funds and staffing of 45.0 full-time positions. The request is \$0.6 million less than enacted, including new expenditures of \$0.1 million from federal funds, and decreases of \$0.2 million from general revenues and \$0.7 million from restricted receipts. The staffing request is consistent with the authorized level.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$63,129 for the Office. The budget request meets that and more. The proposals to achieve the reductions are noted among the items described below where appropriate.

*The Governor recommended \$5.3 million from all sources, which is \$1.0 million less than enacted and \$0.4 million less than requested, of which \$0.3 million is from general revenues. He recommended staffing consistent with the enacted level. **The Assembly concurred, with the exception of reducing expenditures by \$71,207 to reflect projected savings.***

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Office,



he assumed savings of \$20,870 of which \$19,306 is from turnover. This is in addition to other program changes in his revised budget and described below. **The Assembly concurred.**

**Office of Economic Recovery and Reinvestment.** The Office requested revised expenditures of \$0.8 million from restricted receipts to fund 6.0 positions and four interns to support the Office of Economic Recovery and Reinvestment and operating expenses. This is \$0.7 million less than enacted, including \$0.4 million less for salaries and benefits to reflect turnover savings. The remaining reduction of \$0.4 million includes the removal of \$220,000 budgeted for three temporary positions that the Office had planned to hire through ADIL and \$110,000 less for contractual obligation with KPMG to develop processes and procedures for monitoring and managing the federal stimulus funds. The request maintains the enacted amount of \$70,758 that is transferred to the Economic Development Corporation to fund a position that is providing services to the Office.

*The Governor further reduced the request by \$61,810, of which \$56,392 is to reflect additional turnover savings and \$5,418 is from state operations. The recommendation assumes full funding for 3.0 positions; however, maintains the authorized staffing level.* **The Assembly concurred.**

**Transition Expenses.** The FY 2011 enacted budget includes expenditures of \$0.1 million for transition expenses in the Department of Administration to be allocated to the Office of the Governor, General Treasurer and the Office of the Attorney General. Rhode Island General Law 36-1-2.1 requires that all newly elected general officers, prior to their engagement of office, shall be entitled to space for transition staff and adequate funds from the outgoing general office from the budget of that department for use to hire transition staff, obtain office supplies and equipment.

*The FY 2011 revised budget includes total transition expenses of \$207,625, of which \$126,864 was incurred by the Office of the Governor.* **The Assembly concurred.**

**Other Salaries and Benefits.** The Office requested \$18,392 less than enacted to support the remaining 39.0 full-time equivalent positions. The request includes new expenditures of \$132,605 from federal funds and a reduction of \$150,997 from general revenues to reflect the shift of a general revenue funded position to federal stimulus funds available from the Office of Energy Resources. Consistent with the enacted budget, the request assumes \$0.3 million in turnover savings. Since the beginning of the fiscal year, the Office had an average of 7.0 positions vacant. The request assumes filling these positions in January 2011.

*The Governor recommended \$3.9 million from all funds, which reduces the request by \$0.3 million to reflect funding for 29.0 filled positions at the first step with no longevity increases. The recommendation assumes \$64,815 in turnover savings.* **The Assembly included \$63,260 in additional turnover savings.**

**Contingency Fund.** The request includes the enacted amount of \$250,000 from the contingency fund. The funds may be used for expenditures in any state department or agency where funding is insufficient, or where such requirements are due to unforeseen conditions or are non-recurring items of an unusual nature. *The Governor recommended the \$250,000, consistent with the enacted budget.* **The Assembly concurred.**

**All Other Operations.** The Office requested \$0.3 million from general revenues for all other operating costs, \$7,000 less than enacted for general office supplies to reflect anticipated expenditures. *The Governor further reduced expenditures by \$3,205.* **The Assembly provided \$8,947 less to reflect projected savings.**

## Rhode Island Commission for Human Rights

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,048,390	\$ 1,116,262	\$ 1,149,290	\$ 1,138,591
Contracted Services	6,739	8,400	6,950	6,950
<b>Subtotal</b>	<b>\$ 1,055,129</b>	<b>\$ 1,124,662</b>	<b>\$ 1,156,240</b>	<b>\$ 1,145,541</b>
Other State Operations	229,112	247,005	230,674	230,674
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,284,241</b>	<b>\$ 1,371,667</b>	<b>\$ 1,386,914</b>	<b>\$ 1,376,215</b>
<b>Sources of Funds</b>				
General Revenue	\$ 959,253	\$ 1,014,978	\$ 1,222,547	\$ 1,211,848
Federal Aid	324,988	356,689	164,367	164,367
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,284,241</b>	<b>\$ 1,371,667</b>	<b>\$ 1,386,914</b>	<b>\$ 1,376,215</b>
<b>FTE Authorization</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>

**FY 2011 Revised Request.** The Commission requested \$56,914 more than enacted from all sources, including \$249,236 more from general revenues, \$192,322 less from federal funds, and the enacted level of authorized positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$13,482 for the Commission. The constrained budget submitted by the Commission meets the target.

*The Governor recommended \$1.4 million from all sources, which is \$41,667 less than requested and \$15,247 more than enacted. General revenues are \$207,569 more than enacted and \$41,667 less than requested. The Assembly provided total expenditures of \$1.4 million, \$10,699 less than recommended.*

**Federal Receipts.** The enacted budget assumes that federal receipts available to be spent in FY 2011 would be \$356,689, but the estimate was too high. Although the Governor's recommendation assumed federal funds below what the Commission requested, there was still potential for a shortfall. The Assembly enacted the Commission's budget based on the Governor's recommendation.

The Commission's FY 2011 revised budget reduced the federal receipts by \$192,322 to \$164,367 to adjust for the shortfall. *The Governor recommended funding as requested. The Assembly concurred.*

**Salaries and Benefits.** The Commission requested \$74,685 more for salaries and benefits, including \$217,411 more from general revenues to backfill a portion of the federal funds shortfall. The Commission's request includes \$41,666 to fund the vacant 0.5 senior compliance officer position, starting July 1, 2010. The request also adjusts medical benefits for an employee who previously chose to waive them and incorrectly adds back \$10,699 from all funds for the six month deferred cost-of-living adjustment.

As part of its constrained budget request, the Commission proposed to eliminate 4.1 positions to save \$258,191.

*The Governor reduced requested funding by \$41,667 for the vacant 0.5 senior compliance officer position. He did not adjust for overstatement of the cost-of-living adjustment. **The Assembly did reduce funding by \$10,699, including \$8,101 from general revenues to adjust the overstatement.***

**Other Operations.** The Commission requested \$237,624, \$31,825 more from general revenues and \$49,606 less from federal funds for other operations. The \$17,771 of expenditure adjustments includes reduction to subscriptions, telecommunication services, office maintenance and repairs and other office expenses. The Commission indicated that the request is consistent with actual experience.

As part of its constrained budget request, the Commission requested \$4,527 less for telephone and internet expenses for total funding of \$1,673; however the Commission spent \$6,000 in FY 2010 and \$7,153 in FY 2009.

*The Governor's recommendation is consistent with the revised request. **The Assembly concurred.***

## Public Utilities Commission

	FY 2010	FY 2011	FY 2011	FY 2011
	Reported	Enacted	Revised	Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 4,429,327	\$ 5,011,124	\$ 5,025,688	\$ 5,025,688
Contracted Services	940,054	1,718,143	1,717,693	1,717,693
<b>Subtotal</b>	<b>\$ 5,369,381</b>	<b>\$ 6,729,267</b>	<b>\$ 6,743,381</b>	<b>\$ 6,743,381</b>
Other State Operations	574,986	947,052	920,741	920,741
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	336	337	337	337
Capital	45,273	50,000	50,561	50,561
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 5,989,976</b>	<b>\$ 7,726,656</b>	<b>\$ 7,715,020</b>	<b>\$ 7,715,020</b>
<b>Sources of Funds</b>				
General Revenue	-	-	-	-
Federal Aid	105,097	296,330	296,330	296,330
Restricted Receipts	5,884,879	7,430,326	7,418,690	7,418,690
Other	-	-	-	-
<b>Total</b>	<b>\$ 5,989,976</b>	<b>\$ 7,726,656</b>	<b>\$ 7,715,020</b>	<b>\$ 7,715,020</b>
<b>FTE Authorization</b>	<b>45.0</b>	<b>46.0</b>	<b>46.0</b>	<b>46.00</b>
<b>FTE Average</b>	<b>44.6</b>			

**FY 2011 Revised Request.** The Public Utilities Commission requested \$11,636 less than enacted from restricted receipts and the enacted level of full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. The Commission's budget does not include any general revenues. *The Governor recommended funding and the enacted level of positions as requested.* **The Assembly concurred.**

**Salaries and Benefits.** The Commission requested \$14,564 more than enacted for salaries and benefits, including \$21,971 more from restricted receipts and \$7,407 less from federal funds. This includes \$17,500 more for overtime expenses for enforcement of the unified carrier registration program and to address an increase in hearing requests when there is no moratorium for utility shut offs. It also includes adjustments to benefit rates consistent with Budget Office planning values and assumes \$2,792 from additional turnover savings. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Operations.** The Commission requested \$26,200 less than enacted from all sources for other adjustments. This includes \$33,607 less from restricted receipts and \$7,407 more from federal funds and reflects an increase in maintenance, printing and supply expenses as well as training and travel as

required by stimulus funds offset by other operating reductions. *The Governor recommended funding as requested.* **The Assembly concurred.**

## Office of Health and Human Services

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 6,276,939	\$ 6,602,402	\$ 5,894,301	\$ 5,881,006
Contracted Services	1,625,864	494,200	1,832,183	1,832,183
<b>Subtotal</b>	<b>\$ 7,902,803</b>	<b>\$ 7,096,602</b>	<b>\$ 7,726,484</b>	<b>\$ 7,713,189</b>
Other State Operations	74,382	71,107	15,501	14,501
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 7,977,185</b>	<b>\$ 7,167,709</b>	<b>\$ 7,741,985</b>	<b>\$ 7,727,690</b>
<b>Sources of Funds</b>				
General Revenue	\$ 3,263,120	\$ 3,420,163	\$ 3,541,112	\$ 3,526,817
Federal Aid	3,853,419	2,873,533	3,309,016	3,309,016
Restricted Receipts	860,646	874,013	891,857	891,857
Other	-	-	-	-
<b>Total</b>	<b>\$ 7,977,185</b>	<b>\$ 7,167,709</b>	<b>\$ 7,741,985</b>	<b>\$ 7,727,690</b>
<b>FTE Authorization</b>	<b>52.9</b>	<b>75.6</b>	<b>77.6</b>	<b>77.6</b>
<b>FTE Average</b>	<b>43.3</b>			

**FY 2011 Revised Request.** The Office requested \$405,694 more from all sources, including \$46,903 less from general revenues and the current level of authorized positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$45,430 for the Office. The current services budget is \$1,473 below that target and therefore the Office did not submit a separate constrained request. *The Governor added \$0.2 million primarily from general revenues for two new positions. The Assembly reduced general revenues by \$14,295 based on the Office's third quarter report and concurred with the remainder of the recommendation.*

**Medicaid Expenses - National/State Comparison.** The following table compares national and state 2008 Medicaid spending. By percentage, Rhode Island's enrollment of children (children enrolled in the state's RItE Care population) is lower than the national average while enrollment of adults (parents enrolled in the RItE Care program) is slightly higher. 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 Department of Human Services' budget.

For blind/disabled individuals, including children and adults, 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 Department of Human Services, Department of Behavioral Healthcare, Developmental Disabilities and Hospitals and the Department of Children, Youth and Families.

Enrollment for the aged population is slightly lower than the national average but higher than the national average percent of total expense and cost per enrollee. Expenses supporting this population are in the Departments of Human Services and Elderly Affairs.

Medicaid Expenses	Enrollees		Percent of Enrollees		Expenses*		Percent of Expenses		Cost Per Enrollee	
	US *	RI	US	RI	US	RI	US	RI	US	RI
Population	23.5	80,052	48.9%	44.4%	\$ 57,100	\$ 228.0	19.4%	13.5%	\$ 2,435	\$ 2,848
Children	11.1	42,110	23.1%	23.4%	39,700	170.5	13.5%	10.1%	3,586	4,048
Adults	8.5	40,360	17.7%	22.4%	126,700	865.0	43.0%	51.4%	14,858	21,433
Blind/Disabled	5.0	17,795	10.4%	9.9%	70,900	420.8	24.1%	25.0%	14,058	23,647
Aged	48.1	180,317	100%	100%	\$294,400	\$1,684.3	100%	100%	\$ 6,120	\$9,341
Total										

\* in millions

**Federal Poverty Guidelines.** The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Office of Health and Human Services. The 2010 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income									
Family Size	125%	150%	175%	180%	185%	200%	225%	235%	250%
1	\$13,538	\$16,245	\$18,953	\$19,494	\$20,036	\$21,660	\$ 24,368	\$ 25,451	\$27,075
2	18,213	21,855	25,498	26,226	26,955	29,140	32,783	34,240	36,425
3	22,888	27,465	32,043	32,958	33,874	36,620	41,198	43,029	45,775
4	27,563	33,075	38,588	39,690	40,793	44,100	49,613	51,818	55,125
5	32,238	38,685	45,133	46,422	47,712	51,580	58,028	60,607	64,475
6	36,913	44,295	51,678	53,154	54,631	59,060	66,443	69,396	73,825
7	41,588	49,905	58,223	59,886	61,550	66,540	74,858	78,185	83,175
8	46,263	55,515	64,768	66,618	68,469	74,020	83,273	86,974	92,525

*For families with more than 8 members, add \$3,740 for each additional member for the 100 percent calculation.*

**Staffing.** The Office requested the current level of 75.6 authorized positions; however, the FY 2011 enacted budget funds 22.0 of the Office positions through the Department of Human Services' budget. The FY 2010 budget also supported the staff but the 22.0 positions were transferred to the Department of Human Services' budget. The positions were not transferred in the Office's FY 2011 enacted budget, but the disparity persists and the Office's revised request does not correct for this. *The Governor added a deputy secretary and administrative and legal support services administrator to the office's authorized staffing levels.* **The Assembly concurred.**

**Salaries and Benefits.** The Office requested \$0.9 million less than enacted from all sources, including \$13,225 less from general revenues for salaries and benefits. The request accounts for federal funds that are overstated in the enacted budget and other adjustments to fund 52.6 positions, leaving one vacant. *The Governor added \$0.2 million from general revenues for the new positions and concurred with the remainder of the request.* **The Assembly reduced salary and benefit expenses by \$13,295 based on the office's third quarter report.**

**Medicaid Health Information Exchange Grant.** The Office requested \$1.3 million more from federal funds for total funding of \$1.8 million from the Medicaid Health Information Exchange grant to support a statewide health information exchange network. The project is in coordination with the Department of Human Services and provides funding to HP Enterprises to install web based technology in the state's nursing facilities. Funding is carried forward from FY 2010. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Expenses.** The Office requested \$65,610 less from all sources including \$33,678 less from general revenues for a total of \$7,697 for all other expenses in its revised current services budget. The Office's revised request assumes that many of the expenses that support office operations will be paid for through the Department of Human Services' budget. The Office spent \$31,590 from all sources for operating expenses in FY 2010. *The Governor added \$6,887 for various operating expenses.* **The Assembly reduced operating expenses by \$1,000 based on the office's third quarter report.**





## Department of Children, Youth and Families

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
Central Management	\$ 6,116,163	\$ 6,713,049	\$ 6,200,649	\$ 6,200,649
Child Welfare	173,961,784	168,813,418	166,373,913	166,463,913
Juvenile Corrections	32,951,856	37,325,472	34,722,648	34,742,991
Children's Behavioral Health	20,957,468	24,546,234	22,612,320	22,107,460
Higher Education Opportunity Grants	200,000	200,000	200,000	200,000
<b>Total</b>	<b>\$ 234,187,271</b>	<b>\$ 237,598,173</b>	<b>\$ 230,109,530</b>	<b>\$ 229,715,013</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 63,650,430	\$ 69,253,826	\$ 65,412,342	\$ 65,412,342
Contracted Services	2,400,477	4,183,242	3,254,627	3,384,970
<b>Subtotal</b>	<b>\$ 66,050,907</b>	<b>\$ 73,437,068</b>	<b>\$ 68,666,969</b>	<b>\$ 68,797,312</b>
Other State Operations	9,881,872	8,633,633	8,532,854	8,532,854
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	157,983,052	150,902,492	150,799,372	150,799,372
Capital	271,440	4,624,980	2,110,335	1,585,475
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 234,187,271</b>	<b>\$ 237,598,173</b>	<b>\$ 230,109,530</b>	<b>\$ 229,715,013</b>
<b>Sources of Funds</b>				
General Revenue	\$ 152,920,507	\$ 153,046,095	\$ 152,873,449	\$ 152,893,449
Federal Aid	78,716,490	77,855,163	72,769,129	72,879,472
Restricted Receipts	2,148,242	2,306,915	2,485,137	2,485,137
Other	402,032	4,390,000	1,981,815	1,456,955
<b>Total</b>	<b>\$ 234,187,271</b>	<b>\$ 237,598,173</b>	<b>\$ 230,109,530</b>	<b>\$ 229,715,013</b>
<b>FTE Authorization</b>	<b>691.0</b>	<b>691.0</b>	<b>691.0</b>	<b>691.0</b>
<b>FTE Average</b>	<b>627.5</b>			

**FY 2011 Revised Request.** The Department of Children, Youth and Families' unconstrained request includes \$1.7 million less than enacted from all sources, including \$1.9 million more from general revenues, \$3.9 million less from federal funds, \$0.2 million more from restricted receipts, and the enacted level of full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$2.0 million for the Department. The constrained budget submitted by the Department is \$1.4 million above that. The proposals to achieve the reductions are noted among the items described where appropriate. *The Governor recommended \$7.5 million less than enacted, including \$0.2 million less from general revenues, \$5.1 million less from federal funds, \$0.2 million more from restricted receipts, and \$2.4 million less from*

*Rhode Island Capital Plan funds. He included the enacted level of 691.1 full-time equivalent positions. The Assembly concurred; however, reduced Rhode Island Capital Plan funds by \$0.5 million to reflect revised spending projections.*

**Stimulus – Enhanced Medicaid.** The enacted budget includes general revenue savings of \$215.1 million from the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. Of the total savings, \$107.6 million, including \$3.7 million in the Department of Children, Youth and Families' budget, is based on the assumption that the same rate would be extended six months until June 30, 2011. The federal government authorized the extension but at a lower rate. The updated state savings of \$70.3 million results in a \$37.3 million shortfall, of which \$2.0 million is for the Department of Children, Youth and Families. The Department's request backfills the loss of federal funds. *The Governor recommended funding as requested. The Assembly concurred.*

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Children, Youth and Families, he assumed savings of \$282,087, of which \$37,343 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below. **The Assembly concurred.**

### Staffing

**Salaries and Benefits – Juvenile Corrections.** The Department requested \$0.3 million more than enacted for salaries and benefits in the Juvenile Corrections program primarily from general revenues. The Department's request includes medical benefit and retirement rate adjustments consistent with Budget Office planning values totaling \$160,482 from all sources, offset by \$734,586 of additional turnover savings. The request also includes an additional \$0.9 million from general revenues for overtime expenses at the training school. The enacted budget includes turnover savings of \$1.3 million or approximately 13 positions. The additional turnover savings account for approximately 8.0 positions. As of pay period ending December 9, this program had 30.0 vacant positions. There may be additional turnover savings available if positions are held vacant. *The Governor reduced the Department's request by \$0.3 million to reflect additional turnover savings. The Assembly concurred.*

**Salaries and Benefits – Child Welfare.** The Department requested \$3.2 million less than enacted for salaries and benefits in the Child Welfare program from all sources, including \$2.4 million less from general revenues and \$0.8 million less from federal funds. The Department's request includes medical benefit and retirement rate adjustments consistent with Budget Office planning values totaling \$0.2 million from all sources, offset by turnover savings of \$1.2 million and \$2.2 million in savings from hiring a class of social workers at a lower rate. The enacted budget includes turnover savings of \$1.5 million or approximately 15 positions. The additional turnover savings account for approximately 12.0 positions. As of pay period ending December 9, this program had 38.0 vacant positions. There may be additional turnover savings available if positions are held vacant. *The Governor reduced the Department's request by \$0.3 million to reflect additional turnover savings. The Assembly concurred.*

**Salaries and Benefits – Behavioral Health.** The Department requested \$0.2 million less than enacted from all sources for salaries and benefits in the Behavioral Health program, including \$135,389 less from general revenues and \$53,161 less from federal funds. The Department's request includes medical benefit and retirement rate adjustments consistent with Budget Office planning values totaling \$5,906 from all sources, offset by reductions of \$86,185 from vacancy savings and \$108,271 from filling positions at lower rates. The enacted budget includes turnover savings of \$0.1 million or approximately 1.0 position. The

additional turnover savings account for less than 1.0 position. As of pay period ending December 9, this program had 1.0 vacant position. *The Governor recommended reducing turnover savings by \$29,875 to more accurately reflect vacancies.* **The Assembly concurred.**

**Salaries and Benefits – Central Management.** The Department requested \$16,473 less than enacted for salaries and benefits in the Central Management program, including \$85,782 less from general revenues and \$69,309 more from federal funds. The Department's request includes medical benefit and retirement rate adjustments consistent with Budget Office planning values totaling \$29,498 from all sources, offset by turnover savings of \$227,664 and an additional \$181,693 available from federal funds. The enacted budget includes turnover savings of \$0.2 million or approximately 2.0 positions. The additional turnover savings account for approximately 2.5 positions. As of pay period ending December 9, this program did not have any vacant positions.

*The Governor recommended \$0.3 million more than enacted, including \$0.1 million from general revenues. He shifted turnover savings from this program to the Juvenile Corrections and Child Welfare programs to more accurately reflect vacancies. As of pay period ending February 12, all positions in this program were filled.* **The Assembly concurred.**

### Placements

**18 to 21 Year Olds.** The Department requested \$14.9 million for services provided to youth between 18 and 21 years old. This is \$0.7 million more than enacted, including \$2.8 million more from general revenues and \$2.1 million less from federal funds, and is consistent with the Department's first quarter report and actual FY 2010 expenses. The Department indicated that it overestimated the amount of services that would be eligible for Medicaid reimbursement. At the end of the first quarter there were 225 youth being served. At the close of FY 2010, the Department was providing services to approximately 259 youth in this age group; 276 youth were being served at the close of FY 2009. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Purchased Placements.** The Department requested \$4.3 million less from all sources, \$3.6 million less from general revenues and \$0.6 million less from federal funds. The number of purchased placements has decreased from an average of 337 in FY 2010 to 308 at the end of the first quarter in FY 2011. Purchased placements include in-state and out-of-state residential placements, as well as specialized foster care. The Department indicated that it underestimated the amount of services that would be eligible for Medicaid reimbursement. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Foster Care and Adoption Services.** The Department requested \$0.5 million less than enacted primarily from general revenues for foster care and adoption services. The Department indicated that the estimate is based on actual expenditures from FY 2010. This reduction is consistent with the Department's focus on moving youth from foster care placements to permanent residency. This is consistent with the Department's first quarter report and with actual FY 2010 expenses. Foster care placements averaged 1,065 at the end of the second quarter in FY 2011. The average placements for FY 2010 and FY 2009 were 1,081 and 1,158 respectively. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Family Service Units/Child Protective Services.** The Department requested \$45,886 less from general revenues for the four family service units and for child protective services. The family service units are located in Providence, Bristol, North Kingstown, and Pawtucket. The offices are located around the state because it allows social workers better access to families in crisis and to the major

agency providers whose services supplement and support the Department's efforts to improve family functioning. The goal of these units is to work with families to prevent removing children from their homes. This is consistent with the Department's first quarter report and with actual FY 2010 expenses. *The Governor recommended funding as requested. The Assembly concurred.*

**Independent Living Program.** The Department requested \$0.6 million more from federal funds for the Independent Living Program. This program provides services to youth between the ages of 16 and 18 that are transitioning from the Department's care. These services include vocational training, work experience, and day-to-day experiences, such as managing financial, medical, housing, transportation, and recreation needs. The additional funds are from a balance carried forward from FY 2010. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Child Welfare Community Based Services.** The Department requested \$14,087 more from all sources, including \$0.4 million less from general revenues and \$0.2 million more from both federal funds and restricted receipts for other community based services in the Child Welfare program. General revenue savings are the result of many of the services being duplicated in the Family Care and Community Partnership program, which is included in the Child Welfare residential placements item. The increase in federal funds and restricted receipts are the result of carry forward balances from federal grants. These services are designed to prevent family dysfunction, abuse, neglect, and to preserve children's placements in their own homes and in foster homes. Additionally, community based services are designed to divert adolescents from the Juvenile Justice System and intensive supervision services. This is consistent with the Department's first quarter report. *The Governor recommended funding as requested. The Assembly concurred.*

**Child Welfare Residential Placements.** The Department's current service request is \$8.4 million more from all sources for Child Welfare residential placements, including \$7.7 million more from general revenues. The enacted budget includes \$9.7 million in savings from building a network of community based providers that will strengthen supports provided to children and families with the goal of reducing the length of time that children are in out-of-home placements. The Department does not believe it will achieve all of the proposed savings.

At the end of the first quarter, it had an average of 721 placements filled. During FY 2010, there was an average of 760 placements filled. During FY 2008 and FY 2009, there was an average of 895 and 825 placements filled, respectively. Services offered include emergency shelters, group homes, residential treatment centers, supervised apartment programs, therapeutic foster care programs, and independent living programs at over 70 locations. *The Governor recommended funding as requested. The Assembly concurred.*

**Behavioral Health Residential Placements.** The Department requested \$1.5 million less than enacted for Behavioral Health residential placements based on redesigned services. This includes \$0.9 million less from general revenues and \$0.6 million less from federal funds. The Department indicated that although it has continued to reduce residential placements, these savings are offset by a corresponding increase in residential placements in the Child Welfare program. Residential treatment services for seriously behaviorally disturbed youth include around the clock treatment and programs tailored to individual, group and family therapy, behavior modification, special education and recreational therapy.

At the end of the first quarter, it had an average of 721 placements filled. During FY 2010, there was an average of 760 placements filled. During FY 2008 and FY 2009, there was an average of 895 and 825 placements filled, respectively. *The Governor recommended \$0.6 million more than requested from general revenues to reflect funding for the Kids Link hotline that was excluded from the request.*

*This is a 24 hour, seven days a week emergency hotline. The intent of the hotline is to reduce psychiatric hospital admissions. **The Assembly concurred.***

**Target - Residential Reductions.** The Department's constrained request includes reducing expenses for residential placements in both the Child Welfare and the Behavioral Health programs by \$2.6 million. Effective January 15, 2011 the Department will only be approving residential placements for a period of 90 days, with a 30 day extension for just cause. In doing so, the Department will be working closely with providers to ensure that discharge planning and implementation begins on day one with a full discharge plan in place no later than 60 days into the placement. The Department also proposed to close three emergency shelters on January 15, 2011. These providers had been notified of the conclusion of the contracts. The youth in these placements were to be transitioned into foster care placements. Subsequent to its budget submission, the Department delayed the closing date to February 28, 2011 to allow the acting director of the Department time to meet with the providers and determine if closing the shelters is the best option. It had not provided a plan on how it will make up the savings that were to be achieved from January 15 to February 28.

*The Governor recommended savings of \$2.1 million from general revenues, \$0.5 million less than requested. He did not recommend closing any emergency shelters. **The Assembly concurred.***

**Behavioral Health Community Based Services.** The Department requested \$3.9 million from all sources for community based services in the Behavioral Health program. This is \$1.8 million less than enacted, including \$0.9 million from both general revenues and federal funds. This includes funding for Project Hope and Project Reach. Project Hope is an aftercare program that targets youth with emotional disturbances who are returning to their homes and communities from the Rhode Island Training School. Project Reach provides wraparound services through community mental health centers. These programs are eligible for a Medicaid match through the global waiver. Funding for Project Hope has been reduced because many of the services that the program provides are duplicated in the Family Care and Community Partnership programs, which is included in the Child Welfare residential programs item for which expenses have increased.

*The Governor recommended funding as requested. He subsequently requested an amendment to shift \$20,000 from federal funds from FY 2012 to FY 2011 for the Olmstead grant which supports families with children who experience or are at risk for behavioral, emotional, or mental health challenges. **The Assembly concurred.***

**Positive Education Partnerships.** The Department requested an additional \$0.8 million from federal funds for the Positive Education Partnerships grant. This increase represents funds carried forward from FY 2010. This grant funds a network of providers that facilitate community-based services and supports that help with the challenges of children and youth with serious mental health needs and their families. *The Governor recommended funding as requested. **The Assembly concurred.***

### **Juvenile Justice Programs**

**Training School Placements.** The Department requested \$1.2 million less for expenditures for juveniles at the training school. This includes \$0.7 million less from general revenues and \$0.5 million less from federal funds. This is consistent with FY 2010 actual expenditures and the Department's first quarter report. The Department indicated that the population at the training school continues to decline. As of July 1, 2010 there were 115 males and 21 females at the training school. The 2008 Assembly instituted a cap on the number of detained and adjudicated youth at the training

school of 148 boys and 12 girls. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Probation and Parole.** The Department requested \$1.3 million more from all sources, including \$1.1 million more from general revenues and \$0.2 million more from federal funds for youth that are released from the training school and require some period of supervision in a community based program. The Department indicated that the cost of treating juveniles in the community is significantly less than keeping them in a residential placement; however, as more youth move from the training school the total cost of community based programs will increase. These services include day programs, youth diversionary programs, and community-based residential placements. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Training School – Operating Expenses.** The Department requested \$0.1 million less than enacted for operating expenses at the training school, including \$105,817 less from general revenues and \$35,143 more from federal funds. The Department has indicated that the request is based on revised spending projections for various expenses, including maintenance and repairs of the training school and staff training. *The Governor recommended funding essentially as requested. He subsequently requested an amendment to add \$20,343 from federal funds to be used to an educational and vocational training program for youth at risk of recidivism.* **The Assembly concurred.**

#### **Other Operating**

**Capital Projects.** The Department requested the enacted level of \$4.4 million from Rhode Island Capital Plan funds for all capital projects. *The Governor recommended \$2.4 million less from Rhode Island Capital Plan funds. He included reductions to reflect actual progress on projects at the Groden Center-Mt Hope, the NAFI Center, and youth group homes. He also removed funding for the girls training school. These reductions are offset by several new projects at the Youth Development Center.*

**The Assembly shifted \$0.5 million for the NAFI Center project from FY 2011 to FY 2013 and reduced funding for various projects at the Training School by \$0.1 million. Specific project information is included in the Capital Budget section of this report.**

**Indirect Cost Recovery.** Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. The Departments of Health, Elementary and Secondary Education and Environmental Management take advantage of this allowance to lower state general revenue costs. The Department requested the enacted savings of \$0.3 million from assuming an indirect cost recovery rate of not less than 5.0 percent and shifted the grant funded expenditures from federal to restricted sources consistent with current practice for accounting for indirect cost recovery resources. These savings were also included in FY 2010; however, the Department did not achieve them. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Operating.** The Department requested \$1.0 million less from all sources, including \$0.2 million less from general revenues and \$0.8 million less from federal funds for other operating expenses not previously noted. The adjustment is the result of revised spending projections based on actual experiences for the past two years for financial services, security services, training at Rhode Island College, and rental and lease costs of buildings and vehicles. It is important to note that the decline in federal funding is primarily due to a decrease in available Title IV-E funding. *The Governor further reduced general revenues by \$7,571 to reflect a 5.0 percent across the board reduction to legal expenses. He subsequently requested an amendment to add \$90,000 for the Nurse-Family Partnership program, which will support the Family Care Community Partnership initiative.* **The Assembly concurred.**

## Department of Elderly Affairs

	FY 2010	FY 2011	FY 2011	FY 2011
	Reported	Enacted	Revised	Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 2,353,575	\$ 2,530,924	\$ 2,835,670	\$ 2,835,670
Contracted Services	171,573	184,121	186,486	186,486
<b>Subtotal</b>	<b>\$ 2,525,148</b>	<b>\$ 2,715,045</b>	<b>\$ 3,022,156</b>	<b>\$ 3,022,156</b>
Other State Operations	452,617	738,809	751,472	751,472
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	21,930,448	23,160,239	28,341,617	28,715,990
Capital	2,358	98,503	98,503	98,503
Capital Debt Service	-	-	-	-
Operating Transfers	(100,000)	-	-	-
<b>Total</b>	<b>\$ 24,810,571</b>	<b>\$ 26,712,596</b>	<b>\$ 32,213,748</b>	<b>\$ 32,588,121</b>
<b>Sources of Funds</b>				
General Revenue	7,994,876	10,100,599	\$ 9,648,239	\$ 9,700,012
Federal Aid	16,075,695	15,936,066	21,820,418	21,743,018
Restricted Receipts	740,000	675,931	745,091	1,145,091
Other	-	-	-	-
<b>Total</b>	<b>\$ 24,810,571</b>	<b>\$ 26,712,596</b>	<b>\$ 32,213,748</b>	<b>\$ 32,588,121</b>
<b>FTE Authorization</b>	<b>31.0</b>	<b>31.0</b>	<b>31.0</b>	<b>31.0</b>
<b>FTE Average</b>	<b>29.2</b>			

**FY 2011 Revised Request.** The Department of Elderly Affairs' unconstrained request includes \$5.7 million more than enacted primarily from federal funds. The request for general revenues and full-time equivalent positions are consistent with the enacted budget.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$134,166 for the Department. The Department of Elderly Affairs did not submit a constrained budget.

*The Governor recommended \$5.5 million more than enacted from all sources, including \$0.5 million less from general revenues, \$5.9 million more from federal funds, \$0.1 million more from restricted receipts, and the enacted level of full-time equivalent positions. The Assembly shifted \$0.4 million from general revenues to available drug rebates in the pharmaceutical assistance program. It also provided \$0.5 million more from general revenues and \$0.1 million less from federal funds to properly reflect the Medicaid match rate.*

**Stimulus – Enhanced Medicaid.** The enacted budget includes general revenue savings of \$215.1 million from the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. Of the total savings, \$107.6 million, including \$0.4 million in the Department of Elderly Affairs' budget is based on the assumption that the same rate would be extended six months until June 30, 2011. The federal government authorized the extension but at a lower rate. The updated state



savings of \$70.3 million results in a \$37.3 million shortfall, of which \$0.1 million is for the Department of Elderly Affairs. The Department's request backfill the loss of federal funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Elderly Affairs, he assumed savings of \$6,114, of which \$687 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below. **The Assembly concurred.**

**Salaries and Benefits.** The Department's current service request includes \$23,959 more than enacted for salaries and benefits, including \$147 less from general revenues and \$24,106 more from federal funds. The Department's request includes medical benefit and retirement rate adjustments consistent with Budget Office planning values totaling \$5,596 from all sources or \$4,254 from general revenues. It also includes a shift of \$4,401 from general revenues to federal funds and an additional \$18,363 available from federal grants carried forward from FY 2010. The Department also indicated that it erroneously included an increase of \$360 from federal funds in its constrained budget request. It did not include any additional changes in its constrained request. *The Governor recommended shifting \$10,389 from general revenues to federal funds available through the Older Americans Act.* **The Assembly concurred.**

**Pharmaceutical Assistance to the Elderly.** The Department's current service request includes the enacted level of \$1.3 million from general revenues and \$0.3 million from restricted receipts for the pharmaceutical assistance program for FY 2011. The Rhode Island Pharmaceutical Assistance to the Elderly program pays 60.0 percent of the drug costs for individuals in the lowest income category. The state also pays 30.0 percent and 15.0 percent for the second lowest and highest income categories, respectively. The eligibility categories include individuals age 65 or older who meet the income categories limits and individuals between the ages of 55 and 64 receiving Social Security Disability Insurance. The Department did not include any general revenue savings from the utilization of its \$0.2 million drug rebate carry forward balance.

*The Governor recommended \$161,019 more than enacted from all sources, including \$91,859 from general revenues and \$69,160 from drug rebates. The Department indicated that expenses are consistent with the enacted level and additional general revenues are unnecessary.* **The Assembly did not concur and shifted \$0.4 million from general revenues to available drug rebate restricted receipts based on updated collected data.**

**Home Care Services.** The Department's current service request includes the enacted level of \$2.5 million from all sources, including \$1.2 million from general revenues for the home care program. This program serves low-income elders who pay a portion of the hourly cost of home care services, including bathing, dressing, household chores, and ambulatory needs. The co-payment rate schedule depends on the program recipient's income level. Level 1 covers individuals and couples earning less than 125.0 percent of the federal poverty level or less than \$13,537 and \$18,212 per year. Level 2 covers individuals and couples earning less than 200.0 percent of the federal poverty level or less than \$21,660 and \$29,140 per year. The co-payment is \$4.50 per hour for income level 1 and \$7.50 per hour for income level 2. *The Governor shifted \$6,289 from general revenues to federal funds to properly reflect the current Medicaid match rate.* **The Assembly concurred.**

**Adult Day Care Services.** The Department's current service request includes the enacted level of \$2.1 million from all sources, including \$1.0 million from general revenues for adult day care services. This program serves low-income elders who pay a portion of their day care services. The co-payment rate schedule depends on the program recipient's income level. Level 1 covers individuals and couples earning less than 125.0 percent of the federal poverty level or less than \$13,537 and \$18,212 per year. Level 2 covers individuals and couples earning less than 200.0 percent of the federal poverty level or less than \$21,660 and \$29,140 per year. The co-payment is \$7.00 per day for income level 1 and \$11.50 per day for income level 2. *The Governor shifted \$45,981 from general revenues to federal funds to properly reflect the current Medicaid match rate.* **The Assembly concurred.**

**Case Management Services.** The Department's current service request includes the enacted level of \$1.0 million for elder case management, including \$0.4 million from general revenues and \$0.6 million from federal funds. These services were previously state only; however, the Department is currently able to leverage Medicaid available for previously state only services through the Rhode Island Consumer Choice Global Waiver. These services have been realigned to qualify for federal funding through the waiver. Case Management programs assist older Rhode Islanders who wish to remain at home as long as possible. *The Governor shifted \$40,261 from federal funds to general revenues to properly reflect the Medicaid match rate of 52.885 percent.* **The Assembly concurred.**

**Home and Community Care Medicaid Waiver Services.** The Department's current service request includes the enacted level of \$8.2 million from all sources, \$3.2 million from general revenues and \$5.0 million from federal funds for the provision of subsidized home and community care to low income elders through the home and community based waiver program. This program funds eligible individuals who have been accepted into the assisted living waiver home and community care program but do not have a bed in a facility and continue to require nursing home level of care.

*The Governor reduced expenditures by \$0.4 million from all sources, including \$0.5 million less from general revenues. He shifted \$0.1 million from general revenues to federal funds to properly reflect the enhanced Medicaid match rate. It appears the recommendation also inadvertently reduced general revenues by an additional \$0.4 million.* **The Assembly did not concur and added \$0.4 million from all sources, including \$0.5 million more from general revenues and \$0.1 million less from federal funds to properly reflect the Medicaid match rate.**

**Title III B Older Americans Act Grants.** The Department's current service request includes \$4.4 million or \$2.0 million more than enacted from the Older Americans Act Title III Part B grants due to carry forward funds from FY 2010 and a new grant award for federal fiscal year 2011. These federal grants are used to support a variety of services and programs for seniors. Other services include case management, legal assistance, outreach, and community senior activities. It is important to note that the Department has consistently carried forward a large balance and is able to charge salaries of staff members who provide direct services to elders to this grant award. *The Governor recommended an additional \$49,874 from federal funds to reflect a revised grant award.* **The Assembly concurred.**

**Home Delivered Meals - Meals on Wheels.** The Department's current service request includes \$1.8 million from federal funds, which is \$0.9 million more than the enacted budget for home delivered meals through the Rhode Island Meals on Wheels program. Meals on Wheels receive funding for home delivered meals as well as for the congregate meal sites and senior nutrition programs. The increase in funding is based on a balance that is carried forward from FY 2010. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Nutrition Services.** The Department's current service request includes \$3.5 million from federal funds for congregate meal sites. The request is \$1.5 million more than the FY 2011 enacted budget to reflect a carry forward balance from FY 2010. This funding provides for meal reimbursements to senior nutrition programs, funds for home delivered meals for seniors 60 or older and funds for over 75 congregate meals sites for seniors 60 or older through the Older Americans Act of 1965. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Medicare Outreach and Enrollment Assistance Grants.** The Department's current service request includes \$177,076 from federal funds for Medicare Outreach and Enrollment Assistance grants. This is \$28,531 more than enacted to include a carry forward balance from FY 2010. These grants are available through the Medicare Improvements for Patients and Providers Act to provide targeted outreach to clients who may be eligible for the Medicare Savings Program and the "Extra Help" program. The Medicare Outreach grant is for \$71,239 and the Medicare Enrollment Assistance grant is for \$105,837. These programs are for people with limited income and resources that help pay monthly premiums, annual deductibles, and prescription co-payments related to a Medicare prescription drug plan. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Aging and Disability Resource Center.** The Department's current service request includes \$511,417 from federal funds to extend and expand its Aging and Disability Resource Center. This Center, locally known as the Point, provides information about and referral to a statewide network of programs for seniors, adults with disabilities, and caregivers. The request is \$0.3 million more than the enacted budget to reflect an additional grant that has recently been awarded. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Family Caregiver Support Grant.** The Department's current service request includes \$1.0 million from federal funds for the family caregiver support program. This is \$0.3 million more than enacted to reflect a carry forward balance from FY 2010. This grant is provided through the Older Americans Act of 1965 and helps maintain elders in their homes for as long as possible. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Rhode Island Respite Grant.** The Department's current service request includes \$0.4 million from federal funds for the Rhode Island respite grant program. This is \$0.3 million more than enacted to reflect a carry forward balance from FY 2010. This grant will be used to expand and enhance respite care services to caregivers. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Federal Grants.** The Department's current service request includes \$0.3 million more than enacted from federal funds for other grant adjustments. The FY 2011 request includes slight adjustments to the disease prevention grant, the Rhode Island one stop grant, the senior medicare patrol project, as well as various other federal grants. These adjustments are based on revisions to projected expenses and funding carried forward from FY 2010. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Indirect Cost Recovery.** Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. The Departments of Health, Elementary and Secondary Education and Environmental Management take advantage of this allowance to lower state general revenue costs. The Department's request includes the enacted savings of \$0.4 million from assuming an indirect cost recovery rate of not less than 5.0 percent and shifts the grant funded expenditures from federal to restricted sources consistent with current practice for accounting for indirect cost recovery resources. These savings were also included in FY 2010;

however, the Department did not achieve them. *The Governor recommended funding as requested.*  
**The Assembly concurred.**

**All Other Operations.** The Department's current service request includes \$0.5 million from all sources for all other operating expenses, which is \$15,715 more than enacted, including \$100 more from general revenues. The changes reflect updated estimates based on actual FY 2010 expenses and current need. *The Governor recommended funding essentially as requested.* **The Assembly concurred.**



## Department of Health

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
Central Management	\$ 22,147,344	\$ 13,434,583	\$ 17,345,619	\$ 17,437,779
Community, Family, Health & Equity	80,396,582	67,797,136	101,827,102	82,177,927
Environmental & Health Service Reg.	13,413,976	16,507,916	18,133,042	18,080,457
Health Laboratories	6,953,154	8,237,036	8,506,874	8,405,646
Infectious Disease and Epidemiology	3,837,256	4,420,840	4,574,341	4,642,105
Public Health Information	2,533,733	3,480,415	4,140,899	4,205,521
State Medical Examiner	2,477,212	2,268,882	2,333,997	2,313,004
<b>Total</b>	<b>\$ 131,759,257</b>	<b>\$ 116,146,808</b>	<b>\$ 156,861,874</b>	<b>\$ 137,262,439</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 35,335,399	\$ 40,831,392	\$ 44,280,227	\$ 43,500,729
Contracted Services	14,801,876	14,711,083	18,793,507	18,299,329
<b>Subtotal</b>	<b>\$ 50,137,275</b>	<b>\$ 55,542,475</b>	<b>\$ 63,073,734</b>	<b>\$ 61,800,058</b>
Other State Operations	36,764,047	34,103,102	42,716,409	42,046,255
Aid to Local Units of Government	467,740	-	-	-
Assistance, Grants, and Benefits	40,887,550	25,257,976	49,398,576	31,752,851
Capital	3,502,645	1,243,255	1,673,155	1,663,275
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 131,759,257</b>	<b>\$ 116,146,808</b>	<b>\$ 156,861,874</b>	<b>\$ 137,262,439</b>
<b>Sources of Funds</b>				
General Revenue	\$ 25,221,263	\$ 27,624,903	\$ 28,322,576	\$ 27,988,683
Federal Aid	88,883,809	63,259,111	102,553,414	83,287,872
Restricted Receipts	17,590,794	25,082,953	25,869,684	25,869,684
Other	63,391	179,841	116,200	116,200
<b>Total</b>	<b>\$ 131,759,257</b>	<b>\$ 116,146,808</b>	<b>\$ 156,861,874</b>	<b>\$ 137,262,439</b>
<b>FTE Authorization</b>	<b>397.4</b>	<b>410.7</b>	<b>468.7</b>	<b>424.7</b>
<b>FTE Average</b>	<b>400.3</b>			

**FY 2011 Revised Request.** The Department of Health requested revised expenditures of \$160.9 million or \$44.8 million more than the enacted budget. The request includes increases of \$4.1 million from general revenues, \$40.1 million from federal funds and \$0.7 million from restricted receipts offset by \$0.1 million less from other funds. The Department requested 483.1 full-time equivalent positions, 72.4 more than enacted.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$366,941 for the Department. The constrained budget submitted by the agency is \$4.4 million above that. The Department did not

submit a general revenue constrained request; however, it did include a reduction of \$111,030 from federal funds in its constrained request that appears to be in error.

*The Governor recommended \$156.9 million from all sources, \$40.7 million more than enacted and \$4.0 million less than requested and 58.0 new positions. He included \$3.4 million less from general revenues, \$0.8 million less from federal funds, \$0.1 million more from restricted receipts than requested, and the enacted level of other funds.*

**The Assembly further reduced general revenues by \$0.4 million, primarily from turnover and operating savings identified by updated projections. It added \$16,107 for cancer registries research, \$0.4 million for several new federal grants and retained the Women, Infants and Children program in the Department of Human Services. It also included 14.0 of the 58.0 recommended new full-time positions.**

**Staffing.** The Department requested 483.1 full-time equivalent positions, 72.4 more than enacted. The 2010 Assembly reduced positions by 5.0, which was equivalent to 10.0 percent of the vacancies. The request includes the restoration of the 5.0 positions.

The following chart shows the progression of full-time equivalent position totals by program from the enacted budget to the request. A more detailed analysis of Department staffing costs and changes is included in the individual program sections that follow. It is important to note that the chart below reflects the staffing patterns assumed at the time of the budget submission; however, it does not accurately reflect current staffing because of the Department's practice of shifting staff frequently depending on the needs of the individual programs.

*The Governor recommended 468.7, 58.0 more than enacted and 14.4 less than requested. He included the shift of 12.0 positions from the Department of Human Services to the Department of Health for the Women, Infants and Children nutrition program, 12.4 new administrator positions, 1.0 engineer, 13.4 specialists, 5.0 evaluators, 3.4 analysts, 5.1 epidemiologists, 2.1 scientists and 3.6 administrative support positions. The Assembly included 14.0 new full-time positions, 32.0 less than recommended and maintained the Women, Infants and Children program in the Department of Human Services.*

Programs	FY 2011 Enacted	FY 2011 Rev. Req.	Change to Enacted	FY 2011 Gov. Rev.	Gov. Change to Enacted	Change to Rev. Req.	FY 2011 Assembly	Change to Enacted	Change to Governor
Central Management	47.2	59.6	12.4	57.5	10.3	(2.1)	47.2	-	(10.3)
Community Family Health & Equity	123.0	148.5	25.5	149.0	26.0	0.5	123.0	-	(26.0)
Environmental & Health Service Reg.	120.9	142.3	21.4	137.4	16.5	(4.9)	134.9	14.0	(2.5)
Health Laboratories	61.5	64.6	3.1	61.1	(0.4)	(3.5)	61.5	-	0.4
Infectious Disease and Epidemiology	24.1	25.5	1.4	24.0	(0.1)	(1.5)	24.1	-	0.1
Public Health Information	22.6	26.2	3.6	23.1	0.5	(3.1)	22.6	-	(0.5)
State Medical Examiner	16.4	16.5	0.1	16.6	0.2	0.2	16.4	-	(0.2)
Vacancy Reductions	(5.0)	-	5.0	-	5.0	-	(5.0)	-	(5.0)
<b>Changes to Enacted</b>	<b>410.7</b>	<b>483.1</b>	<b>72.4</b>	<b>468.7</b>	<b>58.0</b>	<b>(14.4)</b>	<b>424.7</b>	<b>14.0</b>	<b>(44.0)</b>

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Health, he assumed savings of \$107,612 of which \$15,736 is from reduced operating expenses. This is in addition to other program changes in his revised budget described below. **The Assembly concurred.**

## Central Management

**New Staff.** The Department requested \$1.1 million from all sources for 12.4 new full-time equivalent staff in Central Management. The Department indicated that it has a significant increase in federal grants and these positions would primarily be funded from indirect cost recovery resources generated from the new federal grants. It is unclear if the Department has yet received the federal grant awards that it intends to use to support these positions. The new positions include managers, analysts, business officers and epidemiologists and other support staff. The Department indicated that the new staff are necessary to address the administrative and core departmental functions required to meet the standards dictated by federal grants received; however, other than the position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful.

*The Governor recommended \$0.9 million from all funds for 10.0 new full-time equivalent positions. Positions include 5.0 administrators, 1.0 analyst, 1.0 epidemiologist, 2.0 scientists and a clerk. The Assembly did not include the positions and reduced funding accordingly.*

**All Other Salaries and Benefits.** The Department requested \$5.5 million from all sources for all other salaries and benefits for the remaining 47.2 full-time equivalent positions in Central Management. This is \$0.2 million less than enacted from all sources to reflect medical benefit and retirement rate adjustments consistent with Budget Office planning values and \$30,910 to reduce turnover savings. *The Governor recommended \$0.1 million less than enacted, including \$5,995 more from general revenues, which assumes \$84,378 to reduce turnover savings. The Assembly further reduced general revenues by \$4,969 based on the Department's third quarter projections.*

**Bioterrorism.** The Department requested revised FY 2011 expenditures of \$6.5 million from federal funds for bioterrorism preparedness. This is \$2.1 million more than enacted to reflect new and adjusted grant awards used to augment hospitals and healthcare entities to plan for, respond to, and recover from mass casualty events. It also provides for grants to cities and towns for enhanced emergency response preparedness. *The Governor recommended funding as requested. The Assembly concurred.*

**Pandemic Flu.** The Department requested revised expenses of \$3.4 million from federal funds for pandemic flu responses, including H1N1 activities. This is \$1.1 million more than enacted and reflects new grant awards, which includes increases available for city and town preparedness. *The Governor recommended funding as requested. The Assembly concurred.*

**All Other Operations.** The Department requested revised expenditures of \$1.6 million from all sources, \$76,007 less than enacted for all other Central Management operations. This includes \$68,350 less from general revenues and \$7,657 less from restricted receipts. This reflects reductions for staff training, administrative fees and legal expenses offset by a similar increase for temporary staff that was previously supported in other programs.

*The Governor further reduced expenses by \$11,523. He included \$100 less from a 5.0 percent reduction to legal expenses and \$11,423 less primarily from telephone expenses. The Governor subsequently requested an amendment to add \$0.2 million from newly available federal funds for affordability standards and public health infrastructure grants. The Assembly added \$0.1 million from federal funds to reflect spending projections and further reduced general revenue expenses by \$2,871 based on the Department's third quarter projections.*



## Community, Family Health, and Equity

**New Staff.** The Department requested \$1.8 million from all sources, including \$0.4 million from general revenues for 25.5 new full-time equivalent staff in the Community, Family Health, and Equity program. Of the new positions, 12.0 are administrative and managerial in nature, while the remaining 13.5 consist of liaisons, specialists, scientists and technicians that will work more directly with external programs that provide direct services to the community. The Department indicated that the new staff are necessary to utilize the new federal funds awarded and to fill vacancies that are deemed critical positions in order to meet the mission of the program; however, other than the position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful.

*The Governor recommended 18.0 new full-time positions and \$1.4 million from all sources, none from general revenues. Positions include 6.0 specialists, 5.0 administrators, 2.0 analysts, 2.0 liaison workers, 1.0 epidemiologist, 1.0 nutritionist and 1.0 clerk. **The Assembly did not include the positions and reduced funding accordingly.***

**All Other Salaries and Benefits.** The Department requested \$11.7 million from all sources for all other salaries and benefits for the remaining 123.0 full-time equivalent positions in the Community, Family Health, and Equity program. The request is \$0.3 million less than enacted from all sources to reflect medical benefit and retirement rate adjustments consistent with Budget Office planning values and \$69,604 to reduce turnover savings.

*The Governor recommended \$0.1 million less from all sources to reflect benefit rate adjustments consistent with planning values. He also shifted 12.0 positions for the Women, Infants and Children program from the Department of Human Services to the Department of Health. **The Assembly further reduced general revenues by \$10,240 based on the Department's third quarter projection and retained the 12.0 positions for the Women, Infants and Children nutrition program in the Department of Human Services' budget and adjusted funding accordingly.***

**HIV/AIDS Drugs and Supportive Services.** The Department requested revised expenditures of \$11.2 million from all sources including \$2.5 million from general revenues for HIV/AIDS drugs and related supportive services. This is \$2.3 million more than enacted, including \$1.2 million more from general revenues. The enacted budget includes funds to support the program based on estimates that were provided by the Department in May 2010. In September 2010, the Department provided new projections that reflect a \$3.5 million program deficit in the current year. The Department indicated that the May estimates did not include anticipated caseload and drug cost increases.

As part of its cost containment strategies, the Department implemented a waiting list for services on October 15, 2010, and subsequently eliminated the waiting list for the HIV drug program on December 1, 2010. Upon further discussions and data collection, the Department reported that the current year deficit would require \$1.2 million more from general revenues assuming the Department leverages Medicaid for previously state-only services as allowed under the Global Medicaid waiver. It also assumes other measures suggested by the Department will be implemented. For example, employing a new federal program related to coordination of Medicare prescription benefits (TrOOP), revise the medication formulary, buying commercial insurance for Aids Drug Assistance Program clients, decreasing eligibility from 400 percent to 200 percent of the federal poverty level and reorganizing the manner in which drug rebate funds are used to maximize available funds.

Supportive services include community based case management to those affected by AIDS or HIV for monitoring, education, support and referral services as needed. Other reported expenses include medications to all active patients, clinical services, which include dental services, drug adherence, screening and testing, mental health services, nutrition assistance, outpatient and ambulatory health services, health insurance premium and cost-sharing assistance. The state also provided individuals with, home health care, hospice care, community-based health services, substance abuse outpatient care, and medical case management, including treatment adherence services and support services which include case management, social services and emergency assistance for housing and basic needs.

[Staff Note: This request does not appear to include the cost containment measures that the Department indicated it would institute. Staff estimates suggest that with implementation of the cost containment methods, state cost would be approximately \$0.7 million to \$0.9 million.]

*The Governor recommended \$9.8 million, including \$1.8 million from general revenues. This is \$0.5 million more than enacted from general revenues and \$0.7 million less than requested. This reflects the Budget Office's revised estimates to fully fund the program devised in conjunction with the Department. **The Assembly concurred.***

**HIV/AIDS Prevention.** The Department requested revised expenditures of \$1.2 million from federal funds for HIV/AIDS prevention. This is \$9,803 more than enacted. This reflects an increase for training and other temporary services offset by a reduction to the grant award and other various office expenses. Services include early detection, which encompasses screening, testing and partner notification of persons who are HIV positive, referral to treatment and care services, prevention for persons living with HIV and viral hepatitis and prevention for high-risk individuals. It also includes community capacity building activities, and harm reduction activities such as the needle exchange program. *The Governor recommended funding as requested. **The Assembly concurred.***

**HIV/AIDS Monitoring.** The Department requested \$75,726 from federal funds, \$18,385 less than enacted. This reflects an increase in the grant award offset reductions to information technology services and other various office expenses. Expenses include the monitoring of incidence, prevalence of HIV/AIDS, HIV/AIDS mortality among people of all ages, behaviors related to HIV testing, risks and exposures to HIV infection, access to care, and monitor and investigate perinatal HIV exposure in infants. *The Governor recommended funding as requested. **The Assembly concurred.***

**Infant and Early Childhood Home Visit.** The Department requested \$923,678 from federal funds for a new initiative that focuses on promoting good health habits primarily for low income pregnant women, mothers, infants, and children, children with special health care needs and families. It also includes provisions for providing health services for maternal and child health populations who do not have access to adequate health care. *The Governor recommended funding as requested. **The Assembly concurred.***

**Women, Infant and Children Administration and Benefits.** The 2010 Assembly passed legislation included in Article 7 of 2010-H 7397, Substitute A, as amended that transferred the Women, Infants and Children administration and benefits program from the Department of Health to the Department of Human Services effective October 2010. The Department's enacted budget includes \$6.3 million to reflect the program's operations during the first quarter of the fiscal year, and with the 12.1 positions and the balance of the funds in the Department of Human Services' budget. It was later determined by the United States Food and Drug Administration that the program must remain within the Department of Health in order to meet certain guidelines. The Department's revised request included full annual

funding for the Women, Infants and Children administration and benefits program of \$25.2 million from federal funds and 12.1 full-time equivalent positions.

*The Governor recommended funding as requested and included Sections 2 and 3 of Article 9 of 2011-H 5894 to shift the program funding and associated staff from the Department of Human Services back to the Department of Health. **The Assembly did not concur and retained the program within the Department of Human Services.***

**Women's Cancer Screening.** The Department requested revised expenditures of \$2.0 million from all sources, including \$0.3 million from general revenues and \$1.8 million from federal funds for women's cancer screening. This is \$77,152 more than enacted including \$70,000 more from general revenues. In March 2010, the Department had exhausted all funds for the breast and cervical cancer early detection screening portion of the program and had suspended these services for the remainder of the fiscal year. Subsequently, the Department of Health received \$110,000 from anonymous donations, which the Department planned to use to match Medicaid to allow for up to \$0.2 million more in additional expenses. While these funds were not able to be leveraged in that way, the Department's FY 2010 final general revenues for this program exceeded the final appropriation, which included the donated funds, by \$9,681.

*The Governor recommended all but \$358 of additional general revenues and decreased the requested funding for federal grants by \$5,383. The Governor subsequently requested an amendment to add \$16,107 from the Hospital Association of Rhode Island for cancer registries research that was deposited as general revenues. The amendment included these funds as both revenue and offsetting expenditure. **The Assembly concurred.***

**Tobacco Control Prevention and Cessation.** The Department requested revised expenditures of \$2.8 million from all sources for tobacco control prevention and cessation activities. This is \$0.5 million more than enacted including \$101,394 less from general revenues, the elimination of restricted receipts totaling \$6,100 and \$616,537 more from federal funds. The Department assumed use of all funds in the current year. The change reflects additional stimulus funds to address the promotion of cessation among adults and young people who use tobacco quit lines and support for the City of Providence's Substance Abuse Task Force that focuses on prevention initiatives. The decrease in general revenues reflected the elimination of advertising.

*The Governor recommended \$0.3 million more than requested from general revenues, including \$0.1 million more for Department staff, \$0.4 million more for contract staff to promote tobacco reduction programs, offset by \$0.2 million less for community contracts. **The Assembly concurred.***

**Autism.** The Department requested \$0.4 million from newly available federal funds for a new autism initiative that will focus on training teachers, physicians and other community providers on the early detection, education and intervention activities. The Department will contract with an outside source to provide this training. Funds will also be used to support family to family health information centers that assist families with children with disabilities or special health care needs to make informed choices about health care in order to promote good treatment decisions, cost effectiveness, and improved health outcomes for such families. *The Governor recommended funding as requested. **The Assembly concurred.***

**Immunizations.** The Department requested revised expenditures of \$27.6 million from all sources for immunization expenses, which is \$10.1 million more than enacted. The increase reflects the directive from the Budget Office to include the value of the free vaccine received from the federal government

so that there is an accurate accounting of all government services received in Rhode Island. In FY 2009, the Auditor General's Office made a journal entry at the close of the fiscal year to account for the value of the vaccine. In FY 2010, the Department made quarterly adjustments for the value through an administrative process. The Department of Health is the purchasing entity; however, serum stock is then disbursed to community health providers to provide vaccines to prevent and control vaccine-preventable diseases in Rhode Island by maximizing the number of residents who are fully immunized. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Maternal and Child Health.** The Department requested revised expenditures of \$2.4 million from all sources for children and families supportive services. This is \$0.7 million more than enacted including \$1,912 more from general revenues. The federal increase reflects the actual federal grant award total and the general revenue increase supports the cost of supplying necessary medications to prevent complications during future pregnancies when blood types between pregnant women and babies are incompatible. Federal funds are used to implement the planning, promoting, coordinating and evaluating and providing health care options for populations who do not have access to adequate health care. This includes pregnant women, mothers, infants, children, families and children with special health care needs. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Healthy Housing.** The Department requested \$0.1 million from newly available federal funds awarded after the FY 2011 budget was enacted for a healthy housing initiative. The Department indicated that this new program will focus on working with state, local entities and landlords to increase the availability of safe and affordable housing by evaluating and mitigating multi-family residences that contain molds, pesticides and other toxins. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Childcare Support Network.** The Department requested revised expenditures of \$0.5 million from federal funds for child care support network activities. This is \$0.1 million more than enacted. Funds will be used for a new federal initiative in cooperation with the Department of Human Services to provide health and mental health consultation services to child care providers, children and families in community settings. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Obesity and Nutrition.** The Department requested revised expenditures of \$2.0 million from federal funds for obesity and nutrition related activities. This is \$0.3 million more than enacted to reflect adjustments to actual grant awards. Funds support statewide efforts to promote environmental and policy changes, which support physical activity and healthy eating habits to prevent obesity. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Operations.** The Department requested revised expenditures of \$12.2 million from all sources for all other Community, Family Health, and Equity program operations. The request is \$0.6 million less than enacted and includes \$85,697 less from general revenues. The change reflects an increase in grant awards, temporary staff and other administrative expenses offset by reductions to staff training, information technology services and other various office expenses.

*The Governor further reduced requested expenses by \$4,679, including \$4,750 less from general revenues. This primarily reflects the elimination of a family health grant.* **The Assembly further reduced general revenue expenses by \$12,370 based on the Department's third quarter projections.**

## Environmental and Health Services Regulations

**New Staff.** The Department requested \$2.8 million from all sources for 21.4 new full-time equivalent staff in the Environmental and Health Services Regulations program. This includes \$1.0 million more from general revenues for salary and benefit expenses and other associated costs. Of the new positions, 4.0 are administrative and managerial in nature, while the remaining 17.4 consist of licensing aids, technicians, inspectors and nursing evaluators that will work more directly with external programs that provide direct services to the community.

The Department indicated that the new staff are necessary to utilize the new federal funds awarded and to fill vacancies that are deemed critical positions in order to meet the mission of the program; however, other than the position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful. The request also includes \$0.3 million less from all sources to reflect the reduction in temporary staff and \$0.2 million more from all sources primarily for advertising, office supplies, mileage and repair expenses resulting from the addition of new full-time positions.

*The Governor recommended \$1.8 million more than enacted from federal funds and restricted receipts for 17.0 new full-time positions, or 4.4 positions less than requested. Positions include 5.0 evaluators, 1.0 analyst, 2.0 specialists, 4.0 administrators, 1.0 social worker, 2.0 food inspectors, and 2.0 licensing aides. He also added \$0.5 million from all sources, including \$0.4 million more than requested for restoration of temporary staff as a result of not adding all requested positions offset by minor reductions to various office expenses. **The Assembly included 14.0 new positions to reflect concurrence with the new inspection related staff.***

**All Other Salaries and Benefits.** The Department requested revised expenditures of \$10.4 million from all sources for all other salaries and benefits for the remaining 120.9 full-time equivalent positions in the Environmental and Health Service Regulations program. The request includes \$0.2 million less than enacted from all sources including \$0.1 million less from general revenues. The Department's request includes \$0.4 million from all sources for medical benefit and retirement rate adjustments consistent with Budget Office planning values and \$0.2 million to reduce turnover savings.

*The Governor recommended \$0.5 million less from all sources, including \$0.3 million from general revenues to reflect additional turnover savings and adjustments to benefit rates. **The Assembly further reduced general revenues by \$39,826 based on the Department's third quarter projections.***

**All Other Operations.** Excluding all other changes, the Department requested revised expenditures of \$0.9 million for all other Environmental and Health Regulation Services operations. This is \$90,656 less than enacted and includes \$67,473 less from general revenues. This primarily reflects reductions for software licenses in the Health Professional Regulations program and lease expenses for the Facilities Regulation program.

*The Governor further reduced requested expenses by \$35,879 from general revenues to reflect the 5.0 percent reduction to legal expenses and reduced testing expenses. He subsequently requested an amendment to add \$0.1 million from newly available federal funds for electronic patient care reporting. **The Assembly added \$50,000 from federal funds based on Department spending projections and further reduced general revenue expenses by \$62,759 based on the Department's third quarter projections.***

## Health Laboratory

**Staffing.** The Department's revised request totals \$5.8 million from all sources for salaries and benefits expenses for 64.6 full-time equivalent positions for the Health Laboratory. This is \$0.5 million more than enacted from all sources. The Department's request includes \$0.2 million less from all sources for medical benefit and retirement rate adjustments consistent with Budget Office planning values and \$0.2 million to reduce turnover savings. Although the revised request increases full-time equivalent positions by 3.1, the complement of positions included in this request have similar total salaries and benefits cost. New positions include an administrator, scientist and a technician and other than the position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful.

*The Governor recommended \$0.4 million more than enacted from all sources, including \$0.2 million more from general revenues and 0.75 positions for an environmental scientist. He recommended \$0.2 million less for benefit rate adjustments offset by \$0.4 million for reduced turnover savings. **The Assembly did not include the new position and adjusted funding accordingly and further reduced general revenues by \$25,803 based on the Department's third quarter projections.***

**Environmental Sciences.** The Department requested revised expenditures of \$0.5 million from all sources for environmental science activities. This is \$61,179 more than enacted, including \$0.2 million more from general revenues. The general revenue increase reflects the additional expenses related to the replacement of the computer system that is used to track the location, results, quality control and final reporting of all environmental samples that are tested in the lab. *The Governor recommended \$0.2 million less than requested from general revenues primarily from reduction to various office expenses. **The Assembly concurred.***

**Lab Capacity for Infectious Disease.** The Department requested \$0.1 million from federal stimulus funds to develop and implement a new electronic reporting and tracking database that meets federal requirements for documenting all immunizations provided so that information can be easily shared between health care providers. *The Governor recommended funding as requested. **The Assembly concurred.***

**All Other Operations.** The Department requested revised expenditures of \$2.7 million from all sources for all other laboratory expenses. This is \$0.3 million more than enacted and includes \$78,329 more from general revenues primarily from the outsourcing of lab specimens for specialized DNA cases. The Department of Health lab has experienced an increase in the need for specialized testing and does not have the necessary equipment to perform these specialized tests as well as staff specialists to interpret the test results.

*The Governor recommended \$0.4 million less than requested from general revenues. He reduced funding for HIV testing kits, as well as various office and maintenance expenses. The Governor subsequently requested an amendment to add \$35,030 from newly available federal funds for influenza outreach. **The Assembly concurred and added the federal funds; however, further reduced general revenues expenses by \$110,455 based on the Department's third quarter projections.***

### **Infectious Disease and Epidemiology**

**Staffing.** The Department requested revised expenditures of \$2.6 million from all sources for salaries and benefits for 25.5 full-time equivalent positions for the Infectious Disease and Epidemiology program. This is \$0.2 million more than enacted from all sources. The Department's request includes \$0.1 million less from all sources for medical benefit and retirement rate adjustments consistent with

Budget Office planning values and \$0.1 million to reduce turnover savings. Although the revised request increases full-time equivalent positions by 1.4, the complement of positions included in this request have similar total salaries and benefits costs. New positions include epidemiologists and a disease specialist and other than the position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful.

*The Governor recommended \$0.4 million less than enacted from all sources including \$0.5 million less from general revenues to reflect benefit rate adjustments and additional turnover savings. He included 24.0 full-time equivalent positions or 1.5 positions less than requested. **The Assembly did not include the new positions or funding and further reduced general revenues by \$3,127 based on the Department's third quarter projections.***

**Influenza Hospitalization Surveillance.** The Department requested \$73,748 from general revenues for an influenza hospital surveillance project funded from a one time grant the Department received from the Council of State and Territorial Epidemiologists. Funds were deposited as general revenues. The purpose of the grant is to provide active surveillance of individuals with influenza that have been hospitalized in Providence County. *The Governor recommended \$2,811 less than requested for adjusted administrative expenses. **The Assembly concurred.***

**Epidemiology and Lab Capacity.** The Department requested \$126,870 from new federal stimulus funds to reduce preventable healthcare-associated infections. The Department contracts with Rhode Island Quality Partners to teach hospitals how to use a computer program that tracks infections that patients receive while hospitalized. It then expects to develop statewide standards for addressing these infections. *The Governor recommended funding as requested. The Governor subsequently requested an amendment to add \$0.3 million from newly available federal funds. **The Assembly added \$0.1 million from federal funds based on the Department's spending projections.***

**All Other Operations.** The Department requested revised expenditures of \$2.3 million from all sources, \$0.3 million more than enacted for all other Infectious Disease and Epidemiology operations. This includes \$93,833 more general revenues and \$199,391 more from federal funds. This reflects additional expenses for staff training and doctor services. *The Governor recommended \$92,389 more than requested from all sources, including \$55,254 more from general revenues to reflect increased training expenses. **The Assembly reduced general revenues expenses by \$29,109 based on the Department's third quarter projections.***

### **Public Health Information**

**Staffing.** The Department's revised request totals \$2.2 million from all sources for salary and benefit expenses for 26.2 full-time equivalent positions for the Public Health Information program. This is \$0.4 million more than enacted from all sources. The Department's request includes \$0.1 million less from all sources for medical benefit and retirement rate adjustments consistent with Budget Office planning values and \$0.1 million to reduce turnover savings. The revised request includes \$0.3 million more from all funds for 3.6 new full-time equivalent positions. New positions include an analyst, specialist and a clerk and other than the position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful.

*The Governor recommended \$0.2 million more from all sources, including \$0.1 million less from general revenues to reflect benefit rate adjustments offset by \$0.1 million to reduce turnover savings.*

*He included 23.1 full-time equivalent positions or 3.1 positions less than requested. The Assembly did not include the new positions or funding and further reduced general revenues by \$7,347 based on the Department's third quarter projections.*

**Health Information Technology.** The Department requested revised expenditures of \$1.4 million from federal funds, \$0.4 million more than enacted for health information technology. This reflects updated expenditure projections. The health information technology project provides for the development of an infrastructure for Rhode Islanders to have critical health information accessible when and where it is needed, to improve the quality, safety, and value of health care provided. *The Governor recommended funding as requested. The Assembly concurred.*

**All Other Operations.** The Department requested revised expenditures of \$0.8 million from all sources for all other Public Health Information operations. This is \$85,002 more than enacted and includes \$16,120 less from general revenues. This includes reductions for staff training and other general office supplies in order to cover unbudgeted software maintenance contract expenses.

*The Governor recommended \$5,298 less than requested from all sources, including \$12,279 from general revenues, primarily for training expenses. The Governor subsequently requested an amendment to add \$92,100 from newly available federal funds for three grants; behavior risk factor survey, electronic verification of vital events and vital records data collection. The Assembly added the federal funds and further reduced general revenues expenses by \$20,131 based on the Department's third quarter projections.*

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

**Staffing.** The Department's revised request totals \$1.9 million from all sources for salaries and benefits expenses for 16.5 full-time equivalent positions for the Medical Examiner's Office. This is \$0.1 million more than enacted from all sources. The Department's request includes \$0.1 million less from all sources for medical benefit and retirement rate adjustments consistent with Budget Office planning values and \$0.1 million to reduce turnover savings. Although the revised request increases full-time equivalent positions by 0.5, the complement of positions included in this request have similar total salaries and benefits costs. The Office is adding an executive assistant position and other than the position titles, no further details regarding responsibilities is included in the Department's request. Staff's inquiries for further information have not been successful.

*The Governor recommended \$0.2 million less than enacted from all sources, including \$160,198 less from general revenues for 16.6 full-time equivalent positions. This reflects adjustments to benefit rates and additional turnover savings. The Assembly further reduced general revenues by \$8,689 to reflect the Department's third quarter staffing projections.*

**Contract Medical Examiners.** The Department requested revised FY 2011 expenditures of \$0.5 million from all sources for contract medical examiner expenses. This includes \$0.3 million more than enacted from general revenues. The Department continues to be unsuccessful in filling two vacant medical examiner positions resulting in the need to utilize contract staff to address the workload. The enacted budget includes funds for the 2.0 full-time positions resulting in insufficient funds for temporary medical examiner expenses. It should be noted that the Department does not appear to assume offsetting savings from general revenues from the unfilled positions. *The Governor recommended \$0.1 million less than requested from general revenues to reflect updated expenditure estimates. The Assembly concurred.*



**All Other Operations.** The Department requested revised expenditures of \$0.4 million from all sources or \$0.1 million more than enacted from all funds for all other Medical Examiner Office operations. This includes \$86,670 more from general revenues primarily for Kenyon International, a company that specializes in disaster recovery and human services, which is assisting with the process of identifying and returning personal effects to station night club fire victims and their loved ones. *The Governor recommended \$68,737 less from general revenues for medical supplies.* **The Assembly further reduced general revenues expenses by \$12,304 based on the Department's third quarter operating projections.**

## Department of Human Services

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
Central Management	\$ 13,667,236	\$ 14,884,479	\$ 15,979,449	\$ 15,979,449
Child Support Enforcement	7,180,660	9,244,629	9,453,985	9,453,985
Individual and Family Support	71,024,129	143,162,863	94,411,803	114,012,714
Veterans' Affairs	25,173,917	27,611,621	30,752,602	30,752,602
Health Care Quality, Financing and Purchasing	60,738,411	66,133,758	71,024,470	71,024,470
Medical Benefits	1,510,979,689	1,637,408,400	1,615,764,037	1,616,607,909
Supplemental Security Income	22,249,416	19,310,887	20,637,400	20,813,171
Family Independence Program	90,618,731	87,516,116	89,805,652	88,027,957
State Funded Programs	228,589,296	280,032,797	274,805,667	274,747,724
<b>Total</b>	<b>\$2,030,221,485</b>	<b>\$2,285,305,550</b>	<b>\$2,222,635,065</b>	<b>\$2,241,419,981</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 76,263,275	\$ 85,881,969	\$ 86,768,594	\$ 87,635,889
Contracted Services	43,276,319	52,039,292	57,186,150	57,764,650
<b>Subtotal</b>	<b>\$ 119,539,594</b>	<b>\$ 137,921,261</b>	<b>\$ 143,954,744</b>	<b>\$ 145,400,539</b>
Other State Operations	17,421,708	19,786,267	17,585,873	18,006,812
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,887,841,712	2,120,136,335	2,050,419,308	2,067,304,251
Capital	1,208,822	2,056,950	4,832,718	4,907,718
Capital Debt Service	-	-	-	-
Operating Transfers	4,209,649	5,404,737	5,842,422	5,800,661
<b>Total</b>	<b>\$2,030,221,485</b>	<b>\$2,285,305,550</b>	<b>\$2,222,635,065</b>	<b>\$2,241,419,981</b>
<b>Sources of Funds</b>				
General Revenue	\$ 653,605,790	\$ 715,328,654	\$ 736,566,357	\$ 741,295,264
Federal Aid	1,364,253,707	1,556,245,695	1,470,449,888	1,484,547,658
Restricted Receipts	8,158,484	9,446,201	10,587,200	10,587,200
Other	4,203,504	4,285,000	5,031,620	4,989,859
<b>Total</b>	<b>\$2,030,221,485</b>	<b>\$2,285,305,550</b>	<b>\$2,222,635,065</b>	<b>\$2,241,419,981</b>
<b>FTE Authorization</b>	<b>919.7</b>	<b>963.6</b>	<b>988.2</b>	<b>1,000.2</b>
<b>FTE Average</b>	<b>852.7</b>			

**FY 2011 Revised Request.** The Department of Human Services requested FY 2011 revised expenditures totaling \$2,225.2 million or \$60.1 million less than enacted, including \$23.0 million more from general revenues, \$85.0 million less from federal funds, \$1.1 million more from restricted receipts, and \$0.8 million more from Rhode Island Capital Plan funds. The Department also requested 1,080.2 full-time equivalent positions, 116.6 positions more than the current authorized level. The request is \$32.5 million more than the Budget Office's general revenue target of \$705.8 million.

The Budget Office instructed agencies to submit budget requests that represent a 1.33 percent reduction in general revenues. For the Department this reduction is \$9.5 million. The Department's constrained request reduces general revenue expenditures by \$2.3 million, \$7.2 million short of the target. The constrained request includes 989.2 full-time equivalent positions, 25.6 positions more than enacted and 91.0 fewer than the revised request. The Department subsequently submitted updated information for its savings proposals that adds back \$0.8 million from general revenues.

*The Governor recommended \$2,222.6 million, including \$736.6 million from general revenues. This is \$2.6 million less than requested, including \$1.8 million from general revenues, \$0.8 million from federal funds and \$17,315 less from restricted receipts. He recommended 988.2 full-time equivalent positions, which is 92.0 positions less than requested. The recommendation is \$30.7 million more than the general revenue target.*

**The Assembly concurred and added \$18.8 million from all sources to the Governor's recommendation, including \$4.7 million more from general revenues. This includes an increase of \$19.6 million from maintaining the Women, Infants and Children nutrition program in the Department of Human Services and \$0.8 million less for the cash and medical assistance caseloads. The Assembly included 1,000.2 positions, 12.0 more than recommended to reflect the nutrition program staff.**

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Human Services, he assumed savings of \$230,330, of which \$199,455 is from personnel and \$30,875 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below. **The Assembly concurred.**

**Federal Poverty Guidelines.** The federal poverty guidelines are used to determine financial eligibility for certain state and federal programs including several programs in state agencies under the Office of Health and Human Services. The 2011 guidelines are as shown in the table below.

Percent of Federal Poverty Level based on Annual Income								
Family Size	100%	133%	150%	175%	180%	185%	200%	250%
1	\$ 10,890	\$ 14,484	\$ 16,335	\$ 19,058	\$ 19,602	\$ 20,147	\$ 21,780	\$ 27,225
2	14,710	19,564	22,065	25,743	26,478	27,214	29,420	36,775
3	18,530	24,645	27,795	32,428	33,354	34,281	37,060	46,325
4	22,350	29,726	33,525	39,113	40,230	41,348	44,700	55,875
5	26,170	34,806	39,255	45,798	47,106	48,415	52,340	65,425
6	29,990	39,887	44,985	52,483	53,982	55,482	59,980	74,975
7	33,810	44,967	50,715	59,168	60,858	62,549	67,620	84,525
8	37,630	50,048	56,445	65,853	67,734	69,616	75,260	94,075

*For families with more than 8 members, add \$3,820 for each additional member for the 100 percent calculation.*

**Medicaid Expenses - State/National Comparison.** The following compares national and state 2008 Medicaid spending. By percentage, Rhode Island's enrollment of children (the state's RItE Care population) is lower than the national average while enrollment of parents is slightly higher. 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 Department of Human Services' budget.

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

Enrollment and expenses for the aged population is slightly lower than the national average when comparing enrollment but higher than the national average when comparing percent of enrollment to total enrollment and higher than the national average for cost per enrollee. Expenses supporting this population are in the Departments of Human Services and Elderly Affairs.

Medicaid Expenses	Enrollees		Percent of Enrollees		Expenses*		Percent of Expenses		Cost Per Enrollee	
	US *	RI	US	RI	US	RI	US	RI	US	RI
Population	23.5	80,052	48.9%	44.4%	\$ 57,100	\$ 228.0	19.4%	13.5%	\$ 2,435	\$ 2,848
Children	11.1	42,110	23.1%	23.4%	39,700	170.5	13.5%	10.1%	3,586	4,048
Adults	8.5	40,360	17.7%	22.4%	126,700	865.0	43.0%	51.4%	14,858	21,433
Blind/Disabled	5.0	17,795	10.4%	9.9%	70,900	420.8	24.1%	25.0%	14,058	23,647
Aged	48.1	180,317	100%	100%	\$294,400	\$ 1,684.3	100%	100%	\$ 6,120	\$ 9,341
Total										

\* in millions

**Stimulus – Enhanced Medicaid.** The enacted budget includes general revenue savings of \$215.1 million from the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. Of the total savings, \$107.6 million, including \$83.0 million in the Department of Human Services’ budget, is based on the assumption that the same rate would be extended six months until June 30, 2011. The federal government authorized the extension but at a lower rate. The updated state savings of \$70.3 million results in a \$37.3 million shortfall, of which \$28.3 million is for the Department of Human Services. The Department’s request backfilled the loss of federal funds. *The Governor’s recommendation adjusted for the rate change.* **The Assembly concurred.**

**Emergency Temporary Assistance to Needy Families Funds.** The state was eligible to receive up to \$47.5 million in federal temporary assistance to needy families contingency funds through the American Recovery and Reinvestment Act to implement a new subsidized employment program through September 30, 2010. The FY 2011 enacted budget includes \$37.0 million in the Departments of Human Services, Labor and Training, and Revenue for employment and other eligible activities, including \$35.8 million in the Department of Human Services for the disbursement of subsidized wages to participating employers and other short term activities and \$0.1 million for 4.0 time-limited positions.

The Department’s revised request includes \$5.0 million from federal temporary assistance to needy families’ contingency funds, which is \$30.8 million less than enacted. The Department spent \$2.4 million for subsidized employment, \$1.7 million for emergency needs payments, such as utility bills, rent and housing expenses and automobile repairs, \$0.6 million for child care subsidies and \$0.2 million for food baskets through the Rhode Island Food Bank for families participating in the Rhode Island Works program. *The Governor recommended \$160,985 more than requested for additional grant expenditures that were determined subsequent to the request submission.* **The Assembly concurred.**

### Medical Assistance

The Caseload Estimating Conference met on November 8, 2010 and, based on current law, set the FY

2011 revised medical assistance expenditures at \$1,592.4 million including \$633.3 million from general revenues, which is \$19.7 million less than enacted from all funds and \$18.8 million more from general revenues. The caseload estimate restored \$15.8 million from all funds, including \$5.7 million from general revenues for unachieved initiatives in FY 2011 in the medical assistance programs.

The Department's revised request was consistent with the caseload estimate. However, the Department's constrained request reduced expenditures by \$1.8 million from all sources, including \$2.3 million from general revenues. Each initiative is discussed in the relevant sections.

The Governor recommended \$1,590.5 million, including \$631.8 million from general revenues and \$1.9 million less than the conference estimate. He made changes to paratransit transportation reimbursement rates and shifted early intervention expenses to an available federal grant. The changes are discussed separately. **The Assembly concurred with the Governor's changes and provided \$1,591.3 million, including \$638.2 million from general revenues, consistent with the May caseload estimate.**

The following table itemizes medical assistance expenditures spent in FY 2010, as enacted by the 2010 Assembly, estimated by the caseload estimators, recommended by the Governor and enacted by the 2011 Assembly. Each category is discussed separately.

<b>Medical Assistance</b>	<b>FY 2010 Spent</b>	<b>FY 2011 Enacted</b>	<b>FY 2011 Nov. CEC</b>	<b>FY 2011 Gov. Rev.</b>	<b>FY 2011 May CEC</b>	<b>FY 2011 Final</b>
<b>Hospitals</b>						
Regular Payments	\$ 120.9	\$ 124.0	\$ 122.0	\$ 122.0	\$ 128.2	\$ 128.2
DSH Payments	121.7	124.8	122.2	122.2	122.2	122.2
<b>Total</b>	<b>\$ 242.6</b>	<b>\$ 248.8</b>	<b>\$ 244.2</b>	<b>\$ 244.2</b>	<b>\$ 250.4</b>	<b>\$ 250.4</b>
<b>Long Term Care</b>						
Nursing and Hospice Care	\$ 334.7	\$ 321.7	\$ 336.0	\$ 336.0	\$ 335.0	\$ 335.0
Home and Community Care	60.3	70.0	71.9	71.9	70.2	70.2
<b>Total</b>	<b>\$ 395.0</b>	<b>\$ 391.7</b>	<b>\$ 407.9</b>	<b>\$ 407.9</b>	<b>\$ 405.2</b>	<b>\$ 405.2</b>
<b>Managed Care</b>						
RIte Care	\$ 443.9	\$ 512.0	\$ 497.9	\$ 497.9	\$ 506.3	\$ 506.3
RIte Share	17.3	17.4	19.6	19.6	13.2	13.2
Fee For Service	85.4	92.5	84.5	84.5	74.6	74.6
<b>Total</b>	<b>\$ 546.5</b>	<b>\$ 622.0</b>	<b>\$ 602.0</b>	<b>\$ 602.0</b>	<b>\$ 594.0</b>	<b>\$ 594.0</b>
<b>Rhody Health</b>	<b>\$ 155.6</b>	<b>\$ 180.6</b>	<b>\$ 176.0</b>	<b>\$ 175.6</b>	<b>\$ 179.9</b>	<b>\$ 179.9</b>
<b>Pharmacy</b>	<b>\$ 12.9</b>	<b>\$ 11.2</b>	<b>\$ 10.9</b>	<b>\$ 10.9</b>	<b>\$ 3.8</b>	<b>\$ 3.8</b>
<b>Pharmacy Part D Clawback</b>	<b>\$ 26.4</b>	<b>\$ 35.2</b>	<b>\$ 36.4</b>	<b>\$ 36.4</b>	<b>\$ 36.5</b>	<b>\$ 36.5</b>
<b>Other Medical Services</b>	<b>\$ 108.8</b>	<b>\$ 122.8</b>	<b>\$ 115.0</b>	<b>\$ 113.5</b>	<b>\$ 121.6</b>	<b>\$ 121.6</b>
Federal Funds	\$ 922.7	\$ 990.8	\$ 952.2	\$ 951.7	\$ 946.2	\$ 946.2
General Revenues	558.7	614.4	633.3	631.8	638.2	638.2
Restricted Receipts	6.3	6.9	6.9	6.9	6.9	6.9
	<b>\$ 1,487.7</b>	<b>\$ 1,612.1</b>	<b>\$ 1,592.4</b>	<b>\$ 1,590.5</b>	<b>\$ 1,591.3</b>	<b>\$ 1,591.3</b>

\*Expenditures in millions

### Hospitals

The November Caseload Estimating Conference estimate included hospital expenses at \$244.2 million. The estimate included \$122.2 million for direct medical services and \$122.0 million for uncompensated care payments to community hospitals. The Department's request is consistent with the caseload estimate, which is \$4.6 million less than enacted. *The Governor recommended funding*

*consistent with the caseload estimate. The Assembly provided \$250.4 million, including \$112.6 million from general revenues, consistent with the May caseload estimate.*

**Hospitals.** The Caseload Estimating Conference estimate included revised FY 2011 expenditures of \$122.0 million, of which \$51.3 million is general revenues for the state's community hospitals. The expenditures are \$2.0 million less than enacted including \$1.5 million more from general revenues and corrects for the updated Medicaid rate. The Conference added back \$0.1 million from all sources to restore unachieved savings from the Department not implementing the initiative to limit emergency room visits. The Department's request reflects the conference estimate. *The Governor recommended funding consistent with the caseload estimate. The Assembly included \$128.2 million, including \$54.7 million from general revenues, consistent with the May caseload estimate.*

**Hospital Reimbursement Rates.** The Department implemented a rate reduction to the new inpatient reimbursement system utilizing the diagnostic related group model on July 1, 2010 and the enacted budget assumes savings of \$10.0 million from this rate reduction. The November caseload estimate continued to assume the savings and the Department's request reflects the caseload estimate. *The Governor recommended funding consistent with the caseload estimate. The Assembly concurred.*

**Hospital High Cost Case Review.** The enacted budget assumes savings of \$2.0 million from all sources from monitoring higher cost populations and providing appropriate care. The November caseload estimate assumed the savings and the Department's request reflects the caseload estimate. *The Governor recommended funding consistent with the caseload estimate. The Assembly concurred.*

**Emergency Room Visits.** The enacted budget includes savings of \$0.5 million, \$0.2 million from general revenues from monitoring and verifying that the emergency room reimbursements for elderly and disabled clients reflect the patient's treatment and condition and higher payments are not being made for less serious diagnoses. The reimbursements are based on the diagnosis for individuals whose medical conditions do not require hospitalization. The rates are determined based on the severity of patient need ranging from minor medical conditions to life-threatening conditions. The conference restored \$0.1 million of the savings based on testimony from the Department that the savings could not be achieved. The Department's request is consistent with the caseload estimate. *The Governor recommended funding consistent with the caseload estimate. The Assembly concurred.*

**Upper Payment Limit Reimbursements.** The enacted budget includes \$18.1 million from all sources, \$6.5 million from general revenues to make the outpatient upper payment limit reimbursement to the state's community hospitals. The caseload estimate and the Department's request included the payment. *The Governor recommended funding consistent with the caseload estimate. The Assembly concurred.*

**State Only Acute Care Payments.** The Caseload Estimating Conference estimate included \$8.4 million for state only payments to be made for additional acute care costs in FY 2011. Of this amount, \$3.65 million was paid by September 1, 2010, state fiscal year 2011 to replace a payment that had originally been enacted for FY 2010. The remaining \$4.75 million is for the state only payment in FY 2011, which will be distributed as follows: \$1,778,843 to Kent Hospital, \$1,131,929 to Miriam Hospital, \$642,340 to St. Joseph's Hospital, \$438,482 to South County Hospital, \$297,806 to Westerly Hospital, \$133,672 to Newport Hospital, \$170,964 to Butler Hospital, and \$155,963 to Bradley Hospital of Rhode Island. The Department's request is consistent with the caseload estimate. *The Governor recommended funding consistent with the caseload estimate. The Assembly concurred.*

**Disproportionate Share Payments to Hospitals.** The Caseload Estimating Conference reduced expenditures by \$2.6 million for a total of \$122.2 million from all sources for the disproportionate

share payments for uncompensated care costs to the hospitals. This includes \$57.9 million from general revenues and \$64.3 million from federal funds. Funding is provided to Eleanor Slater Hospital and the state's community hospitals through the Department of Human Services. The estimate reduced funding for Eleanor Slater Hospital by \$2.6 million to adjust for claims at the state hospital's forensic unit that are not Medicaid eligible. The Department's request reflects the conference estimate. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly concurred.**

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

Hospitals provide two forms of charitable care; free care for patients up to 200 percent of the federal poverty level and care on a sliding scale for patients between 200 and 300 percent of the federal poverty level. Bad debt is considered to be unpaid medical expenses for a person above 300 percent of the federal poverty level who has no insurance and cannot afford to pay his medical bill.

FY 2011 Uncompensated Care	FY 2011 Enacted	FY 2011 Gov. Rev.	FY 2011 Final	Change to Gov. Rev.	Change to Enacted
<b>Community Hospitals</b>					
State	\$ 55,387,985	\$ 55,744,952	\$ 55,744,952	\$ -	\$ 356,967
Federal	62,383,618	61,967,532	61,967,532	-	(416,086)
Subtotal	\$ 117,771,603	\$ 117,712,484	\$ 117,712,484	\$ -	\$ (59,119)
<b>Eleanor Slater Hospital</b>					
State	\$ 3,358,043	\$ 2,109,624	\$ 2,109,624	\$ -	\$ (1,248,419)
Federal	3,667,517	2,345,112	2,345,112	-	(1,322,405)
Subtotal	\$ 7,025,560	\$ 4,454,736	\$ 4,454,736	\$ -	\$ (2,570,824)
<b>Upper Payment Limit</b>					
State	\$ 6,467,559	\$ 6,467,559	\$ 6,467,559	\$ -	\$ -
Federal	11,593,202	11,593,202	11,593,202	-	-
Subtotal	\$ 18,060,761	\$ 18,060,761	\$ 18,060,761	\$ -	\$ -
<b>Unqualified Expenses</b>					
State*	\$ 8,400,000	\$ 8,400,000	\$ 8,400,000	\$ -	\$ -
Federal	-	-	-	-	-
Subtotal	\$ 8,400,000	\$ 8,400,000	\$ 8,400,000	\$ -	\$ -
<b>Total</b>	<b>\$ 151,257,924</b>	<b>\$ 148,627,981</b>	<b>\$ 148,627,981</b>	<b>\$ -</b>	<b>\$ (2,629,943)</b>

\*Shifted FY 2010 payment made to the four community hospitals to FY 2011.

## Long Term Care

**Long Term Care.** The Caseload Estimating Conference estimate included long term care expenses at \$407.9 million, of which \$153.9 million is from general revenues. This includes \$336.0 million for nursing facilities and hospice care and \$71.9 million for home and community care. This is \$16.2 million more than the enacted budget. The Department's request is consistent with the caseload estimate. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly provided \$405.2 million, including \$156.6 million from general revenues, consistent with the May caseload estimate.**

**Nursing Facilities and Hospice Care.** The Caseload Estimating Conference estimate included FY 2011 expenditures at \$336.0 million, of which \$126.8 million is general revenues for the state's 85 nursing facilities. This is \$2.1 million more than enacted, including \$7.2 million more from general revenues, and reflects the updated Medicaid rate. The estimate restored unachieved savings of \$12.3

million from all sources, including \$4.4 million from general revenues for two initiatives that will not be implemented, each is discussed separately. The Department's request reflects the conference estimates. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly provided \$335.0 million, including \$129.5 million from general revenues, consistent with the May caseload estimate.**

**Nursing Facilities Principles of Reimbursement Acuity Rates.** The enacted budget assumes savings of \$5.2 million from a change to the reimbursement rate paid to the state's 85 nursing facilities. As of January 15, 2010, the reimbursement rates applied through four separate cost centers, the direct labor cost center, other operating expenses, pass through items, and the fair rental value system will be adjusted by an acuity rate. The caseload estimate assumed the savings, and the Department's request is consistent with the estimate. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly concurred.**

**Unachieved Savings - Managed Care for Long Term Care Residents.** The enacted budget assumes savings of \$12.0 million, including \$4.3 million from general revenues, in nursing home costs from allowing the state to enter into a managed care contract to provide medical benefits for long term care residents through a capitated payment. Currently, residents in long term care settings, such as nursing facilities, intermediate care facilities and hospitals receive medical benefits through Medicare and may also be eligible for Medicaid. Medicare is the primary payer for hospital, physician and pharmacy benefits. The state pays for additional medical benefits not covered by Medicare through the fee-for-service reimbursement system. The savings were restored at the November Caseload Estimating Conference based on testimony from the Department that they could not be achieved. The Department's request is consistent with the caseload estimate. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly concurred.**

**Nursing Facilities High Cost Case Review.** The enacted budget assumes savings of \$2.0 million from all sources, including \$0.7 million from general revenues from monitoring higher cost populations and providing appropriate care for nursing home residents. The caseload estimate continued to assume the savings and the Department's request is consistent with the estimate. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly concurred.**

**Hospice Cost Reduction.** The enacted budget includes savings of \$0.4 million from all funds, including \$0.1 million from general revenues from an initiative to develop prior authorization processes for hospice services, decreasing the amount paid for hospice services provided in a nursing home setting and reviewing national standards for a patient's placement in hospice care. The November Caseload Estimating Conference estimate restored \$0.3 million of the savings, including \$0.1 million from general revenues, based on testimony from the Department that the savings could not be achieved. The Department's request is consistent with the caseload estimate. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly concurred.**

**Home and Community Care.** The Caseload Estimating Conference included \$71.9 million for home and community care expenses, including \$27.1 million from general revenues. The estimate is \$1.2 million more from all funds, including \$1.8 million more from general revenues and corrects for the updated Medicaid rate. The estimate restored \$0.7 million from all funds, including \$0.3 million from general revenues, consistent with the Department's testimony that it could not implement the selective contracting for assisted living services initiative included in the enacted budget, discussed separately. The Department's request is consistent with the caseload estimate. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly provided \$70.2 million, including \$32.8 million from general revenues, consistent with the May caseload estimate.**



**Unachieved Savings - Selective Contracting for Assisted Living Services.** The enacted budget assumes savings of \$0.7 million, including \$0.3 million from general revenues, from using selective contracting agreements for supportive services for those in an assisted living care setting. The savings were restored at the November Caseload Estimating Conference based on testimony from the Department that it cannot make this change while the state transitions to making the state supplement payment. The Department's request is consistent with the caseload estimate. It should be noted that this proposal was also part of the FY 2009 and FY 2010 enacted budgets and funding was restored at the following November 2008 and 2009 caseload conferences. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly concurred.**

**Personal Choices Option.** The enacted budget includes savings of \$200,000 from all sources to reduce the monthly stipend provided to eligible individuals through the personal choices option so that they can hire who they choose to help with daily activities allowing them to remain in their own home. The caseload estimate continued to assume the savings and the Department's request is consistent with the estimate. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly concurred.**

**Habilitation Services Option.** The enacted budget includes savings of \$200,000 from all sources from ensuring that the home and community care placements for disabled individuals, primarily those with traumatic brain injuries, through the habilitation services option under the global waiver are appropriate. For those placements deemed not appropriate, the individual is provided services in a setting that is less expensive. The caseload estimate continued to assume the savings and the Department's request is consistent with the estimate. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly concurred.**

### Managed Care

The November Caseload Estimating Conference estimate included managed care expenses at \$602.0 million, \$20.0 million less than enacted. This includes \$226.6 million from general revenues, \$375.4 million from federal funds and \$15,000 from restricted receipts and corrects for the updated Medicaid rate. The estimate included RItE Care expenses at \$497.9 million, RItE Share at \$19.6 million and fee-for-service expenses at \$84.5 million; a discussion of each follows. The Department's request reflected the conference estimate.

The Department's constrained request shifted \$1.5 million of early intervention funding from general revenues to federal funds to utilize the \$3.2 million from the early intervention grant. This initiative is discussed separately.

*The Governor recommended \$602.0 million from all sources, including \$225.9 million from general revenues. Although the total funding is consistent with the conference estimate, he shifted general revenue funding of \$0.7 million to available federal funds; this proposal is discussed separately.* **The Assembly concurred with the Governor's proposal and included \$594.0 million, including \$223.0 million from general revenues, consistent with the May caseload estimate.**

**RItE Care.** The November Caseload Estimating Conference estimated RItE Care expenditures at \$497.9 million including \$187.9 million from general revenues. This is \$14.1 million less than enacted, including \$1.6 million more from general revenues based on the updated enhanced Medicaid rate and decreased caseload and updated cost projections. The average numbers of enrollees in RItE Care in FY 2011 through December 2010 is 119,726. *The Governor recommended funding consistent*

*with the caseload estimate.* **The Assembly provided \$506.3 million, consistent with the May caseload estimate.**

**Managed Care Contracts.** The enacted budget assumes savings of \$7.9 million, \$6.7 million from the state entering into new contracts with Neighborhood Health Plan of Rhode Island and United Healthcare to provide medical benefits to Rlte Care families and children with special health care needs on July 1, 2010. The new contracts cap the inpatient rates paid to the community hospitals at 90.1 percent of the rate paid as of June 30, 2010 and outpatient rates paid to the community hospitals through the managed care plans at 100 percent of the rate paid as of June 30, 2010. This applies to both the Rhody Health program and Rlte Care program. The November caseload estimate continued to assume the savings and the Department's request is consistent with the estimate. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly concurred.**

**State Only Costs.** The Department's request is consistent with the caseload estimate, which includes \$1.1 million from general revenues, \$18,166 more than enacted, for state only expenses for medical benefits provided to certain managed care populations. The estimate included funding for legal permanent residents who have not met the five-year residency requirement necessary to be eligible for Medicaid. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly provided \$0.9 million, consistent with the May caseload estimate.**

**Rlte Share.** The November Caseload Estimating Conference estimate included Rlte Share expenditures at \$19.6 million, including \$7.4 million from general revenues. This is \$2.2 million more than enacted, including \$0.1 million more from general revenues to adjust for the change in the Medicaid rate. The Rlte Share program allows families who are eligible for medical assistance to remain in their employer based health insurance plan. The state pays the health care premiums and co-payments of Rlte Share eligible recipients if the coverage is similar to the cost and services offered through Rlte Care. The average number of enrollees in Rlte Share in FY 2011 through December 2010 is 11,550. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly provided \$13.2 million, consistent with the May caseload estimate.**

**Fee-Based Managed Care.** The Caseload Estimating Conference estimate included FY 2011 fee-based managed care expenditures at \$84.5 million from all sources, of which \$31.9 million is general revenues. The estimate is \$8.0 million less than enacted from all sources, including \$0.3 million more from general revenues which reflects the Medicaid rate change and updated expenditure projections. Fee-based managed care provides additional services on a fee-for-service basis to those in the contracted managed care system or not yet enrolled in a managed care plan. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly provided \$74.6 million, consistent with the May caseload estimate.**

**Target - Early Intervention Funds.** The state is eligible to receive a \$3.2 million two-year federal grant to provide early intervention services and can also leverage Medicaid funds for early intervention expenses that were previously state only. The Department requested virtually no funding from the grant for FY 2011 nor did it request the funding in its revised request. However, it did request the funding in its constrained budget and shifted \$3.2 million of expenditures funded from both Medicaid and general revenues to the federal grant. The expenditures shifted include \$1.7 million from Medicaid and \$1.5 million from general revenues.

The Department subsequently submitted revised information that reduced the general revenue savings to \$0.7 million, but also indicated that the savings will not be fully achieved since it has spent at least

\$0.3 million more than the amount included in the constrained request during the first five months of the fiscal year due to an increase in eligible participants.

*The Governor recommended shifting \$1.5 million of expenditures funded from both Medicaid and general revenues to the federal grant, including \$0.7 million from general revenues. This is consistent with the Department's revised submission. **The Assembly concurred.***

### **Rhody Health**

**Rhody Health.** The November Caseload Estimating Conference estimated expenditures of \$176.0 million from all sources, including \$66.3 million from general revenues for the program for FY 2011. This is \$4.6 million less than enacted, including \$1.8 million more from general revenues and corrects for the updated Medicaid rate. The Department's request reflects the conference estimate; however, the Department's constrained request reduced expenditures by \$0.3 million, including \$0.1 million from general revenues by reducing the mileage paid for non-emergency medical transportation, including wheelchair vans, from \$1.75 per mile to \$0.51 per mile, discussed separately.

*The Governor recommended \$175.6 million from all sources, including \$66.3 million from general revenues. This is \$0.4 million less from all sources, including \$0.2 million less from general revenues from making changes to the rates paid for non-emergency medical transportation, discussed separately. **The Assembly concurred with the Governor's initiative and provided \$179.9 million, including \$67.9 million from general revenues, consistent with the May caseload estimate.***

**Managed Care Contracts.** The enacted budget assumes savings of \$7.9 million, \$1.2 million for the Rhody Health program from the state entering into new contracts with Neighborhood Health Plan of Rhode Island and United Healthcare to provide medical benefits to Rhody Health families and children with special health care needs on July 1, 2010. The new contracts cap the inpatient and outpatient rates paid to the community hospitals through the managed care plans. This applies to both the Rhody Health program and the RIte Care program. The November caseload estimate continued to assume the savings and the Department's request is consistent with the estimate. *The Governor recommended funding consistent with the caseload estimate. **The Assembly concurred.***

**Target - Non-Emergency Medical Transportation.** Currently the state reimburses wheelchair van providers \$25.65 per one-way trip in addition to \$1.75 per mile for non-emergency medical transportation for Rhody Health clients. The Department's constrained request includes a proposal to reduce the mileage reimbursement rate for wheelchair van providers from \$1.75 per mile to \$0.51 per mile, consistent with the Internal Revenue Service's 2011 business miles reimbursement rate for passenger vehicles. The Department indicated that this initiative required a category II change under the conditions of the global Medicaid waiver.

The Department assumed a January 1, 2011 start date and savings of \$1.7 million from all funds, including \$0.3 million from all funds and \$0.1 million from general revenues for the Rhody Health program and the remaining \$1.3 million from all sources in the other medical services section of this analysis. The Department subsequently submitted updated information to increase the total savings by \$1.1 million to \$2.8 million from all sources by reducing the current reimbursement of \$25.65 plus \$1.75 per mile to a flat rate of \$22.00 per trip and eliminating the mileage reimbursement for non-wheelchair accessible van transportation. The Department confirmed that both rate reductions began February 1, 2011.

*The Governor recommended savings of \$0.4 million from all sources, including \$0.2 million from general revenues for the Rhody Health program from reducing the mileage reimbursement rate for wheelchair van transportation to \$0.51 per mile, implementing the \$22 flat rate per trip for non-wheelchair van transportation and recognizing mileage for non-wheelchair van transportation for out-of-state trips only. He also included savings of \$1.5 million, including \$0.6 million from general revenues from this proposal in the other medical services program. **The Assembly concurred.***

### **Pharmacy**

The November Caseload Estimating Conference estimate included pharmacy expenses at \$47.3 million; this is \$0.9 million more than enacted. This includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. The November caseload estimate restored \$250,000 from all funds for the state maximum allowable cost program, discussed below and corrected for the updated Medicaid rate. The Department's request reflects the caseload estimate. Pharmacy costs also include psychotropic medicines for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' Medicaid eligible behavioral health clients. *The Governor recommended funding consistent with the caseload estimate. **The Assembly provided \$40.3 million, including \$37.9 million from general revenues, consistent with the May caseload estimate.***

**Pharmacy.** The November Caseload Estimating Conference estimated FY 2011 direct pharmacy expenditures at \$10.9 million, of which \$4.1 million is from general revenues. This is \$0.6 million less than enacted, primarily from federal funds. The estimate restored \$250,000 from all funds, based on the Department's testimony of delays in implementing the state maximum allowable cost program for generic drug expenses. The Department's request reflects the conference estimate. Elderly and disabled individuals who are not enrolled in Rhody Health receive this fee-for-service pharmacy benefit. The caseload estimate separated the actual pharmacy costs for fee-for-service clients and the state's payment for the Medicare Part D clawback, discussed separately. *The Governor recommended funding consistent with the caseload estimate. **The Assembly provided \$3.8 million, including \$1.5 million from general revenues, consistent with the May caseload estimate.***

**State Maximum Allowable Cost Program.** The enacted budget assumes savings of \$1.0 million from establishing a state maximum allowable cost program for generic drugs dispensed to Medicaid beneficiaries receiving prescription drugs through the fee-for-service system. The conference restored \$250,000 from all sources, including \$89,525 from general revenues, based on testimony from the Department that the savings could not be achieved. The Department's request is consistent with the adopted estimate. *The Governor recommended funding consistent with the caseload estimate. **The Assembly concurred.***

**Medicare Drug Benefit - Part D Clawback.** The November Caseload Estimating Conference estimated the state payment for the Medicare Part D clawback provision at \$36.4 million, \$1.2 million more than enacted, entirely from general revenues. The Department's request reflects the conference estimate. The enacted budget assumes \$11.0 million from a full-year of savings at the enhanced Medicaid rate to account for the state's ability to realize general revenue savings from applying the enhanced rate to the drug expenses. However, Congress extended the enhanced rate through June 30, 2011 but at a somewhat lower rate than the enacted budget was based upon; thus the request included an additional \$1.2 million to account for the difference in the enhanced rates. *The Governor recommended funding consistent with the caseload estimate. **The Assembly provided \$36.5 million from general revenues, consistent with the May caseload estimate.***

## Other Medical Services

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

**Other Medical Services.** The November Caseload Estimating Conference estimated expenditures for other medical services at \$115.0 million, which includes \$36.6 million from general revenues. The estimate is \$10.3 million less than the enacted budget, including \$1.3 million less from general revenues. The conference estimate restored \$2.5 million from all funds to backfill unachieved savings for the program monitoring through the Division of Motor Vehicles and the estate recoveries initiatives, discussed separately. The Department's current services request reflects the conference estimate.

As part of its constrained request, the Department proposed reducing the mileage paid for non-emergency medical transportation from \$1.75 per mile to \$0.51 per mile and also establishing a \$50 fee for each Medicaid provider to use the new electronic enrollment system for savings of \$1.6 million, including \$0.7 million from general revenues. These initiatives are discussed in further detail separately.

*The Governor recommended \$113.5 million from all sources, including \$36.1 million from general revenues. This is \$1.5 million less from all sources, including \$0.6 million less from general revenues from making changes to the rates paid for non-emergency medical transportation, discussed separately.* **The Assembly concurred with the Governor's initiatives and provided \$121.6 million for all other medical services, consistent with the May caseload conference.**

**Selective Contracting - Durable Medical Equipment.** The enacted budget assumes savings of \$0.4 million, \$0.2 million from general revenues from implementing a competitive bidding process for durable medical equipment consistent with the selective contracting portion of the global waiver. The November estimate assumed the savings and the Department's revised request is consistent with the estimate; however, the competitive bidding process did not achieve the savings and the Department indicated it will reduce the rates to 90.0 percent of the allowable Medicare reimbursement fee schedule, beginning January 1, 2011 to generate the savings. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly concurred.**

**Unachieved Savings - Division of Motor Vehicles Monitoring.** The enacted budget includes savings of \$1.8 million from all sources, including \$0.4 million in the medical benefits program and \$1.4 million in the cash assistance program from verifying an individual's residential information with the data available through the Division of Motor Vehicles. The Department monitors program eligibility through its front end detection unit for medical benefits and cash assistance programs. One eligibility requirement for all assistance programs is Rhode Island residency. The savings were restored at the November Caseload Estimating Conference based on testimony from the Department that they could not be achieved. The Department's request is consistent with the conference estimate. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly concurred.**

**Medicaid Recovery Estate Liens.** The enacted budget includes savings of \$2.8 million from all sources, including \$1.3 million from general revenues, from the Department's increased ability to conduct estate recoveries under current law with the addition of 3.0 full-time equivalent positions. The caseload estimate restored \$2.1 million, including \$0.8 million from general revenues based on

testimony from the Department that the savings related to this proposal could not be achieved due to delays in hiring the additional positions. The Department's request is consistent with the caseload estimate. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly concurred.**

**Target - Non-Emergency Medical Transportation.** Currently the state reimburses wheelchair van providers \$25.65 per one-way trip in addition to \$1.75 per mile for non-emergency medical transportation for all other clients not enrolled in the Rhody Health plan. The Department's constrained request includes a proposal to reduce the mileage reimbursement rate for wheelchair van providers from \$1.75 per mile to \$0.51 per mile, consistent with the Internal Revenue Service's 2011 business miles reimbursement rate for passenger vehicles. The Department indicated that this initiative required a category II change under the conditions of the Medicaid global waiver.

The Department assumed a January 1, 2011 start date and savings of \$1.7 million from all funds, including \$1.3 million from all funds, including \$0.5 million from general revenues for the other medical services program and the remaining \$0.3 million in the Rhody Health section of this analysis. The Department subsequently submitted updated information increasing the total savings by \$1.1 million to \$2.8 million from all sources by reducing the current reimbursement of \$25.65 plus \$1.75 per mile to a flat rate of \$22.00 per trip and eliminating the mileage reimbursement for non-wheelchair accessible van transportation. The Department confirmed that both rate reductions began February 1, 2011.

*The Governor recommended savings of \$1.5 million from all sources, including \$0.6 million from general revenues for the other medical services program from reducing the mileage reimbursement rate for wheelchair van transportation to \$0.51 per mile, implementing the \$22 flat rate per trip for non-wheelchair van transportation and recognizing mileage for non-wheelchair van transportation for out-of-state trips only. He also included savings of \$0.4 million, including \$0.2 million from general revenues from this proposal in the Rhody Health program.* **The Assembly concurred.**

**Target - Medicaid Provider Application Fee.** All Medicaid providers are currently enrolled in a provider network payment system and register with the state at no charge; providers must be registered with the state to receive state payment for services provided. As part of its constrained request, the Department proposed to implement a \$50 application fee for initial enrollment and re-enrollment every five years for all Medicaid providers when they enroll in the new electronic provider network payment system and includes general revenue savings of \$125,000. This assumed that 10,000 providers will enroll from March 2011 through June 2012 and that one quarter will enroll in FY 2011 for general revenue savings of \$125,000 and three quarters will enroll in FY 2012 for savings of \$375,000.

This initiative requires a category II change under the conditions of the Medicaid global waiver. The Department's request included this fee as a reduction to expenses, though federal approval may be contingent upon the fee being treated as state revenue. The Department subsequently indicated that it intends to regard the fee as revenue.

*The Governor did not recommend implementation of a provider application fee and did not include the savings in his recommendation.* **The Assembly concurred.**

### **Medical Assistance Administration**

**Rlte Care Administration - Staffing.** The Department requested \$1.0 million from all sources for salaries and benefits for 14.0 full-time equivalent positions for Rlte Care administration. This is \$0.1

million less than enacted and includes \$0.5 million from both general revenues and federal funds. The request included updated benefit rates and shifts a position from RIte Care administration to medical services administration for three months.

As part of its constrained request, the Department requested an additional \$43,642 for salary and benefit expenses, including \$21,821 from both general revenues and federal funds, shifting funding to fill one vacant position. *The Governor recommended funding consistent with the constrained request.* **The Assembly concurred.**

**RIte Care Administration - All Other Operations.** The Department requested \$4.8 million from all sources for RIte Care administration expenditures, which is \$23,809 less than enacted, including \$7,465 from general revenues. This includes \$12,839 less for printing by utilizing resources within state agencies rather than outside vendors, \$2,700 less for computer equipment purchases, \$1,744 less for staff training and \$6,526 less from all other general office operating expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**RIte Share Administration.** The Department requested \$1.5 million from all sources for RIte Share administration expenditures. The request included the enacted level of \$1.5 million for contracted RIte Share administrative costs and \$2,109 less for printing and postage costs. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Early Intervention - Administrative Operations.** The Department requested \$2.5 million more from federal funds for operating expenses for the early intervention program, excluding salaries and benefits, for total funding of \$4.9 million. The request included \$2.0 million from federal stimulus funds carried forward from FY 2010 and \$0.5 million from the federal grant the state receives annually also being carried forward from FY 2010. The request included \$312,012 more for training and education services, \$95,000 more for new computer equipment, system upgrades and furniture, \$20,000 more for printing and \$62,490 more for all other operating supplies and expenses. The state receives a \$2.1 million federal grant annually and has two years to spend the grant. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Medical Services Operations - New Positions.** The Department requested the authority for 6.0 new medical services operations positions, including 1.0 eligibility technician, 2.0 supervising eligibility technicians, 1.0 medical case specialist and 2.0 social case workers. However, the Department did not request funding for these positions; assuming that the positions will not be filled in the current year.

As part of its constrained request, the Department excluded the 6.0 positions. *The Governor's recommendation did not include the authorization or funding for these positions.* **The Assembly concurred.**

**Medical Services Operations - Other Staffing.** The Department requested \$20.1 million from all sources for salaries and benefits for medical services operations. This includes \$9.4 million from general revenues and \$10.7 million from federal funds and is \$0.6 million more than enacted from all sources for 237.1 full-time equivalent positions. The request includes updated benefit rates consistent with revised FY 2011 planning values, turnover savings from the 3.0 new estate recovery positions that were vacant the first quarter of FY 2011, and a newly vacant 0.5 position in the early intervention program, partially offset by \$0.2 million more for increased overtime expenses. The request also shifted staff to the medical services program from the RIte Care program.

As part of its constrained request, the Department requested \$53,374 less from all sources for salaries

and benefits, including \$26,687 less from general revenues for 11.8 fewer full-time equivalent positions. This reflects shifting funding for one position back to the RIte Care administration program. *The Governor recommended funding consistent with the constrained request.* **The Assembly concurred.**

**Medical Services Operations - Other Operations.** The Department requested \$34.4 million from all sources or \$2.1 million more than enacted for expenditures related to the operations of the medical benefits program, excluding salaries and benefits. This includes \$0.1 million more from general revenues in addition to \$2.0 million more from federal funds. The request includes federal funds carried forward from FY 2010 for an emergency room diversion grant to improve the safety and quality of services, appropriateness of utilization, promote primary care and expand opportunities for beneficiaries to participate in their own care. It also reduced contracted administrative services by \$1.2 million from all sources by shifting partial funding for several grants into FY 2012.

The Department requested an additional \$1.0 million for services provided by HP Enterprise (formerly Electronic Data Systems) to process the Medicaid claims. It also includes \$150,000 from a new Money Follows the Person grant, designed to provide assistance to balance the long term care system and help Medicaid enrollees' transition from institutions to the community. The request also includes \$150,000 from a new federal grant that allows the Department to work with the state's Office of the Attorney General to conduct criminal background checks on health care workers from out of state. The current process only allows for verification of a Rhode Island record. The request also includes an additional \$42,627 from both general revenues and federal funds for increases to the InRhodes contract.

*The Governor recommended \$142,849 less than requested, including \$1,000 less from general revenues from a 5.0 percent reduction to legal expenses and \$141,849 less from federal funds for the emergency room diversion grant.* **The Assembly concurred.**

**Office of Rehabilitative Services - New Positions.** The Department requested \$0.9 million from federal funds for 18.0 new full-time equivalent positions throughout the Office. This includes 10.0 positions for the disability determination unit, consisting of 9.0 rehabilitation counselors and 1.0 administrator. The request includes a full year of funding for all positions, though not all of the positions have been filled as of January 1, 2011. The federal Social Security Administration requested that the state hire additional staff to address the backlog of claims that are resulting from increasing numbers of applications for supplemental security insurance and disability benefits. These positions and the funding were included in both the unconstrained and constrained requests.

The Department also requested authorization for 8.0 new full-time equivalent positions throughout the Office; however, the Department did not request any funding for these positions, assuming that the positions will not be filled in the current year.

As part of its constrained request, the Department excluded these 8.0 full-time equivalent positions. *The Governor included authorization and funding as requested for the 10.0 disability determination unit positions, but did not include the authorization or funding for the eight other positions.* **The Assembly concurred.**

**Office of Rehabilitative Services - All Other Staffing.** The Department requested \$11.7 million, \$0.2 million more than enacted for salaries and benefits for the remaining 132.0 full-time positions in the Office of Rehabilitative Services. This includes adjustments for benefit rates consistent with revised FY 2011 planning values and also includes an additional \$0.1 million in turnover savings from delays in filling several vacant positions.



As part of its constrained request, the Department requested \$135,682 less from all sources for salaries and benefits, including \$17,361 more from general revenues for 127.0 filled positions. This reflects staff and cost shifting in addition to a delay in filling two additional positions. *The Governor recommended funding consistent with the constrained request.* **The Assembly concurred.**

**Office of Rehabilitative Services - Other Operations.** The Department requested \$20.5 million, \$0.8 million more than enacted to support other operations in the Office of Rehabilitative Services. The request includes \$0.1 million more from general revenues and \$0.7 million more from federal funds. The request includes \$1.2 million more from vocational rehabilitation federal stimulus funds carried forward from FY 2010 and \$0.1 million, primarily from general revenues for the various education and rehabilitative services the Office provides to all of its clients. The request includes expenditure reductions of \$0.3 million from federal funds to provide medical services to individuals applying for disability, \$0.1 million for contracted temporary clerical services in the disabilities determination unit to assist with processing applications, and \$0.1 million for reduced rental and lease costs. It also includes \$40,000 for the supported employment program, \$9,000 for medical supplies for the disabilities determination unit, and \$48,530 from all funds for all other operational expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

### Cash Assistance Programs

The Caseload Estimating Conference estimate included \$113.4 million from all sources, including \$33.9 million from general revenues for cash assistance programs, including Rhode Island Works, child care, state only supplemental security income program payments and general public assistance bridge program benefits. The estimate was \$3.6 million more than enacted. It restored \$2.6 million from all sources, \$1.4 million from general revenues for three initiatives based on testimony from the Department that the savings related to this proposal could not be achieved; each is discussed separately. The Department's request is consistent with the caseload estimate.

*The Governor recommended \$113.4 million from all sources, including \$33.9 million from general revenues, which is consistent with the Department's request and the caseload estimate.* **The Assembly provided \$111.8 million, including \$32.2 million from general revenues, consistent with the May caseload estimate.**

**Maintenance of Effort Requirement.** The state is required to spend \$60.4 million from general revenues as part of its maintenance of effort requirement for the \$95.0 million from the Temporary Assistance to Needy Families' block grant. The state can report any spending for its maintenance of effort requirement as long as it meets one of the four temporary assistance to needy families purposes: assisting needy families so that children can be cared for in their own homes; reducing the dependency of needy parents by promoting job preparation, work and marriage; preventing out-of-wedlock pregnancies; and encouraging the formation and maintenance of two-parent families. The state uses the circuit breaker program, earned income tax credit, administrative expenses through the Department of Human Services, and services provided through the Department of Children, Youth and Families and the Department of Labor and Training to meet the state's maintenance of effort. *The Governor's budget assumes that the state meets its maintenance of effort requirement for the block grant funding.* **The Assembly included adequate funding to meet the state's maintenance of effort requirement.**

The following table itemizes cash assistance expenditures as spent in FY 2010, as enacted, adopted by the caseload estimators and recommended by the Governor and enacted by the 2011 Assembly. Each category is discussed separately.

Cash Assistance	FY 2010 Spent	FY 2011 Enacted	FY 2011 Nov. CEC	FY 2011 Gov. Rev.	FY 2011 May CEC	FY 2011 Final
<b>Rhode Island Works</b>						
Persons	18,197	17,075	16,255	16,255	15,800	15,800
Monthly Cost per Person	\$ 184.97	\$ 188.00	\$ 186.00	\$ 186.00	\$ 187.56	\$ 187.56
General Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	43.8	41.8	39.8	39.8	39.0	39.0
<b>Total Costs*</b>	<b>\$ 43.8</b>	<b>\$ 41.8</b>	<b>\$ 39.8</b>	<b>\$ 39.8</b>	<b>\$ 39.0</b>	<b>\$ 39.0</b>
<b>Child Care</b>						
Subsidies	6,499	6,480	7,000	7,000	6,925	6,925
Annual Cost per Subsidy	\$ 7,120	\$ 7,200	\$ 7,150	\$ 7,150	\$ 7,085	\$ 7,085
General Revenue	\$ 7.1	\$ 8.8	\$ 11.1	\$ 11.1	\$ 9.3	\$ 9.3
Federal Funds	39.7	37.0	39.0	39.0	39.8	39.8
<b>Total Costs*</b>	<b>\$ 46.8</b>	<b>\$ 45.7</b>	<b>\$ 50.1</b>	<b>\$ 50.1</b>	<b>\$ 49.1</b>	<b>\$ 49.1</b>
<b>SSI</b>						
Persons	32,050	32,650	32,850	32,850	32,960	32,960
Monthly Cost per Person	\$ 47.37	\$ 46.72	\$ 47.00	\$ 47.00	\$ 47.06	\$ 47.06
<b>Total Costs/General Revenue*</b>	<b>\$ 22.2</b>	<b>\$ 19.3</b>	<b>\$ 20.6</b>	<b>\$ 20.6</b>	<b>\$ 20.8</b>	<b>\$ 20.8</b>
<b>SSI Transition/Bridge</b>						
Persons	538	550	573	573	598	598
Monthly Cost per Person	\$ 119.89	\$ 119.00	\$ 122.00	\$ 122.00	\$ 107.78	\$ 107.78
General Revenues	\$ 1.9	\$ 2.2	\$ 2.2	\$ 2.2	\$ 2.1	\$ 2.1
Federal Funds	0.9	0.8	0.8	0.8	0.8	0.8
<b>Total Costs*</b>	<b>\$ 2.8</b>	<b>\$ 3.0</b>	<b>\$ 3.0</b>	<b>\$ 3.0</b>	<b>\$ 3.0</b>	<b>\$ 3.0</b>
General Revenue	31.3	30.3	33.9	33.9	32.2	32.2
Federal Funds	84.3	79.6	79.6	79.6	79.6	79.6
<b>Total Cash Assistance*</b>	<b>\$ 115.6</b>	<b>\$ 109.8</b>	<b>\$ 113.4</b>	<b>\$ 113.4</b>	<b>\$ 111.8</b>	<b>\$ 111.8</b>

\*Expenditures in millions

**Rhode Island Works.** The Caseload Estimating Conference estimate included program expenditures at \$39.8 million entirely from federal funds. The estimated monthly caseload decreased by 820 cases to a level of 16,255. The cost per case was estimated to decrease by \$2.00 to a \$186.00 monthly cost per person. The estimated program expenditures were \$2.0 million less than the enacted budget, including \$2.2 million less for decreases in the caseload and cost per case, \$0.2 million less for transportation expenses, partially offset by the restoration of \$0.4 million for the initiative to verify information through the Division of Motor Vehicles. The Department's request reflects the conference estimate. *The Governor recommended funding consistent with the caseload estimate.*

**The Assembly provided \$39.0 million from federal funds, which is consistent with the May caseload estimate. The final number of persons estimated to receive assistance is 15,800 at an average monthly cost of \$187.56.**

**Unachieved Savings - Division of Motor Vehicles Monitoring.** The enacted budget includes savings of \$1.8 million from all sources, including \$1.4 million in the cash assistance program and \$0.4 million in the medical benefits program from verifying an individual's residential information with the data available through the Division of Motor Vehicles. The Department monitors program eligibility through its front end detection unit for medical benefits and cash assistance programs. One eligibility requirement for all assistance programs is Rhode Island residency. The savings were restored at the November Caseload Estimating Conference based on testimony from the Department that they could not be achieved. The Department's request is consistent with the conference estimate. *The Governor recommended funding consistent with the caseload estimate. The Assembly concurred.*

**Child Care.** The Caseload Estimating Conference set caseload child care expenditures at \$50.1 million, of which \$11.1 million was from general revenues. This is \$4.3 million more than enacted, including \$2.3 million more from general revenues, reflecting 520 additional child care subsidies for a monthly level of 7,000 and reflects a decrease in the annual cost by \$50 to \$7,150 for FY 2011. The caseload estimators restored \$0.9 million from all funds, \$0.2 million from general revenues for the initiative to verify information through the Division of Motor Vehicles. FY 2010 child care expenditures were \$1.0 million more than the final appropriation due to an increased number of subsidies in the final three months of the year; the estimate accounted for the additional spending, though the reason for the sudden increase remains unclear. The Department's request reflects the conference estimate. *The Governor recommended funding consistent with the caseload estimate.*

**The Assembly provided \$49.1 million for child care, including \$9.3 million from general revenues, which is consistent with the May caseload estimate, which decreased the number of subsidies by 75 to 6,925. The annual cost per slot is projected to decrease from the November estimate by \$65 to \$7,085.**

**Supplemental Security Income Payments.** The Caseload Estimating Conference estimate included \$18.5 million from general revenues in FY 2011 for direct supplemental security income expenditures, which is \$0.2 million more than enacted. The caseload increased by 200 persons to a monthly level of 32,850. Estimators also increased the monthly cost per person by \$0.28 to \$47.00. The estimate restored \$0.2 million from general revenues for the unachieved initiative from a new benefit category for individuals living in state licensed residential care settings, discussed below. The Department's request reflects the conference estimate. *The Governor recommended funding consistent with the caseload estimate.*

**The Assembly provided \$18.6 million for direct supplemental payments, consistent with the May caseload estimate, which increased the anticipated number of individuals receiving benefits by 110 individuals to 32,960 at an average monthly cost of \$47.06.**

**Unachieved Savings - Supplemental Security Income Residential Payment.** The enacted budget assumes general revenue savings of \$0.2 million from a new category for individuals living in state licensed supportive residential care settings, passed in the FY 2010 Appropriations Act. The individuals will receive a state payment of \$300, which is \$238 less than the current state payment if they remain in a licensed assisted living facility. The payment is made to the individuals receiving their monthly benefits in the residential care facilities; the federal payment will remain the same. This proposal is consistent with the Medicaid global waiver and anticipates that the licensed residential care settings will become Medicaid eligible sites. The sites will be able to leverage Medicaid for any medical services provided, which is anticipated to offset any loss in the monthly income payment.

The November caseload estimate restored the savings, consistent with the Department's testimony that the federal Social Security Administration will not allow the state to implement this payment change while the state transitions to making the state supplement payment and that savings included in the enacted budget would not be achieved in either FY 2011 or FY 2012. The Department's revised request is consistent with the estimate. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly concurred.**

**Supplemental Security Income Transaction Fees.** The state chooses to supplement the federal program and it transfers funds to the federal government so the recipient receives one check. The state pays transaction fees for the service, which would total \$4.2 million for all of FY 2011 for all categories of recipients. The 2010 Assembly included Article 3 of 2010-H 7397, Substitute A, as

amended to have the state make its portion of the payment directly to the clients instead of paying a transaction fee to the federal government for the payment and included savings of \$3.2 million from general revenues. This was to take effect September 1, 2010.

The Department later indicated that the state take over could not occur until January 1, 2011 for most groups of recipients and the caseload estimate restored \$1.1 million from general revenues for the delay. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly provided \$2.2 million for transaction fees, consistent with the May caseload estimate.**

**Supplemental Security Income Transition/Bridge Program.** The November Caseload Estimating Conference estimate included expenditures for the supplemental security income transition/bridge program at \$3.0 million, including \$2.2 million from general revenues, or \$6,528 less than enacted. This increased the projected number of persons by 23 for a level of 573. The estimate also increased the monthly cost per person from \$119.00 to \$122.00. These increases were offset by a reduction of \$60,000 for burial costs. The Department's request reflects the November conference estimate. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly provided \$3.0 million, including \$2.1 million from general revenues, consistent with the May caseload estimate.**

**Hardship Payments.** The Department requested \$25,300 less from general revenues for hardship contingency payments. The enacted budget includes \$478,000 from general revenues that the Director of the Department may provide for these payments for FY 2011. *The Governor recommended funding consistent with the request.* **The Assembly further reduced expenditures by \$37,500, based on the projected spending included in the Department's third quarter report.**

#### **Cash Assistance Administration**

**Rhode Island Works Administration - Staffing.** The Department requested \$1.0 million less for salary and benefit expenses for Rhode Island Works program administration, totaling \$10.7 million, including \$1.1 million less from general revenues and \$0.1 million more from federal funds for 117.5 full-time equivalent positions. This includes updated benefit rates and shifts the costs for several eligibility technicians to other programs, including child care.

As part of its constrained request, the Department requested \$0.3 million less from general revenues for salaries and benefits, to reflect maintaining several vacancies and shifting existing staff to cash assistance programs. *The Governor recommended funding consistent with the constrained request.* **The Assembly concurred.**

**Rhode Island Works Grants.** The Department requested grant expenditures of \$5.9 million from all sources for training and work activities for program recipients. This is \$59,816 more than enacted, including \$49,750 more from general revenues. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Rhode Island Works Administration - Other Operations.** The Department requested \$5.5 million for all other Rhode Island Works program operations, which is \$139,301 less than enacted. This includes \$1.6 million from general revenues, \$65,635 less than enacted and \$3.9 million from federal funds, \$73,666 less than enacted. Expenditure reductions include \$333,822 for the InRhodes contract, \$101,750 for other information technology expenses and \$29,563 for interpreters and translators. Expenditure increases include \$247,600 for postage and printing, \$44,170 for maintenance expenses, \$12,282 for security services at the satellite offices and \$21,782 more for all other operating expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Child Care Administration - Staffing.** The Department requested \$1.4 million from all sources for salary and benefit expenses for child care program administration. The request includes \$1.4 million from all sources, including \$0.8 million from general revenues for 15.5 full-time equivalent positions. This is \$0.1 million more than enacted, including \$7,646 from general revenues. The request provided for updated benefit rates consistent with revised FY 2011 planning values and maintained the 2.0 vacant positions that are included in the enacted budget.

As part of its constrained request, the Department requested an additional \$49,414 from general revenues for filling the two vacant positions for several months. *The Governor recommended funding consistent with the constrained request.* **The Assembly concurred.**

**Child Care Administration - Other Operations.** The Department requested \$3.0 million for all other child care administration operating expenses, which is \$0.7 million more than enacted, primarily from carried forward federal funds for upgrades and improvements to the state's child care quality rating and improvement system. It also includes \$0.1 million more for information technology expenditures and \$56,384 less for all other office and operating expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Supplemental Security Income Program Administration.** The Department requested \$541,514 from general revenues for staffing and operational expenditures related to administering the state supplemental security income program for individuals whose income is too high to meet the eligibility criteria for the federal supplemental security income program. This includes \$170,564 for 4.0 positions and \$370,950 for InRhodes programming expenses, banking and mailing expenses and other operating expenditures. The 4.0 positions include 2.0 social case workers, 1.0 case worker supervisor and 1.0 public health nurse. The request assumes that the positions will be filled for the last five months of FY 2011. *The Governor recommended funding as requested.* **The Assembly concurred.**

## **Veterans' Affairs**

**Department of Veterans' Affairs.** The 2010 Assembly delayed the creation of the new Department of Veterans' Affairs from July 1, 2010 until July 1, 2011 and delayed the required transition recommendations until October 31, 2010. The Department of Human Services was to provide recommendations for implementation to the chairs of the House and Senate Finance Committees regarding how to transition the Division into its own Department. As of January 7, 2011, the House and Senate Finance Committees have not received the recommendations. *The Governor's FY 2012 budget reflects the creation of the new Department of Veterans' Affairs, effective July, 1, 2011.* **The Assembly maintained the Division of Veterans' Affairs in the Department of Human Services.**

**Veterans' Affairs - New Positions.** The Department requested authorization for 24.0 new full-time equivalent positions within the Division of Veterans' Affairs; however, the Department did not request funding for these positions, assuming that the positions will not be filled in the current year. The requested positions include 15.0 nurses, 6.0 institutional attendants, 1.0 chief of family health systems, 1.0 typist and 1.0 cook's helper.

As part of its constrained request, the Department excluded these 24.0 full-time equivalent positions. *The Governor's recommendation did not include the authorization or funding for these positions.* **The Assembly concurred.**

**Veterans' Affairs - All Other Staffing.** The Department requested \$21.3 million from all funds for salaries and benefits for 228.8 positions, which is \$0.6 million more than enacted, primarily from federal

funds and reduced the authorization by 0.4 full-time equivalent positions to more accurately reflect the hours worked by several staff members. The request includes updated benefit rates consistent with revised FY 2011 planning values, \$0.5 million more from general revenues for overtime expenses and shifted \$0.4 million in expenses from general revenues to available federal funding.

As part of its constrained request, the Department requested a reduction of \$21,591 from general revenues and \$1 from federal funds for salary and benefit expenses from not filling 1.0 position for several months or several positions for a shorter amount of time. The exact staffing reduction has not been determined. *The Governor recommended funding consistent with the constrained request.* **The Assembly concurred.**

**Veterans' Affairs - Medical and Operational Expenses.** The revised request includes \$0.6 million more from all sources, including \$0.7 million more from general revenues, \$0.1 million less from federal funds and the enacted level from restricted receipts for medical and operating costs at the Veterans' Home. The general revenue increase includes \$0.5 million more for nursing services, laboratory testing and other medical services and \$0.2 million more for pharmaceuticals and medical supplies. The Division has increased its reliance on contracted services to perform duties that full-time positions can do. The Division has recently filled at least 5.0 positions due to retirements, but continues to maintain vacancies, relying on the contracted nurses instead.

The request includes increased expenditures of \$20,000 from a federal grant for homeless veterans' transitional assistance combined with \$66,294 for meal service contracts, legal services, medical equipment maintenance and repairs, the purchase of furniture and non-medical equipment, and plumbing repairs and \$16,157 from all other operating adjustments.

*The Governor recommended \$50,350 less than requested from general revenues, including \$50,000 less for nursing and other medical services, reflecting actual year to date expenditures and updated projections and \$350 less from a 5.0 percent reduction to legal expenses.* **The Assembly concurred.**

**Veterans' Cemetery.** The Department requested \$0.7 million more from a new federally funded grant from the National Cemetery Administration to improve the areas around the Memorial Circle and World War II Memorial at the Veterans' Cemetery in Exeter. The projects include re-grading the area to eliminate settlements, ensuring that all rows and aisles are clearly marked, and planting and establishing suitable grass cover for the reduction of weeds to improve the overall appearance of the cemetery. The grant award totals \$2.1 million to be spread equally over three years. The work will be done in conjunction with regular operations. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Veterans' Home Capital Projects.** The Department requested \$1.4 million more from all funds for capital projects at the Veterans' Home, including \$0.2 million more from federal funds from reimbursement for work that is already completed and \$1.1 million more from restricted receipts for seven projects in FY 2011. All projects are outlined in the Capital Budget Section. *The Governor recommended funding as requested.* **The Assembly concurred.**

### Other Programs

**Child Support Enforcement - New Positions.** The Department requested authorization for 2.0 new full-time equivalent positions within the child support enforcement division, including 1.0 senior human services business officer and 1.0 data entry operator. However, the Department did not request funding for these positions, assuming that the positions will not be filled in the current year. As part of its constrained request, the Department excluded these 2.0 full-time equivalent positions.

*The Governor's recommendation did not include the authorization or funding for these positions. The Assembly concurred.*

**Child Support Enforcement - All Other Staffing.** The request included \$4.5 million, \$0.3 million less than enacted for salaries and benefits for 61.3 positions. This includes \$1.5 million from general revenues and \$3.0 million from federal funds and includes benefit rates consistent with revised FY 2011 planning values. This also includes additional turnover savings of \$0.2 million from leaving approximately 3.0 full-time equivalent positions vacant.

As part of its constrained request, the Department requested \$1,674 less from all sources for salaries and benefits for 58.1 filled positions, including \$568 from general revenues, reflecting additional turnover savings. *The Governor recommended funding consistent with the constrained request. The Assembly concurred.*

**Child Support Enforcement - Project Restore.** The Department requested the enacted level of \$170,385 from all sources, including \$8,519 from general revenues for the federal Restoring Opportunities in a Rough Economy grant, that the Department calls Project Restore. This is a 17-month federal grant available from November 2009 through March 2011 that is intended to provide health education and other services to non-custodial parents who have historically paid their child support obligations, but due to job loss and foreclosure, can no longer do so. This project will also provide services to custodial parents who have been negatively impacted by the non-custodial parent's job loss.

The FY 2010 final budget included a total of \$191,684 for this grant; however, the Department did not spend any of the funds because of several purchasing and contracting delays and has requested a one-year federal extension. The revised request did not include the \$191,684 of unspent funds that should have been carried forward from FY 2010. The Department indicated that this was inadvertently omitted from the revised request. *The Governor recommended funding as requested. The Assembly concurred.*

**Child Support Enforcement - Other Operations.** The Department requested \$0.4 million more than enacted, primarily from federal funds for operating expenses of the child support enforcement program. The request includes \$473,264 more from newly available child support incentive funds for continuing upgrades to the computer system and database programs and \$25,006 less for all other expenses.

*The Governor recommended \$39,687 more than requested, including \$1 less from general revenues reflecting a 5.0 percent reduction in legal expenses and \$39,688 more from federal funds reflecting actual expenditures determined subsequent to the submission of the request. The Assembly concurred.*

**Food and Nutrition Program Transfer.** The 2010 Assembly passed legislation included in Sections 1 through 3 of Article 7 of 2010-H 7397, Substitute A, as amended that transferred the Women, Infants and Children administration and benefits program from the Department of Health to the Department of Human Services effective October 1, 2010. It was later determined by the federal Department of Agriculture that the program must remain within the Department of Health in order to meet federal guidelines. The Department's revised request transferred the Women, Infants and Children administration and benefits program, the \$19.8 million from federal funds and 12.0 full-time equivalent positions back to the Department of Health.

*The Governor's recommendation is consistent with the Department's request and shifted \$19.8 million and 12.0 positions back to the Department of Health. He included language in Section 2(b) in Article 9, which removed the language that transfers the program to the Department of Human Services. **The Assembly did not concur with the shift, maintained the language in Article 9 to keep the program in the Department of Human Services and included \$19.6 million and 12.0 positions for the program.***

**Supplemental Nutrition Assistance Program - Benefits.** The Department requested \$271.3 million from federal funds for direct benefit payments for the Supplemental Nutrition Assistance Program. This is \$5.2 million less than enacted for updated program costs. Under the American Recovery and Reinvestment Act, benefits were increased to all recipients, but unlike other stimulus programs the benefit increase will continue after the stimulus funds are no longer available. *The Governor recommended \$3,751 more from federal stimulus funds for benefit payments. **The Assembly concurred.***

**Supplemental Nutrition Assistance Program - New Positions.** The Department requested \$1.0 million from federal funds and authorization for 22.0 new positions, including 20.0 clerical positions and 2.0 clinical training specialists through September 30, 2011. The federal government provided funding for the state to hire additional staff through September 30, 2011 to handle the increasing number of program applications. The request assumed that all positions were filled September 1, 2010; however, 2.0 positions remain vacant as of January 10, 2011, though the Department has begun the process of filling the positions. *The Governor recommended funding as requested. **The Assembly concurred.***

**Supplemental Nutrition Assistance Program - All Other Staffing.** The Department requested \$10.2 million, \$0.1 million less than enacted for salaries and benefits for 135.0 full-time equivalent positions. The request includes \$5.1 million from both general revenues and federal funds. The request includes benefit rates consistent with revised FY 2011 planning values and turnover savings.

As part of its constrained request, the Department requested an additional \$182,786 from both general revenues and federal funds for filling vacant positions, reflecting staff and cost shifting within the Individual and Family Support Program. *The Governor recommended funding consistent with the constrained request. **The Assembly concurred.***

**Supplemental Nutrition Assistance Program - Other Operations.** The Department requested \$0.5 million more from all sources of funds for operating expenditures related to the Supplemental Nutrition Assistance Program, formerly called the food stamp program. The request is \$0.1 million more from general revenues, \$0.1 million less from federal funds and includes \$0.6 million more from restricted receipts from bonus funding the state received for improving program access, which will be used to improve the field offices with new furniture and some computer equipment. The request also includes \$0.2 million more than enacted for the electronic benefit cards along with increases in security services and information technology upgrades, mostly offset by reductions of \$0.2 million for postage and printing expenses, and other adjustments to various program operating costs. *The Governor recommended \$443,425 less from federal stimulus funds to be used for administrative grant expenses; the enacted budget inadvertently included more funding than is available. **The Assembly concurred.***

**Special Education.** The Department's request includes the enacted level of \$29.8 million from federal sources for the federal portion of special education expenditures, which include benefits and administration expenses. The state match is provided by the local school districts. *The Governor recommended funding as requested. **The Assembly concurred.***



**Paratransit Services for the Elderly.** The Department requested \$6.2 million from all sources for elderly transportation services, including \$1.5 million from general revenues and \$4.2 million from the Department's one-cent share of the motor fuel tax. This is \$0.4 million less from Medicaid funds than enacted and shifts the cost to general revenues. The state leverages Medicaid funds under the global waiver for certain transportation expenses that were previously state only; however, there are fewer eligible paratransit riders for whom the state can access Medicaid and an increase in the number of elderly riders who are not Medicaid eligible. *The Governor recommended \$57,685 more from the one-cent share of the motor fuel tax based on updated estimates provided by the Department of Revenue in November 2010. He subsequently requested an amendment to reduce expenditures from the motor fuel tax by \$41,761.* **The Assembly concurred.**

**Community Services Block Grant.** The Department requested \$8.2 million from federal funds, \$33,463 more than enacted for the community services block grant. The request includes an increase of \$35,722 for benefits from filling a full-time equivalent position. The request reduced administrative expenses, including travel expenditures and office supplies. Funding is awarded to the state's nine community action agencies. *The Governor recommended funding consistent with the request.* **The Assembly concurred.**

**Community Service Grants.** The Department requested \$16,741 less than enacted from general revenues to support 95 social service agencies. The Department was notified that two agencies, Hartford Park Community Center and Options for Working Families, were no longer operating and the request was reduced accordingly. Funding supports social service agencies and community organizations throughout the state. *The Governor recommended funding consistent with the request.* **The Assembly concurred.**

**Community Health Centers.** The Department requested the enacted level of \$1.2 million, \$0.6 million from both general revenues and federal funds to support uncompensated care expenses at the 12 community health centers. The request shifted expenditures of \$34,620 from general revenues to federal funds. *The Governor recommended funding consistent with the request.* **The Assembly concurred.**

**Central Management - New Positions.** The Department requested \$0.1 million from general revenues and authorization for 8.0 new positions within the central management program. It includes 1.0 assistant coordinator of community relations position, which was filled in June 2010. The United States Department of Health and Human Services requires that a single individual be assigned to these duties. The position became vacant at the end of FY 2008, was eliminated in FY 2009, and the duties were spread among other staff.

The Department requested authorization for 1.0 deputy director, but did not include any funding in the request. The position was eliminated in FY 2009 and the Department did not expect the position to be filled in FY 2011. The Department also requested authorization for 6.0 new full-time equivalent positions, including 3.0 administrators, 1.0 senior auditor, 1.0 quality control review specialist, and 1.0 policy and service specialist. However, the Department did not request funding for these positions; assuming that the positions will not be filled in the current year.

As part of its constrained request, the Department excluded 6.0 full-time equivalent positions. This did not include the assistant coordinator of community relations or deputy director positions.

*The Governor's recommendation included the position and funding as requested for the assistant coordinator of community relations and \$26,344 more from general revenues for the deputy director*

position. He did not include the authorization or funding for the remaining six positions. **The Assembly concurred.**

**Central Management - All Other Staffing.** The Department requested \$2.4 million for salary and benefit expenses, \$1.0 million more than enacted for 13.0 full-time equivalent positions. This includes expenditures of \$1.6 million from general revenues, \$1.0 million more than enacted and \$0.8 million from restricted receipts, \$5,779 more than enacted. The request includes benefit rates consistent with revised FY 2011 planning values in addition to \$0.7 million from reduced turnover savings by filling vacant positions and includes shifting funding for positions among programs, primarily from individual and family support.

As part of its constrained request, the Department requested \$10,148 less, primarily from general revenues, reflecting additional turnover savings. *The Governor recommended \$40,001 less than requested, including funding consistent with the constrained request and additional general revenue savings of \$29,841 from eliminating the associate director for management services position.* **The Assembly concurred.**

**Central Management - Other Operations.** The Department requested \$8,236 less than enacted from all sources for all other operations in central management. The request includes \$0.2 million from federal funds for the emergency food assistance program and \$0.1 million for all other expenses, including increases for legal services offset by reductions for office supplies and other operating costs. *The Governor recommended \$2,639 less than requested, including \$2,650 less from general revenues from a 5.0 percent reduction to legal expenses and \$11 more from restricted receipts.* **The Assembly concurred.**

**Individual and Family Support - New Positions.** The Department requested authorization for 45.0 new full-time equivalent positions, including eligibility technicians, social case workers, administrators, and typists for the individual and family support program, including the supplemental nutrition assistance program, child care and Rhode Island works administration. The Department did not request funding for these positions, assuming that the positions will not be filled in the current year.

As part of its constrained request, the Department excluded these 45.0 full-time equivalent positions. *The Governor's recommendation did not include the authorization or funding for these positions.* **The Assembly concurred.**

**Individual and Family Support - All Other Staffing.** The Department requested \$1.3 million for salary and benefit expenses for 32.6 full-time equivalent positions, \$1.2 million less than enacted. This includes \$0.2 million from general revenues and \$1.0 million from federal funds. The request includes benefit rates consistent with revised FY 2011 planning values in addition to \$0.9 million less from general revenues and \$0.4 million more from newly available federal funds and an additional \$0.3 million in turnover savings from maintaining and delaying the filling of 4.0 vacant positions.

As part of its constrained request, the Department requested an additional \$12,088 from federal funds from filling one position for several months or several positions for a shorter amount of time; the exact staffing increase has not been determined. *The Governor recommended funding consistent with the constrained request.* **The Assembly concurred.**

**Individual and Family Support - Other Operations.** The Department requested \$84,539 more than enacted, primarily from federal funds for all other operating expenditures in the individual and family

support program. The request includes increases of \$94,540 from federal stimulus funds for emergency food assistance and \$84,007 for the emergency shelter program partially offset by reductions of \$75,000 for Social Security Administrative counseling and training reimbursements and \$19,008 from miscellaneous reductions for the refugee assistance program and family and adult services. *The Governor recommended an additional \$42,482 from federal funds for emergency food assistance program grants.* **The Assembly concurred.**

**Capital – Blind Vending Facilities.** The Department requested \$279,064 from Rhode Island Capital Plan funds for the ongoing construction and renovation of statewide vending facilities. This is \$204,064 more than enacted for the completion of the renovations for the Division of Motor Vehicles site in the Forand Building. *The Governor recommended \$204,064 from Rhode Island Capital Plan funds, which is \$75,000 less than the request.* **The Assembly concurred.**

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

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
Central Management	\$ 801,112	\$ 1,559,450	\$ 992,521	\$ 992,521
Services for the Dev. Disabled	245,908,360	232,150,971	238,234,965	237,074,838
Hosp. & Comm. System Support	2,643,280	4,851,766	4,902,292	4,902,292
Hospital & Comm. Rehab. Services	98,099,652	101,480,369	103,168,137	98,935,265
Integrated Mental Health Services	79,964,888	-	-	-
Substance Abuse	31,512,922	-	-	-
Behavioral Health	-	106,707,771	107,966,906	107,031,703
<b>Total</b>	<b>\$ 458,930,214</b>	<b>\$ 446,750,327</b>	<b>\$ 455,264,821</b>	<b>\$ 448,936,619</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 112,885,559	\$ 114,200,222	\$ 117,428,758	\$ 117,094,367
Contracted Services	788,850	1,374,855	1,748,615	1,477,311
<b>Subtotal</b>	<b>\$ 113,674,409</b>	<b>\$ 115,575,077</b>	<b>\$ 119,177,373</b>	<b>\$ 118,571,678</b>
Other State Operations	12,931,668	15,022,266	12,833,554	13,253,947
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	326,235,639	301,432,545	309,587,221	308,333,858
Capital	1,355,173	14,720,439	13,666,673	8,777,136
Capital Debt Service	-	-	-	-
Operating Transfers	4,733,325	-	-	-
<b>Total</b>	<b>\$ 458,930,214</b>	<b>\$ 446,750,327</b>	<b>\$ 455,264,821</b>	<b>\$ 448,936,619</b>
<b>Sources of Funds</b>				
General Revenue	\$ 160,665,295	\$ 163,684,244	\$ 170,929,040	\$ 170,429,040
Federal Aid	287,059,335	259,918,758	264,422,374	262,744,172
Restricted Receipts	7,747,477	10,688,634	8,049,478	8,049,478
Other	3,458,107	12,458,691	11,863,929	7,713,929
<b>Total</b>	<b>\$ 458,930,214</b>	<b>\$ 446,750,327</b>	<b>\$ 455,264,821</b>	<b>\$ 448,936,619</b>
<b>FTE Authorization</b>	<b>1,294.0</b>	<b>1,372.2</b>	<b>1,372.2</b>	<b>1,372.2</b>
<b>FTE Average</b>	<b>1,208.8</b>			

**FY 2011 Revised Request.** The Department requested \$29.7 million more than enacted in its current services request including \$17.3 million more from general revenues, \$15.1 million more from federal funds, \$2.6 million less from restricted receipts and \$0.1 million less from capital plan funds.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$2.2 million for the Department. The constrained budget submitted by the agency is \$9.8 million above that.

The Department included 62.0 more positions than currently authorized in its current services request; however, it includes only 2.0 of those positions in its constrained budget. Both requests correct for the updated enhanced Medicaid rate that expires June 30, 2011.

*The Governor further reduced the constrained request by \$0.8 million of which \$0.4 million is general revenues. He included \$0.4 million less from general revenues for statewide personnel and operating savings applied to certain agencies and \$0.5 million less from capital spending. He transferred 4.0 positions into the Department as part of the reorganization of the Office of Health and Human Services.*

**The Assembly reduced recommended expenses by \$6.3 million, including \$0.5 million less from general revenues, \$1.7 million less from federal funds and \$4.2 million less from Rhode Island Capital Plan funds. The Assembly concurred with the staffing recommendation.**

**Medicaid Expenses - State/National Comparison.** The following table compares national and state 2008 Medicaid spending. By percentage, Rhode Island's enrollment of children (the state's RItE Care population) is lower than the national average while enrollment of parents is slightly higher. 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 Department of Human Services' budget.

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

Enrollment and expenses for the aged population is slightly lower than the national average when comparing enrollment but higher than the national average when comparing percent of enrollment to total enrollment and higher than the national average for cost per enrollee. Expenses supporting this population are in the Department of Human Services and Elderly Affairs.

Medicaid Expenses	Enrollees		Percent of Enrollees		Expenses*		Percent of Expenses		Cost Per Enrollee	
	US *	RI	US	RI	US	RI	US	RI	US	RI
Children	23.5	80,052	48.9%	44.4%	\$ 57,100	\$ 228.0	19.4%	13.5%	\$ 2,435	\$ 2,848
Adults	11.1	42,110	23.1%	23.4%	39,700	170.5	13.5%	10.1%	3,586	4,048
Blind/Disabled	8.5	40,360	17.7%	22.4%	126,700	865.0	43.0%	51.4%	14,858	21,433
Aged	5.0	17,795	10.4%	9.9%	70,900	420.8	24.1%	25.0%	14,058	23,647
Total	48.1	180,317	100%	100%	\$294,400	\$1,684.3	100%	100%	\$ 6,120	\$ 9,341
<i>* in millions</i>										

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

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

**Stimulus – Enhanced Medicaid.** The enacted budget includes general revenue savings of \$215.1 million from the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. Of the total savings, \$107.6 million, including \$20.5 million in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' budget, is based on the assumption that the same rate would be extended six months until June 30, 2011. The federal government authorized the extension, but at a lower rate. The updated state savings of \$70.3 million results in a \$37.3 million shortfall, of which \$7.5 million is for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The Department's request backfills the loss of federal funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

**New Positions.** The Department requested 62.0 new positions in its current services request but reduced this to 2.0 new positions in its constrained request. The 62.0 new positions include 35.0 at Eleanor Slater Hospital, 12.0 in the Division of Behavioral Health, 11.0 in the Division of Developmental Disabilities, and 2.0 in the Division of Hospital and Community Support. The Department assumed an April 1, 2011 hiring date if the positions are approved. The positions are discussed separately by program. *The Governor did not recommend this request.* **The Assembly concurred.**

**Indirect Cost Recovery Rate for Federal Grants.** The enacted budget includes \$0.6 million in restricted receipts from the Department applying and receiving an approved indirect cost rate for its federal grants. The restricted receipts allow the Department to offset general revenue supported personnel in the central management and hospital and community support programs.

Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Department's request includes \$0.4 million from restricted receipts, \$0.2 million less than enacted to offset general revenue administrative costs. As of January 13, 2011, the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals had not applied for an indirect cost rate. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, he assumed savings of \$255,005, of which \$235,724 is from reduced personnel expenses. This is in addition to other program changes in his revised budget and described below. **The Assembly concurred.**

**Developmental Disabilities Programs.** The Department's request includes \$251.7 million of which \$93.3 million is from general revenues for its programs to support adults with developmental disabilities. It includes \$2.6 million from Rhode Island Capital Plan funds for the upkeep and maintenance of the group homes and day programming sites in the privately operated community based system. The Department's revised request is \$19.0 million more from all sources and its adjusted constrained budget reduces that funding by \$12.3 million from all sources. The Department reported that the revised request reflects updated program costs to include caseload adjustments; however, it is worth noting that the Department spent \$244.2 million in FY 2010 and has not submitted the necessary

information to document an increase in the number of individuals in need of the services or what services are needed and at what cost. The Department is in the process of reducing some of the residential rates paid to the private, community based providers for residential services.

Funding through the Medicaid global waiver supports community based residential support programs in the state-run system which is comprised of 34 homes, has a capacity to hold 259 patients and represents 7.0 percent of the residential caseload. Three of the 34 homes are considered nursing facilities or special care facilities, since the homes allow and accommodate 24-hour care for special care patients and can serve as a transition from the hospital or nursing home back to a community setting. The private provider system is comprised of 339 homes, has a capacity to offer residential supports to 1,741 clients, and represents 93.0 percent of the residential caseload. In addition to the residential support, the state also provides funding for day programming, supported employment activities and family support services through a Medicaid waiver.

*Excluding any statewide changes to the state-run program, the Governor recommended the constrained budget request of \$239.4 million from all sources, including \$87.4 million from general revenues. **The Assembly provided \$237.1 million, \$1.2 million less than recommended, including \$0.8 million more from general revenues for services provided to adults with developmental disabilities.***

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

**Privately Operated Community Programs - Unachieved Savings.** The Assembly passed Article 21 of 2010-H 7397, Substitute A, as amended to establish one or more networks of developmental disability providers, each headed by a lead agency that would be responsible for a population of clients and refer them to the appropriate services delivered through their network and changes in the rate structure. The enacted budget includes \$7.0 million in savings from all sources from this proposal. The Department will not establish the lead agency network but will instead make two changes in the reimbursement rates, discussed separately. The Department made the decision not to use the lead agency model in early June 2010, before the final budget was passed by the Assembly. It informed providers of this decision in early June; however, the Department did not notify the Assembly. It instead informed fiscal staff from house, senate and budget office in early August. The Department will make two rate changes to meet the \$7.0 million savings in the enacted budget. Those changes are discussed separately.

The budget also includes \$0.3 million from all sources for the Department to hire a consultant to develop the management contract and new reimbursement rates. The Department requested additional funding for the consultant to only develop the new reimbursement rates; not to also prepare the management contract, also discussed separately. *The Governor's revised budget recognizes the unachieved savings. **The Assembly concurred.***

**Privately Operated Community Programs Rate Reform.** The Department pays two separate rates for residential care: a "daily" reimbursement paid to certain providers for 771 residential placements with the highest rate equating to \$177,251 annually for 25 clients or an "annual" rate for the remaining community placements with the maximum amount of \$94,188 for overnight care. As of September 1, 2010, the Department eliminated the use of daily rates, reassessed clients' needs and now provides reimbursement through the annual rates. As of the December monthly report there are 178 individuals whose care continues to be paid by the "daily" rate with residential services for the remaining 593

individuals paid through an annual rate. The Department anticipated the rate change will generate savings of \$1.9 million from all sources in FY 2011. *The Governor's revised budget assumes the savings from the rate change.* **The Assembly concurred.**

**Privately Operated Community Programs Management Contract.** The enacted budget includes \$300,000 from all sources to hire a consultant to prepare a contract for the lead agency network proposal and restructure the rate system that was recommended by the Governor and approved by the Assembly in Article 20 of 2010-H 7397, Substitute A, as amended. The Department will not be implementing the lead agency network change but requested \$0.6 million more than enacted for the consultant and has hired Burns and Associates to design a new rate reimbursement system for community based private providers. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Privately Operated Community Programs.** Excluding other program adjustments to the privately operated programs, the Department requested \$12.4 million more from all sources, \$8.9 million from general revenues for total funding of \$197.7 million from all sources in its current services request. The Department has not provided the information to substantiate the increased program costs.

The Department spent \$195.8 million in FY 2010, \$6.7 million more than the final appropriation for the services to adults with developmental disabilities through the privately operated program. *The Governor recommended funding consistent with the constrained budget request.* **The Assembly provided \$189.1 million from all sources, including \$72.4 million from general revenues.**

**Target - Privately Operated Community Programs.** The Department's constrained budget request reduces current services by \$9.9 million from all sources; however, it has also not provided any information as to how it will reach this target. In order to reach the target, it would have to further reduce its reimbursement rates or reduce services to its clients. According to information provided for the FY 2011 enacted budget, there were 3,317 clients who receive residential and day programming, or 84.3 percent of the caseload. If an individual residing in a community setting were to have their day programming level reduced (for example from five days to three) there would be a cost associated with providing additional staff at the residential site for the two reduced day programming services. The residential rates reimburse staff for two shifts, an afternoon and overnight shift and the client is either at another site during the day or if someone is at the residential site during the day another staff member is brought in for that time period. *The Governor recommended funding consistent with the constrained budget request.* **The Assembly added \$1.3 million from all sources to the constrained request, consistent with the Department's third quarter report to fully fund the privately operated community based services.**

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

**Transportation.** Transportation to and from a medically necessary trip is a Medicaid covered activity. An individual has access to either RIde paratransit vans, ambulance or wheelchair vans, taxi, other forms of public transportation, or a community agency may have its own van. Trips can include a doctor's appointment, attending a meal site or day program, but the individual must have no other form of transportation available.



For individuals receiving community based services, agencies provide transportation from a residential setting, a group home, shared living arrangement or if an individual lives with a relative, to a day programming site, supported employment or a medical appointment. The Department reported that the reimbursement rates paid to the community based providers cannot be reported by the individual costs for administrative services, direct care and other costs, such as transportation. Transportation expenses for this population also appear in the Department of Human Services' budget.

The November Caseload Conference included \$7.7 million from all sources for updated transportation costs for adults with developmental disabilities receiving community based services. The state spent \$5.1 million in FY 2010 on transportation services for this population. Total state spending for medically necessary transportation services to Medicaid eligible individuals includes a range of \$2.7 million in FY 2005 to \$16.1 million in FY 2010, an over fivefold increase.

As of February 1, 2011, the Department of Human Services reduced the current reimbursement rate of \$25.65 plus \$1.75 per mile to a flat rate of \$22.00 per trip and eliminated the mileage reimbursement for non-wheelchair accessible van transportation. *The Governor's budget includes a reduction in transportation rates for wheelchair vans.* **The Assembly concurred.**

**New Positions.** The Department's request adds 11.0 new positions in the developmental disabilities division but did not request the funding for them assuming that the positions will not be filled in the current year. This includes 7.0 administrative positions and 4.0 social workers. *The Governor did not recommend the request.* **The Assembly concurred.**

**State Operated Program – Salaries and Benefits.** The Department requested \$0.3 million less from all sources, including \$0.8 million more from general revenues for salaries and benefits in its revised request. This includes \$2.0 million more in overtime offset by \$0.5 million less for temporary employees and \$0.4 million less for retirement benefits that appear to be overfunded by \$0.3 million in the enacted budget. The request also further adjusts benefits for updated rate changes.

The Department's constrained budget reduces the revised request for state operated program expenses by \$2.4 million from all sources, including a \$1.4 million reduction to salaries and a \$0.9 million overtime reduction. The Department has not indicated how it will meet this reduction. *The Governor recommended funding as requested in the constrained budget.* **The Assembly added \$1.3 million for salary and benefit costs primarily from federal funds consistent with the Department's third quarter report.**

**State Operated Program – Operating Costs.** The Department requested \$0.7 million more from all sources for operating expenses and corrects for the updated Medicaid rate. The Department reduced operating expenses for general maintenance and vehicle repairs.

The Department's constrained budget increases federal Medicaid funding for other operating costs by \$0.4 million; however, it does not provide the required general revenue match necessary for any Medicaid funded expenses. *The Governor recommended funding as requested in the constrained budget.* **The Assembly provided \$0.5 million less from all sources, primarily from federal funds consistent with the Department's third quarter report.**

**Developmental Disabilities Day Programming – Rehab Option.** The Department added \$0.3 million for total funding of \$1.5 million for day programming services provided through the Medicaid rehabilitation option. The option allows the state to provide day programming services to individuals who are Medicaid eligible but do not meet the criteria for these services through the primary

developmental disabilities waiver. This reflects updated program costs and is consistent with FY 2010 spending of \$1.5 million.

*The Department's constrained request reduces these expenses by \$79,903 but does not indicate how that will be achieved.* The Governor recommended funding consistent with the constrained budget request. ***The Assembly provided funding essentially as requested and adjusted for the Department's third quarter report.***

**Other Medicaid Funded Services.** The Department requested \$1.8 million for other Medicaid funded services provided to clients in the developmental disabilities system that are not eligible for either the home and community based Medicaid program or services through the rehabilitation option. This is \$0.5 million more than enacted, consistent with FY 2010 spending. *The Governor recommended funding as requested.* **The Assembly reduced funding by \$0.4 million, including \$0.2 million from general revenues consistent with the Department's third quarter report.**

**Developmental Disability Other State Services.** The Department requested \$0.8 million less than enacted for state services totaling \$5.3 million from general revenues. The Department does not include \$1.4 million in Medicaid funds that was included in the enacted budget. The Department has not provided information to verify that this is an error. The Department spent \$1.9 million for state only expenses, \$1.9 million less than appropriated in FY 2010. The Department spent \$3.9 million for the same services in FY 2009, which was \$0.9 million more than the final appropriation.

Direct services are provided to individuals who are not eligible for Medicaid funded services through any of the three Medicaid waiver programs. Services include two out-of-state placements, parent subsidies and day programming services. The Department has not provided any additional information about the increase in state only services or further information about the clients or services provided. *The Governor recommended funding as requested.* **The Assembly provided \$1.2 million for the state only expenses, \$2.4 million less than recommended based on the Department's third quarter report.**

**State Operated System Client Revenue.** The enacted budget includes \$2.0 million from restricted receipts to reflect the use of \$713.92 monthly supplemental security income payments made to clients in the state run developmental disabilities system to support their living costs, such as rent, food, utilities and other daily living expenses. The Department's request decreases this by \$987 to accurately reflect the payments. *The Governor recommended funding as requested.* **The Assembly concurred.**

### **Division of Behavioral Health**

**Community Mental Health Rehabilitation Services.** The Department requested \$64.5 million in its current services request for mental health services provided through the Medicaid rehabilitation option, which allows the state to provide mental health treatment services that are otherwise not eligible under Medicaid. This is \$1.2 million more than enacted which is \$0.1 million less than the final costs for FY 2010. The Department reported a population growth between 2005 and 2009 of 1,662 clients, from 7,695 to 9,357 or 21.5 percent; however, it has not provided the updated caseload information for FY 2010 or its FY 2011 revised request. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Target – Rehabilitation Services.** The Department's constrained budget reduced program costs by \$1.9 million from all sources, including \$0.7 million from general revenues. It has not provided the

information as to how it would meet the reduction. *The Governor recommended funding as requested; however, shifted \$71,906 in general revenue expenses to federal funds.* **The Assembly concurred.**

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

**Mental Health Treatment Services – Unachieved Savings.** The Assembly passed Article 21 of 2010-H 7397, Substitute A, as amended to allow the Department to enter into a contract with the state's ten community agencies, including seven mental health centers, to provide mental health treatment services as originally proposed by the Department and recommended by the Governor. The enacted budget includes savings of \$4.0 million from this proposal, which the Department did not implement. It opted to institute an across the board rate reduction instead, which is discussed separately.

The Department indicates that it did not receive the necessary claims information from the state's Department of Human Services that it would need to establish the rates under the new contract and did not proceed with the initiative. The claims data is required by the Centers for Medicare and Medicaid Services to receive approval to enter into this type of contract arrangement. The Department indicates that it is currently in the process of receiving a portion of that data but has not renewed the proposal to enter into a statewide contract arrangement with the mental health providers in the future. *The Governor's budget includes the rate reduction.* **The Assembly concurred.**

**Community Mental Health Centers – Rate Reduction.** On July 1, 2010, the Department imposed a 25 percent rate reduction to the state's eleven community mental health centers to generate the \$4.0 million in savings to substitute for the initiative to have the mental health centers enter into a statewide contract. The Department has not provided information as to the impact on each mental health center. *The Governor's budget reflects the rate reduction.* **The Assembly concurred.**

**Supportive Employment and Day Programs.** The state provides supportive employment and therapeutic day programs for individuals with mental health issues. Individuals can be enrolled in group day activities such as the movies, the library or bowling. The Governor recommended savings of \$1.0 million, \$0.4 million from general revenues in the enacted budget, from engaging individuals in more individualized supportive employment programs and reimbursing at a lower rate, instead of group activities. The Assembly did not concur and restored the funding. The Department subsequently reduced the psychiatric rates including those that paid for the group activities by 15 percent to generate savings to meet other budget shortfalls. *The Governor's budget reflects the rate reduction.* **The Assembly concurred.**

**Substance Abuse Treatment Services.** The Department requested \$1.3 million less than enacted for total funding of \$4.4 million from all sources in both its current services and constrained budget for substance abuse services provided through the Medicaid rehabilitation option, which allows a state to provide substance abuse treatment services to Medicaid eligible individuals. Substance abuse treatment services are not a mandated Medicaid benefit and Rhode Island chooses to provide the services through this option. The Department spent \$4.2 million in FY 2010 for the treatment services. *The Governor recommended funding essentially as requested.* **The Assembly concurred.**

**Other Community Mental Health Treatment Programs - Medicaid.** The Department requested \$0.6 million more from all sources for community mental health treatment programs for total funding of \$7.0 million. The Department continues to assume the ability to leverage Medicaid through the global waiver. It has not provided the information as to the number of clients receiving services, who is providing the services or the reason for the increase. *The Governor recommended funding as requested.* **The Assembly concurred.**

**State Only Mental Health Treatment Services.** The Department requested \$0.7 million for state only mental health treatment services, \$0.1 million less than enacted for its current services request. The Department requested the same funding in its constrained budget. Services support individuals who are not eligible for Medicaid but receive outpatient and residential treatment services. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Community Medication Assistance Drug Expenses.** The Department requested \$0.2 million more from all funds, \$0.1 million more from general revenues for total drug expenses of \$2.6 million for the community medication assistance program based in its revised request. The final FY 2010 expenses were \$3.5 million, \$1.0 million more than appropriated, \$0.5 million more from general revenues. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Substance Abuse Capacity Beds.** The Department included the enacted level of \$1.0 million from general revenues for the transition from the prison to community program, expanding the number of substance abuse beds for prisoners recently paroled but remain incarcerated from a lack of treatment beds. As of December 2010, there have been 589 assessments, 469 admissions with 295 completing treatment, 46 currently enrolled, 128 leaving the program and 120 who are either waiting for placement, have sought alternative programming or have refused to enroll. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Substance Abuse Treatment Services – Medicaid.** The Department requested \$0.6 million less from all sources for total funding of \$3.4 million for other Medicaid funded substance abuse treatment services. This is \$0.3 million less from federal funds and from general revenues. The Department has not provided its projected caseload or an explanation for the reduction to program expenses.

The Department added \$19,000 in its constrained budget; however, did not provide an explanation for the increase or why it only adjusted Medicaid without providing the necessary general revenue increase. *The Governor recommended funding consistent with the constrained request.* **The Assembly concurred.**

**Methadone Treatment Services.** The Department requested \$1.1 million more from all sources for total funding of \$2.1 million for methadone maintenance treatment services matched by Medicaid under the global waiver. The Department added \$12,000 in its constrained budget; however, did not provide an explanation for the increase or why it only adjusted Medicaid and did not provide a corresponding general revenue increase. *The Governor recommended funding as requested.* **The Assembly concurred.**

**State Only Substance Abuse Treatment Services.** The Department requested \$0.4 million more from general revenues for total funding of \$6.3 million for state only substance abuse treatment services in the revised request. The Department has not provided the information for the increase and has not yet identified what the services are for. *The Governor recommended funding as requested.* **The Assembly**

**reduced spending by \$0.8 million based on a surplus identified in the Department's third quarter report.**

**Substance Abuse Block Grant.** The Department requested \$0.1 million less from federal funds for total expenses of \$6.3 million in its current services request to be awarded through the substance abuse block grant. The request reflects the availability of funding based on the award. The Department indicated that there will be continued support for community agencies through the access to recovery grant.

The Department's constrained budget adds \$0.4 million but it has not provided the information as to why it would increase federal funds in its constrained request and decrease federal funds in its current services request. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Access to Recovery Grant.** The Department requested \$500,000 from federal funds, \$25,000 more than enacted for the access to recovery grant to reflect funds carried forward from FY 2010. The program is a voucher based system to expand treatment opportunities for recently released prisoners, juveniles released from the training school and parents and guardians involved with the Department of Children, Youth and Families who meet the substance abuse treatment income guideline of below 200 percent of the federal poverty. *The Governor recommended funding as requested.* **The Assembly provided \$20,000 less than recommended, consistent with the Department's third quarter report.**

**Substance Abuse Grant.** The Department requested \$1.6 million in new federal funds from the Substance Abuse and Mental Health Services Administration for substance abuse prevention services in its current services budget. The Department is in the process of providing the grant information; however, it did not request the funding in its constrained budget and it is uncertain at this time if that is in error. *The Governor recommended funding consistent with the constrained request, which did not include the additional federal funding.* **The Assembly concurred.**

**Crisis Counseling Grant.** The Department requested \$1.8 million in newly awarded federal funds from the crisis counseling assistance and training grant. The crisis counseling program assists individuals and communities in recovering from the effects of natural and human-caused disasters through the provision of community-based outreach services. *The Governor recommended funding as requested.* **The Assembly provided \$0.1 million less than recommended, consistent with the Department's third quarter report.**

**State Incentive Grant.** The Department requested \$0.4 million from federal funds to reflect the strategic prevention framework state incentive grant award for FY 2011. Funding is awarded to municipalities to address substance abuse issues among adolescents. *The Governor recommended funding as requested.* **The Assembly reduced recommended federal funds by \$0.1 million, consistent with the Department's third quarter report.**

**Drug Abuse Reporting Grant.** The enacted budget includes \$209,000 from federal funds for the drug abuse reporting grant. The Department requested the enacted level in its current services request, but not in its constrained request. *The Governor recommended funding consistent with the constrained request. He subsequently requested an amendment to add the federal funds.* **The Assembly added the federal funds consistent with the Governor's amendment.**

**New Positions.** The Department requested 12.0 new positions in its current services request including 6.0 public health promotion specialists, 3.0 clerks, 2.0 administrators, and 1.0 program services officer with two of the requested positions assigned to a newly awarded substance abuse grant. The

request includes \$1.0 million and assumes that the positions will be filled April 1, 2011; however, the average cost per position is \$83,000 which appears to fund the new positions for the full fiscal year.

The Department's constrained budget includes only the 2.0 positions for the newly awarded substance abuse infrastructure grant. *The Governor did not recommend any new positions.* **The Assembly concurred.**

**Indirect Cost Recovery Rate.** The enacted budget assumes salary and benefit savings of \$227,417 from general revenues in the central management program from the Department negotiating a federal indirect cost recovery rate that will offset state funded program costs. The Department has not applied for the rate and then added back general revenues in it revised and constrained budget requests. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Salaries and Benefits.** Excluding the other adjustments, the Department requested \$0.2 million less from general revenues for all other salary and benefit adjustments, including updated staffing costs and benefit rate changes. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Expenses.** The Department requested \$207,404 less than enacted for all other expenses, including \$34,430 less from general revenues. The request includes \$238,850 from federal funds for reductions to the drug free schools grant and data infrastructure grants to reflect available funding. The Department also reduced office supplies and other expenses in the division.

The Department further reduced operating expenses in the constrained budget submission by \$214,109 from all sources, including \$2,500 from general revenues. The Department reduced available funding through the federal drug reporting grant by \$209,000 and further reduces operating expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

### **Eleanor Slater Hospital**

**Hospital Census.** The state hospital is a 495 bed licensed facility comprised of two campuses: 306 licensed beds at the main Pastore campus in Cranston of which 156 are occupied and 189 licensed beds of which 123 are occupied at the Zambarano unit in Burrillville. The FY 2011 enacted budget is based on a census of 279 patients.

**Hospital Licensing Fee.** The enacted budget includes \$6.0 million from all sources to pay the 5.465 percent fee assessed on state and community hospitals' gross patient services revenue for the hospital year ending September 30, 2009, including \$2.3 million from general revenues in FY 2011. The enacted budget assumes state hospital revenues of \$109.8 million for the 2009 hospital year, which is incorrect. The actual FY 2009 revenues are \$104.7 million for a licensing fee of \$5.7 million, \$0.3 million less than enacted. *The Governor included Article 19 to continue the licensing fee at 5.465 percent.* **The Assembly concurred.**

**New Positions.** The Department requested 35.0 new positions for hospital staffing including 20.0 positions at the Zambarano unit and 15.0 positions at the Cranston campus. The positions include 21 direct medical staff and 14 administrative and support staff. The request includes \$2.4 million from all sources; however, also assumes that the positions will be filled April 1, 2011. This is offset by a reduction in contracted services.

The Department requested \$0.6 million less than enacted, including \$0.2 million from general revenues for contracted medical services assuming the ability to hire new staffing. The Department excluded the requested new staffing in its constrained request and decreased contracted services by \$0.1 million from all sources. *The Governor did not recommend the new positions.* **The Assembly concurred.**

**Hospital Overtime Expenses.** The Department requested \$6.7 million more than enacted for total funding of \$10.2 million from all sources for overtime expenses. The request also includes 35.0 new positions at the two hospital sites, and it would appear that if the Department were allowed to hire the new positions, there would be a decrease in overtime, not the increase of \$6.7 million or the enacted level of \$3.5 million.

The Department's constrained budget increases overtime by \$0.3 million compared to the current services request which does not include the new positions. The Department spent \$11.1 million in FY 2010 and \$10.3 million in FY 2009. *The Governor's recommendation is consistent with the constrained request.* **The Assembly concurred.**

**Hospital Administrative Restricted Receipts.** The enacted budget includes restricted receipts from all non-third party payor receipts, including Medicare collected on behalf of patients at Eleanor Slater Hospital totaling \$3.1 million. The enacted budget also incorrectly includes \$2.4 million for a second restricted receipt account for Medicaid administrative costs that were determined to be an inappropriate use of a restricted receipt account. The Department corrected for this in its revised and constrained budgets. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Hospital – All Other Staffing.** The Department requested \$1.0 million from all sources, \$0.2 million from general revenues for all other staffing. The request adds back \$1.0 million, including \$0.7 million from general revenues, to backfill a portion of the \$5.0 million in turnover savings included in the enacted budget equivalent to approximately 60 vacant positions. The request would add back funding to support 17.0 positions at the state hospital. The Department also included benefit rate changes and other updated staffing costs. *The Governor recommended funding as requested.* **The Assembly reduced staffing expenses by \$1.2 million, including \$0.5 million from general revenues for additional savings from vacant positions.**

**Other Hospital Expenses.** The Department requested \$1.9 million less than enacted for all other hospital expenses, of which \$1.2 million is from general revenues. The request includes \$1.8 million less for operating expenses, including \$1.1 million less for medical supplies and \$0.4 million less for janitorial and other hospital supplies.

The Department further reduced expenses for medical supplies by \$0.7 million in its constrained request. *The Governor further reduced hospital expenses by \$83,440 from all sources, including \$33,680 from general revenues.* **The Assembly concurred.**

### **Hospital and Community Support**

**New Positions.** The Department added \$0.1 million from general revenues for two new positions in the hospital and community support program. The request assumes that the positions will be filled April 1, 2011; however, since the average cost per position is \$74,643, the request appears to fund the new positions for the full fiscal year.

The Department's constrained budget request excludes the new positions. *The Governor did not recommend additional positions.* **The Assembly concurred.**

**Indirect Cost Recovery Rate.** The enacted budget assumes salary and benefit savings of \$271,208 from general revenues in the hospital and community support program from the Department negotiating a federal indirect cost recovery rate that will offset state funded program costs. The Department continued to assume the savings but had not yet applied for the rate. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Salaries and Benefits.** The Department requested \$27,255 more from general revenues for all other salary and benefit adjustments including updated costs to reflect rate changes based on Budget Office planning values. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other State Operations.** The Department requested \$93,720 from general revenues for all other state operations, which is \$22,815 less than enacted. This includes reducing expenses for computer purchases, office supplies and building maintenance in the current services budget.

The Department further reduced operating expenses in the constrained budget submission by \$30,135 for consultant services and office supplies and requested total funding of \$63,585 from general revenues. *The Governor further reduced expenses by \$8 for the 5.0 percent statewide reduction to legal fees in certain agencies.* **The Assembly concurred.**

### Central Management

**Indirect Cost Recovery Rate.** The enacted budget assumes salary and benefit savings of \$134,257 from general revenues in the central management program from the Department negotiating a federal indirect cost recovery rate that will offset state funded program costs. The Department has not applied for the rate and added back general revenues in its current services request and constrained budget request. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Salaries and Benefits.** Excluding the indirect rate adjustment, the Department reduced all other salaries and benefits by \$23,391 from general revenues for various adjustments, including benefit rate changes and lower than anticipated costs for current staffing needs. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Information Technology Funds.** The Department requested \$123,421 more from federal funds for total funding of \$403,421 from all sources to upgrade its current technology. The expenses are Medicaid matched. The Department included \$135,507 from federal funds for salary and benefit expenses but has not provided the information as to whether this is a transfer of costs for existing personnel or new staff, and if new, whether or not the new staff has been hired. Since the purchases are Medicaid, a state match is required; however, in prior fiscal years, the Department has spent the general revenues but the actual expenses do not reflect spending the federal funds.

As part of its constrained request, the Department proposed \$118,797 less from all sources than the unconstrained request, including \$75,511 less from general revenues for total funding of \$284,624 for the technology project. *The Governor recommended the constrained request.* **The Assembly concurred.**

**All Other State Operations.** The Department requested \$169,241 from general revenues for other state operations in central management, which is \$2,246 less than enacted. The Department's constrained budget request reduces general revenues by \$43,687 compared to the unconstrained



request. This brings total spending to \$125,554, which is consistent with FY 2010 spending. *The Governor further reduced expenses by \$10 for the 5.0 percent reduction to certain legal expenses.* **The Assembly concurred.**

**Capital.** The Department requested \$0.1 million less from Rhode Island Capital Plan funds for various capital projects, outlined in the capital section. *The Governor recommended \$0.5 million less than requested.* **The Assembly included \$7.7 million from Rhode Island Capital Plan funds, \$4.2 million less than recommended to reflect year-to-date spending.**

## Office of the Child Advocate

		FY 2010 Reported		FY 2011 Enacted		FY 2011 Revised		FY 2011 Final
<b>Expenditures by Category</b>								
Salaries and Benefits	\$	540,677	\$	574,966	\$	592,792	\$	592,792
Contracted Services		-		-		-		-
<b>Subtotal</b>	<b>\$</b>	<b>540,677</b>	<b>\$</b>	<b>574,966</b>	<b>\$</b>	<b>592,792</b>	<b>\$</b>	<b>592,792</b>
Other State Operations		12,188		14,661		9,957		9,957
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		-		-		-		-
Capital		-		-		-		-
Capital Debt Service		-		-		-		-
Operating Transfers		-		-		-		-
<b>Total</b>	<b>\$</b>	<b>552,865</b>	<b>\$</b>	<b>589,627</b>	<b>\$</b>	<b>602,749</b>	<b>\$</b>	<b>602,749</b>
<b>Sources of Funds</b>								
General Revenue	\$	506,961	\$	543,822	\$	556,047	\$	556,047
Federal Aid		45,904		45,805		46,702		46,702
Restricted Receipts		-		-		-		-
Other		-		-		-		-
<b>Total</b>	<b>\$</b>	<b>552,865</b>	<b>\$</b>	<b>589,627</b>	<b>\$</b>	<b>602,749</b>	<b>\$</b>	<b>602,749</b>
<b>FTE Authorization</b>		<b>5.8</b>		<b>5.8</b>		<b>5.8</b>		<b>5.8</b>
<b>FTE Average</b>		<b>5.6</b>						

**FY 2011 Revised Request.** The Office of the Child Advocate's request includes \$20,550 more than enacted, including \$19,653 more from general revenues and \$897 more from federal funds. It requested the enacted level of positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$7,224 for the Office. The constrained budget submitted by the Office meets that. The proposals to achieve the reductions are noted among the items described below where appropriate.

*The Governor recommended \$13,122 more than enacted from all sources, including \$12,225 more from general revenues and \$897 more from federal funds. The recommendation is \$7,428 less than the Department's request. **The Assembly concurred.***

**Salaries and Benefits.** The Office requested \$17,826 more than enacted from all sources, including \$16,309 more from general revenues for salaries and benefits to reflect updated costs for medical benefit and retirement rates consistent with Budget Office planning values. The Office requested the current level of 5.8 positions.

As part of its constrained budget, the Office proposed to reduce the hours of two employees by one day a week to save \$20,949. *The Governor recommended funding as requested. He did not include the constrained budget proposal.* **The Assembly concurred.**

**Other Operations.** The Office's current service request includes \$2,724 more from all sources, including \$3,344 more from general revenues offset by \$620 less from federal funds for various operating expenses, including mileage reimbursements for case workers.

As part of its constrained budget request, the Office proposed to reduce various operating expenses, including mileage reimbursements and office supplies by \$5,928. *The Governor recommended \$7,428 less than requested to reflect the constrained savings proposal and further reduced mileage reimbursements and various operating expenses.* **The Assembly concurred.**

## Commission on the Deaf and Hard of Hearing

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 288,020	\$ 304,744	\$ 307,672	\$ 307,672
Contracted Services	43,059	48,950	48,950	48,950
<b>Subtotal</b>	<b>\$ 331,079</b>	<b>\$ 353,694</b>	<b>\$ 356,622</b>	<b>\$ 356,622</b>
Other State Operations	7,069	9,130	8,180	8,180
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	1,156	-	1,156	1,156
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 339,304</b>	<b>\$ 362,824</b>	<b>\$ 365,958</b>	<b>\$ 365,958</b>
<b>Sources of Funds</b>				
General Revenue	\$ 339,304	\$ 362,824	\$ 364,802	\$ 364,802
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 339,304</b>	<b>\$ 362,824</b>	<b>\$ 364,802</b>	<b>\$ 364,802</b>
<b>FTE Authorization</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
<b>FTE Average</b>	<b>3.0</b>			

**FY 2011 Revised Request.** The Commission on the Deaf and Hard of Hearing requested \$17,111 more than enacted from general revenues and includes the enacted level of full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$4,819 for the Commission. The constrained budget submitted by the Commission meets that. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor recommended \$1,978 more than enacted and \$15,133 less than requested.* **The Assembly concurred.**

**Salaries and Benefits.** The Commission requested \$7,061 more than enacted from general revenues for salaries and benefits, which the Commission indicates is mistakenly inflated by \$2,967. The remaining \$4,094 reflects changes to various benefit rates including medical benefits and retirement rates consistent with Budget Office planning values. *The Governor recommended \$4,133 less than requested to reflect adjustments to benefit rates.* **The Assembly concurred.**

**Interpreter Services.** The Commission requested \$7,050 more from general revenues than enacted to reflect anticipated expenditures for interpreter and communication access real time translation services. Interpreter services are available for emergency and non-emergency situations. This would bring total funding to \$56,000; prior year expenditures were \$43,954 in FY 2008, \$37,709 in FY 2009, and

\$43,059 in FY 2010. The Commission indicated that it continues to experience difficulty in staffing emergency shifts affecting its ability to meet the demand.

As part of its constrained budget, the Commission proposed to reduce its revised request for interpreter services by \$11,869. The Commission indicates that it does not support this action. *The Governor recommended the enacted level of \$48,950, which is \$7,050 less than requested and consistent with historical spending.* **The Assembly concurred.**

**Database Upgrade.** The Commission requested \$3,000 in new funding to upgrade the interpreter referral service database which is used to coordinate all interpreter functions.

The Commission's constrained request excluded this item. *The Governor did not include funding for this upgrade.* **The Assembly concurred.**

**All Other Operations.** The Commission requested the enacted level of \$9,130 from general revenues for all other operations. *The Governor recommended \$950 less than requested consistent with historical spending.* **The Assembly concurred.**

## Governor's Commission on Disabilities

		FY 2010 Reported		FY 2011 Enacted		FY 2011 Revised		FY 2011 Final
<b>Expenditures by Category</b>								
Salaries and Benefits	\$	360,895	\$	379,166	\$	380,455	\$	380,455
Contracted Services		1,499		7,109		8,973		8,973
<b>Subtotal</b>	<b>\$</b>	<b>362,394</b>	<b>\$</b>	<b>386,275</b>	<b>\$</b>	<b>389,428</b>	<b>\$</b>	<b>389,428</b>
Other State Operations		22,075		31,376		50,070		52,352
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		49,860		154,921		127,250		127,250
Capital		142,250		251,881		226,881		251,881
Capital Debt Service		-		-		-		-
Operating Transfers		2,250		-		25,000		-
<b>Total</b>	<b>\$</b>	<b>578,829</b>	<b>\$</b>	<b>824,453</b>	<b>\$</b>	<b>818,629</b>	<b>\$</b>	<b>820,911</b>
<b>Sources of Funds</b>								
General Revenue	\$	343,441	\$	367,229	\$	363,308	\$	363,308
Federal Aid		85,780		193,598		196,213		198,495
Restricted Receipts		7,931		13,626		9,108		9,108
Other		141,677		250,000		250,000		250,000
<b>Total</b>	<b>\$</b>	<b>578,829</b>	<b>\$</b>	<b>824,453</b>	<b>\$</b>	<b>818,629</b>	<b>\$</b>	<b>820,911</b>
<b>FTE Authorization</b>		<b>4.0</b>		<b>4.0</b>		<b>4.0</b>		<b>4.0</b>
<b>FTE Average</b>		<b>4.0</b>						

**FY 2011 Revised Request.** The Commission's unconstrained request included \$49,986 more than enacted from all sources, including \$604 more from general revenues, \$5,426 more from federal funds, \$4,518 less from restricted receipts and \$48,474 more from Rhode Island Capital Plan funds and the enacted level of full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$4,878 for the Commission. The constrained budget submitted by the agency is \$1 above that. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor recommended \$818,629 which is \$5,824 less than enacted and \$50,920 less than requested.* **The Assembly added \$2,282 more from available federal funds and concurred with the remainder of the recommendation.**

**Salaries and Benefits.** The Commission requested \$61 more than enacted for all salaries and benefits, including \$2,516 more from general revenues. The change reflects shifting personnel expenses from federal funds to general revenues as a result of increased workload for the Disability Business Enterprise activities, which are supported by general revenues as well as medical benefit and retirement rate adjustments consistent with FY 2011 revised Budget Office planning values. *The Governor recommended \$1,228 more than requested, including \$3,292 from general revenues to fully fund the 4.0 full-time positions for the entire year.* **The Assembly concurred.**

**Disability Business Enterprise.** The Commission's current service request is \$4,863 less than enacted from general revenues for the Disability Business Enterprise program. This program provides assistance to small businesses to either contract with or hire individual to research private or state funded businesses for opportunities to bid on and win work contracts. The Commission intends to replace this assistance with the purchase and implementation of an online search engine.

The Commission's constrained request proposed to reduce its revised request for the Disability Business Enterprise program by \$276 to reflect use of the online search engine. *The Governor recommended \$3,156 less than requested consistent with the Commission's constrained request and further reduced expenses for interpreter services by \$73.* **The Assembly concurred.**

**Capital.** The Commission requested \$48,474 from Rhode Island Capital Plan funds reappropriated from FY 2010 for accessibility projects. This is \$2,250 less than the actual balance available. *The Governor recommended the enacted level of \$250,000 from Rhode Island Capital Plan funds.* **The Assembly concurred.**

**All Other Operations.** The Commission's current service request is \$6,314 more than enacted from all sources, including \$2,951 more from general revenues primarily from lead abatement work that was ordered during the last Department of Health facility inspection.

As part of its constrained budget, the Commission proposed to eliminate the requested \$3,715 for lead abatement, reduce stenography and interpreter services by \$972, and reduce various operating expenses by \$190.

*The Governor recommended \$781 less than the constrained request from all sources, including \$794 less from general revenues. He did not include the funding for lead abatement; however, recommended that the Commission utilize state facilities resources to resolve the issue. The Governor subsequently requested an amendment to add \$2,282 from available federal funds from the New England American's with Disabilities Act grant.* **The Assembly concurred and included the additional funds.**

## Office of the Mental Health Advocate

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 366,425	\$ 423,969	\$ 423,596	\$ 394,596
Contracted Services	2,927	4,500	4,050	4,050
<b>Subtotal</b>	<b>\$ 369,352</b>	<b>\$ 428,469</b>	<b>\$ 427,646</b>	<b>\$ 398,646</b>
Other State Operations	11,678	12,481	11,087	11,087
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 381,030</b>	<b>\$ 440,950</b>	<b>\$ 438,733</b>	<b>\$ 409,733</b>
<b>Sources of Funds</b>				
General Revenue	\$ 381,030	\$ 440,950	\$ 438,733	\$ 409,733
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 381,030</b>	<b>\$ 440,950</b>	<b>\$ 438,733</b>	<b>\$ 409,733</b>
<b>FTE Authorization</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>
<b>FTE Average</b>	<b>3.5</b>			

**FY 2011 Revised Request.** The Office of the Mental Health Advocate requested \$777 more than enacted from general revenues for FY 2011 updated costs.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$5,857 for the agency.

The constrained budget submitted by the agency meets that. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor recommended \$2,994 less than requested and \$3,640 more than the constrained budget.* **The Assembly provided further reductions of \$29,000 based on the Office's third quarter report.**

**Salaries and Benefits.** The Office requested \$1,037 more for revised salary and benefit expenses to include updated costs to reflect benefit adjustments based on Budget Office planning values. The Office retains the current level of 3.7 positions. *The Governor recommended \$323 less than enacted which is \$1,360 less than the revised request. He adjusted salary and benefit costs to reflect the current staffing level of 3.0 full-time equivalent positions.* **The Assembly further reduced expenses by \$29,000 to account for a vacant position.**

**Target - Pay Reduction Days.** The Office proposed an additional four pay reduction days and included savings of \$6,177 from general revenues as part of its constrained budget to meet the Budget



Office target in FY 2011. *The Governor did not recommend this reduction.* **The Assembly concurred.**

**Operating Expenses.** The Office requested \$260 less than enacted for its operating expenses and adjusted costs for various expenses incurred by the Office. The Office spent \$14,262 in FY 2007, \$11,316 in FY 2008, \$11,881 in FY 2009 and \$11,678 in FY 2010 on various operating and office expenses. The Office was able to renegotiate the rental cost for its copy machine for an annual savings of \$220. *The Governor further reduced various operating expenses by \$1,177.* **The Assembly concurred.**

**Target - Psychiatric Services.** The Office requested \$457 less than its revised request as part of its constrained budget, based primarily on reduced spending for psychiatric services. The Office requested \$450 less for contracted psychiatric evaluations leaving \$3,750 for FY 2011. For FY 2010, there were two evaluations totaling \$800. Prior years spending for the evaluations include \$4,444 for FY 2009, \$5,500 for FY 2008 and FY 2007. The Office also included a slight reduction to operating expenses. *The Governor included this reduction.* **The Assembly concurred.**

## Department of Elementary and Secondary Education

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
State Aid	\$ 642,431,489	\$ 648,829,028	\$ 650,004,758	\$ 649,983,479
School Housing Aid	58,299,115	70,774,727	68,023,009	67,976,514
Teachers' Retirement	68,550,306	75,598,212	69,653,293	69,653,293
RI School for the Deaf	6,906,355	7,328,747	7,499,008	7,499,008
Central Falls School District	37,187,159	43,047,138	43,047,138	41,047,138
Davies Career & Technical School	16,173,862	18,337,958	19,974,762	19,599,309
Met School	11,878,141	17,083,219	13,710,906	13,138,103
Administration	238,667,684	247,733,840	301,317,969	300,924,753
<b>Total</b>	<b>\$1,080,094,111</b>	<b>\$1,128,732,869</b>	<b>\$1,173,230,843</b>	<b>\$1,169,821,597</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 33,446,773	\$ 36,856,092	\$ 37,638,399	\$ 37,538,399
Contracted Services	24,411,677	32,852,959	39,353,599	39,489,401
<b>Subtotal</b>	<b>\$ 57,858,450</b>	<b>\$ 69,709,051</b>	<b>\$ 76,991,998</b>	<b>\$ 77,027,800</b>
Other State Operations	9,513,826	13,026,731	12,247,540	12,353,894
Aid to Local Units of Government	994,959,462	992,756,124	1,037,638,808	1,035,167,359
Assistance, Grants, and Benefits	16,323,290	44,555,797	38,922,064	39,077,564
Capital	1,439,083	8,685,166	7,430,433	6,194,980
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$1,080,094,111</b>	<b>\$1,128,732,869</b>	<b>\$1,173,230,843</b>	<b>\$1,169,821,597</b>
<b>Sources of Funds</b>				
General Revenue	\$ 803,066,786	\$ 856,068,541	\$ 847,414,195	\$ 845,970,065
Federal Aid	259,815,919	239,980,896	299,418,836	298,689,173
Restricted Receipts	15,794,969	23,930,750	19,019,883	19,019,883
Other	1,416,437	8,752,682	7,377,929	6,142,476
<b>Total</b>	<b>\$1,080,094,111</b>	<b>\$1,128,732,869</b>	<b>\$1,173,230,843</b>	<b>\$1,169,821,597</b>
<b>FTE Authorization</b>				
Administration	129.7	133.4	156.4	156.4
Davies	128.5	132.0	132.0	132.0
School for the Deaf	57.6	60.0	60.0	60.0
<b>Total Authorized Positions</b>	<b>315.8</b>	<b>325.4</b>	<b>348.4</b>	<b>348.4</b>
<b>FTE Average</b>	<b>303.8</b>			

**FY 2011 Revised Request.** The Board of Regents requested an additional \$54.9 million of spending for FY 2011, including \$2.4 million less from general revenues. Major general revenue changes include \$2.8 million less in school housing aid offset by an additional \$0.3 million for charter school aid. The request also includes \$64.2 million more from federal funds, largely due to newly awarded Education Jobs funds and Race to the Top funds, \$1.9 million less from other funds and \$4.9 million less from restricted receipts of which \$2.8 million is for the statewide transportation system.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$11.4 million for the Department. The constrained budget submitted by the Department is \$8.5 million above that. The proposals to achieve the reductions are noted among the items described below where appropriate.

*The Governor recommended \$8.7 million less from general revenues than enacted and \$6.2 million less than requested. This includes \$5.9 million in teacher retirement savings and statewide adjustments of \$0.2 million. He recommended 22.0 new federally funded full-time equivalent positions to work on the Race to the Top grant and 1.0 new general revenue funded position to work on the uniform chart of accounts.*

**The Assembly added \$0.7 million from general revenues in lieu of unavailable fiscal stabilization funds in education aid to districts and made formula aid adjustments based on current law requirements that resulted in \$60,577 in additional savings. It also reduced the appropriation to the Central Falls School District by \$2.0 million which represents its FY 2010 year end balance. It increased turnover savings by \$100,000 and recognized savings of \$13,216 for Perkins School for the Blind tuition. It shifted \$1.2 million from Rhode Island Capital Plan funds from FY 2011 to the out years based on revisions to construction schedules for several projects.**

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Elementary and Secondary Education he assumes savings of \$158,556. The Governor's recommendation includes an additional \$62,003 for Davies to negate the impact of the statewide adjustments for the school. This is in addition to other program changes in his revised budget and described below. **The Assembly concurred.**

**School Housing Aid.** Final FY 2011 school construction aid is \$2.8 million less than the enacted level of \$70.8 million. Reimbursement cannot begin until a project is completed, and several districts did not complete their new projects by June 30, 2010 in order to be eligible for reimbursement to begin in FY 2011. The Department indicated that a couple of districts are delaying projects in order to qualify for the increased state minimum share ratio enacted by the 2010 Assembly as part of the new education funding formula.

The new education funding formula adopted by the 2010 Assembly includes a two-year phased increase in the state's minimum housing aid participation to provide that no local receives less than a 40.0 percent state reimbursement by FY 2013 for projects completed after June 30, 2010. *The Governor recommended funding as requested.*

*He subsequently requested an amendment to remove \$46,495 based on updated data. The Assembly concurred.*

**Teacher Retirement.** The Regents requested the enacted level of \$75.6 million to pay the state's share of teacher retirement costs. *Based on changes in teacher payroll base assumptions, the Governor assumed savings of \$5.9 million. The Assembly concurred.*

**Central Falls.** The Regents requested the enacted level of \$43.0 million for the operations of the Central Falls School District. *The Governor recommended funding as requested. The Central Falls*

**School District ended FY 2010 with a \$2.0 million balance. The Assembly reduced the FY 2011 appropriation to the school district by this amount.**

**Charter Schools.** The FY 2011 revised budget includes an additional \$280,658 in charter school aid for FY 2011 based on October 1, 2010 enrollment data. The increase results from higher than projected enrollment at Cuffee and Learning Community. These increases are partially offset by a decrease in aid for Beacon charter school because the composition of students changed; the school drew more students from lower state share ratio districts than initially projected.

The request also includes \$2.2 million in federal funds from a new federal program that is being implemented in FY 2011. This program provides financial assistance for the planning, program design, and initial implementation of charter schools. These competitive grants are available to states that have charter school laws. The Department will make subgrants to developers of charter schools who have applied for a charter. *The Governor recommended funding as requested.*

*He subsequently requested an amendment to remove \$14,082 based on updated enrollment data. The Assembly concurred.*

**Group Homes.** The Regents requested an additional \$30,000 to fund two additional group homes beds, one in Portsmouth and one in Providence. Rhode Island General Laws mandate that increases in group home beds prior to December 31 of each year shall be paid as part of the supplemental budget. *The Governor recommended funding as requested. The Assembly concurred.*

**Statewide Student Transportation.** The Regents' request includes \$2.8 million less from restricted receipts for the statewide transportation system. The Department renegotiated the contract at the beginning of FY 2011 with the vendor resulting in a lower rate per bus run. *The Governor recommended funding as requested. The Assembly concurred.*

**State Fiscal Stabilization Funds.** The revised budget request includes an additional \$3.5 million from state fiscal stabilization funds for FY 2011. This includes local school districts, the Metropolitan Career and Technical School, the Central Falls School District, the Davies Career and Technical School and the School for the Deaf. Of the \$50.6 million appropriated for FY 2010, only \$44.2 million was expended, leaving \$6.4 million in carry forward funds available in addition to \$2.0 million carried forward from FY 2009. The Regents requested that \$3.5 million of the available funds be used in FY 2011 and that \$4.9 million be used for FY 2012. This would provide \$22.1 million for FY 2011 and \$4.9 million for FY 2012. Local districts have until September 30, 2011 to obligate their funds.

*The Governor recommended funding as requested; however, his FY 2011 recommended education aid to districts in Article 5 includes a \$0.7 million reduction based on the final allocation of fiscal stabilization funds between elementary and secondary education and higher education. This does not appear to be reflected in the Department's budget.*

*The Governor requested an amendment to make the corresponding reduction in the Department's budget. The Assembly added \$0.7 million from general revenues in lieu of the unavailable fiscal stabilization funds.*

**Race To The Top.** The Regents request \$13.2 million and 22.0 new full-time equivalent positions to work on education reforms funded by the Race to the Top grant. On August 24, 2010, Rhode Island was notified it would be awarded Race to the Top grant funds. The Department's total award of \$75.0

million will be spent over the next four years. A requirement of the award is that 50.0 percent of the funds be used directly to support districts; most of the remaining funds will be used for consultants and new full-time equivalent positions. These personnel will include transformation specialists, multiple pathway specialists, data managers/analysts, grants management, and clerical support. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Education Jobs Fund.** The Regents requested authorization to spend \$31.7 million from federal education jobs funds for FY 2011. The state has been awarded \$32.9 million in federal Education Jobs funds to retain and rehire school-based personnel in local education agencies. Funding will be distributed to districts based on their share of FY 2011 enacted state aid. The money can only be used for compensation costs for school-based personnel. The funds are intended to be used in the 2010-2011 school year; however, funds are available through September 30, 2012. As of December 2010, only two districts and two charter schools had requested funding totaling \$0.4 million.

*The Governor recommended \$5.0 million less than requested to reflect the actual grant award. His FY 2012 education aid proposal includes use of \$32.0 million from education jobs funds in lieu of general revenues. It appears his intention is that districts will not use the funding until FY 2012 to cover the reduction in aid; however, districts could spend their allocations in FY 2011 if they choose to.* **The Assembly concurred.**

**Education Telecommunication Access Fund.** The Department's request includes a decrease of \$0.8 million from restricted receipts from the education telecommunications access fund to make a technical adjustment to correctly reflect estimated available funds. The telecommunications education access fund is designed to provide financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the Internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line. *The Governor recommended funding as requested.* **The Assembly concurred.**

**I-Plan.** The Department's request eliminates the \$200,000 included in the enacted budget for expenditures associated with the I-Plan teacher certification process. This includes \$100,000 by shifting a Regents Fellow to federal Title II grant funds. This Fellow position supports the design, development and implementation of the Rhode Island educator evaluation system. Additional savings of \$100,000 are achieved by eliminating the consultants that worked on the I-Plan. These expenditures are no longer necessary because the Department is now working on the development of new educator certification and evaluation systems. Since the new system is not developed, it is unclear what resources will be needed. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Career and Technical Schools Maintenance.** The Regents requested an additional \$95,000 from general revenues to fund emergency repairs at the state's career and technical centers. The state is currently in the process of completing major renovations at the centers in order for the districts to consider taking ownership of the facilities. Chariho has already been returned to the district. The enacted budget includes \$30,000; the request is for a total of \$125,000 for FY 2011.

The Regents withdrew the request for additional funding as part of its constrained budget request. *The Governor recommended the additional \$95,000 as requested.* **The Assembly concurred.**

**Vision Services.** The revised budget includes an additional \$125,000 from general revenues for the Rhode Island Vision Services Education Program at the Paul Sherlock Center to fund existing personnel costs including negotiated salary and benefit increases. This is a 21.9 percent increase over the enacted level of \$570,000. The vision services program provides teaching and consultation

services to children who are blind or visually impaired, their families, and educational staff within the school environment. Most blind students are educated in their own districts with support from the state's vision services program, but in certain cases the Commissioner may authorize placement in an out-of-state institution. Local districts pay only their per-pupil special education cost towards tuition and the state pays the difference.

The Regents withdrew the request for additional funding as part of its constrained budget request. *The Governor recommended the additional \$125,000 as requested.*

**The Department's third quarter report indicated that there are savings of \$13,216 for Perkins School for the Blind tuition. The Assembly adjusted general revenues accordingly and concurred with the additional \$125,000 as recommended.**

**Uniform Chart of Accounts.** The revised request includes an additional \$47,237 from general revenues for the uniform chart of accounts initiative for total funding of \$247,237 for FY 2011. While districts began using the new chart on July 1, 2009, the Department reported that there is still a significant amount of work necessary to support districts with issues related to transition, reporting, file transfers, and help desk support. The additional resources would fund a consultant to work on data submitted to assure accountability and to provide technical assistance to school districts.

The Regents withdrew the request for additional funding as part of its constrained budget request. *The Governor recommended the additional \$47,237 as requested.* **The Assembly concurred.**

**Adult Education Grants.** The revised budget includes \$1.1 million less from Human Resource Investment Council funds for adult education grants. This would provide \$3.5 million from Human Resource Investment Council funds for FY 2011. The Department of Labor and Training indicated that this reduction was determined by the Human Resource Investment Council Board after looking at the overall financial position of the fund. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Stimulus Grants.** The FY 2011 revised request includes an additional \$15.0 million from federal stimulus funds for distribution to local school districts including Title I and special education funds. This represents carry-forward funds from FY 2010. On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009. In addition to the state fiscal stabilization funds, there was additional relief to local schools through Title I and special education through the Individuals with Disabilities Education Act program and other education related federal stimulus funds for competitive grants to local schools and use by the Department for technology and other school improvements.

FY 2011 is the last year that funding is available through these sources. All funds must be encumbered by September 30, 2011. The FY 2011 enacted budget includes \$28.3 million for distribution by the Department. This includes \$11.2 million in special education funding and \$14.5 million in Title I funding for formula distribution to districts, charter schools, the Metropolitan Career and Technical School and the state schools. This also includes \$2.6 million in competitive grants funds administered by the Department. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Nutrition Grants.** The Regents requested authorization to spend \$43.6 million from federal nutrition program funds. This is \$1.5 million less than the enacted level. The reduction results from a decrease

in meal participation estimates compared to the enacted budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Special Education Grants.** The Regents requested authorization to spend \$44.0 million, \$1.1 million more than enacted, from federal special education funds to reflect revised grant awards. The funds are distributed to school districts and provide administrative support. Most of the funds must be distributed to local education agencies serving children directly. Federal funds are combined with state and local funds to provide children with disabilities free and appropriate public education, including special education and related services. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Title I Grants.** The Regents requested \$52.1 million in revised federal fund expenditures from Title I funds. This is \$3.3 million less than enacted for FY 2011 to account for less available funding from the federal government. Most Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Vocational Education Grants.** The Regents requested \$6.5 million from federal vocational education grants for FY 2011. This is \$0.8 million more than the enacted level to reflect available carry forward funds from previous years. These funds are used to improve vocational educational programs throughout the state. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Teacher Quality Grants.** The Regents requested \$18.1 million from federal funds that support teacher quality and professional development. This is \$0.9 million more than enacted to account for available carry forward funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Salaries and Benefits.** Excluding the positions associated with the Race to the Top grant, the Regents requested \$16.1 million for salaries and benefits for the Department's 134.4 administration positions. This is \$0.4 million less than enacted and includes \$3,237 less from general revenues. The general revenue request includes additional turnover savings of \$0.1 million offset by \$0.1 million to fund approximately five months for 3.0 positions to work on the implementation of the strategic plan. The new positions include one position that would be responsible for building connections between the community college system and secondary schools and career and technical education programs, one position to manage and oversee data collection and analysis, and one position to provide ongoing technical assistance to districts and review of the data for the uniform chart of accounts.

The Department's constrained budget request does not fund the 3.0 positions for general revenue savings of \$129,880.

*The Governor recommended 1.0 of the requested positions to work on the uniform chart of accounts and provided \$43,294 for five months of funding. He did not recommend the other 2.0 positions and concurred with the remainder of the request.*

**The Assembly included additional general revenue turnover savings of \$100,000 based on the Department's third quarter report. This is equivalent to 0.7 vacant positions based on an average cost per position of \$152,000. The Governor's FY 2011 revised budget assumes 4.8 vacant positions; the Department has averaged 21.5 vacant positions.**

**Grants and Programming Revisions.** The Regents requested adjustments in federal and restricted receipts producing a decrease of \$70,696, including a decrease of \$64,000 from general revenues.

Federal funds changes reflect adjustments for actual grant awards. Minor adjustments were made in other operating and contracted services. *The Governor recommended \$1,060 less than requested from general revenues. This includes a decrease of \$9,800 or 5.0 percent to outside legal services based on a directive from the Department of Administration to reduce legal expenses.* **The Assembly concurred.**

**Met School Capital Projects.** The Regents requested \$2.3 million less from Rhode Island Capital Plan funds for FY 2011. This includes an additional \$0.4 million for an entrepreneurial center at the Providence Campus offset by \$2.7 million less for the East Bay Campus based on revised estimates in the completed feasibility study and a revised construction schedule. The \$0.4 million from Rhode Island Capital Plan funds for the entrepreneurial center would be used in addition to \$0.8 million from approved general obligation bond proceeds at the Providence Public Street Campus. The Department indicated that the lowest bid for the construction of the entrepreneurial center was \$1,138,000, which exceeds the amount available from bond funds by \$422,125.

*The Governor recommended \$0.6 million less from Rhode Island Capital Plan funds than requested. He did not recommend the \$0.4 million for the entrepreneurial center and reduced funding for the feasibility study by \$0.2 million.* **Based on a delay in the East Bay Campus project, the Assembly shifted \$580,000 from FY 2011 to FY 2014. Total funding is as recommended.**

**Other Capital Projects.** The Regents' request includes \$352,603 less from Rhode Island Capital Plan funds for FY 2011. This includes an additional \$13,221 for final payment of an HVAC system on the sixth floor of the Shepard Building. It also includes revisions to projects at the state's regional career and technical centers based on revised project estimates and construction schedules. The state is making significant repairs and renovations at the career and technical centers for the districts to consider taking ownership of the facilities.

*The Governor recommended \$1.2 million more from Rhode Island Capital Plan funds than requested based on revised project schedules for projects at the regional career and technical centers.*

**The Assembly shifted \$0.3 million from FY 2011 to FY 2013 for the Cranston Career and Technical School project based on current spending plans. Total funding is as recommended.**

**Davies Career and Technical School.** The Regents requested an additional \$1.7 million from all funds for FY 2011. Federal funds are \$0.9 million more than enacted largely to reflect carry-forward stimulus funds from prior years. Requested Rhode Island Capital Plan funds are \$0.8 million over the enacted level to reflect revised project estimates for the HVAC project and new funding for a new lighting project. General revenues are consistent with the enacted level.

*The Governor recommended \$48,316 more from all funds than requested including \$67,335 more from general revenues, including \$62,003 to negate the impact of statewide savings reduction. Other changes to the request include \$2,080 less to represent a 5.0 percent reduction in outside legal services based on a Department of Administration directive to reduce legal expenses and \$19,019 less from Rhode Island Capital Plan funds. Capital projects are discussed in greater detail in the Capital Budget section of this analysis.*

**The Assembly reduced Rhode Island Capital Plan funds by \$0.4 million for the lighting project and included it as part of the school's asset protection project.**

**Rhode Island School for the Deaf.** The Regents requested \$8,156 more for the School for the Deaf for FY 2011. This includes the enacted amount from general revenues. Federal funds are \$0.1



million more than enacted and the Regents include \$0.1 million less from restricted receipts for the fee for service model established at the beginning of FY 2010.

It should be noted that certain districts are refusing to pay the invoiced fees and are suing the School for the Deaf and the state on the grounds that there was no statutory legal authority to begin the program in FY 2010. As of December 2010, the school has \$370,680 in unpaid invoices.

The Governor recommended \$0.2 million more than requested including \$89,500 less from general revenues. This includes an additional \$0.3 million in federal education jobs funds offset by savings of \$60,000 from general revenues for interpreter services based on prior years' spending. The recommendation also includes \$4,500 in general revenue savings from a 5.0 percent reduction in outside legal services based on a Department of Administration directive to reduce legal expenses. ***The Assembly concurred.***

## Board of Governors for Higher Education

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
Board of Governors/Higher Ed.	\$ 10,377,177	\$ 10,707,178	\$ 11,557,177	\$ 11,317,177
University of Rhode Island	605,449,830	639,058,662	684,244,113	677,744,113
Rhode Island College	146,779,346	155,399,790	162,067,160	160,767,160
Community College of RI	129,470,533	132,636,759	138,212,102	138,212,102
<b>Total</b>	<b>\$ 892,076,886</b>	<b>\$ 937,802,389</b>	<b>\$ 996,080,552</b>	<b>\$ 988,040,552</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 411,002,844	\$ 426,081,057	\$ 426,824,453	\$ 426,677,075
Contracted Services	15,965,438	16,476,186	18,647,371	18,647,371
<b>Subtotal</b>	<b>\$ 426,968,282</b>	<b>\$ 442,557,243</b>	<b>\$ 445,471,824</b>	<b>\$ 445,324,446</b>
Other State Operations	180,781,053	186,374,197	194,895,151	194,802,529
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	204,281,662	221,286,195	246,840,861	246,840,861
Capital	38,076,349	41,760,888	66,240,008	58,440,008
Capital Debt Service	39,055,447	42,806,975	40,399,246	40,011,460
Operating Transfers	2,914,093	3,016,891	2,233,462	2,621,248
<b>Total</b>	<b>\$ 892,076,886</b>	<b>\$ 937,802,389</b>	<b>\$ 996,080,552</b>	<b>\$ 988,040,552</b>
<b>Sources of Funds</b>				
General Revenue	\$ 161,208,876	\$ 163,606,843	\$ 162,573,194	\$ 162,333,194
Federal Aid	19,841,010	15,004,667	32,657,457	32,657,457
Restricted Receipts	754,577	930,000	930,000	930,000
Other	710,272,423	758,260,879	799,919,901	792,119,901
<b>Total</b>	<b>\$ 892,076,886</b>	<b>\$ 937,802,389</b>	<b>\$ 996,080,552</b>	<b>\$ 988,040,552</b>
<b>Uses of Funds</b>				
Unrestricted Use Funds	\$ 522,705,101	\$ 545,616,341	\$ 547,901,115	\$ 547,661,115
Restricted Use Funds	369,371,785	392,186,048	448,179,437	440,379,437
<b>Total</b>	<b>\$ 892,076,886</b>	<b>\$ 937,802,389</b>	<b>\$ 996,080,552</b>	<b>\$ 988,040,552</b>
<b>FTE Authorization</b>	<b>3,342.2</b>	<b>3,367.1</b>	<b>3,432.1</b>	<b>3,417.1</b>
<i>Limited to Third Party Funds</i>	<i>687.7</i>	<i>785.0</i>	<i>785.0</i>	<i>785.0</i>
<b>Total Authorized Positions</b>	<b>4,029.9</b>	<b>4,152.1</b>	<b>4,217.1</b>	<b>4,202.1</b>
<b>FTE Average</b>	<b>3,877.0</b>			

**FY 2011 Revised Request.** The Board of Governors' revised request is \$49.5 million more than the FY 2011 enacted level. This includes the enacted level of general revenues, \$3.3 million more from tuition and fee revenues, and \$46.1 million more from restricted sources. The request includes 4,214.1 full-time employees, which are 62.0 more than the enacted authorization.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a

projected shortfall in Medicaid funding. This reduction equates to \$2.2 million for Higher Education. The constrained budget submitted by the agency meets that. The proposals to achieve the reductions are noted among the items described below where appropriate.

*The Governor recommended \$58.3 million more than enacted from all sources, which is \$8.8 million more than requested. His revised budget includes \$1.0 million less general revenues than enacted and requested. The Governor recommended 4,217.1 full-time equivalent positions, which is 3.0 positions more than requested.*

**The Assembly included general revenue turnover savings of \$240,000. The Assembly also reduced Rhode Island Capital Plan funds by \$7.8 million to reflect revisions to the timing of three projects at the University and College. The Assembly authorized 4,202.1 positions, which is 15.0 fewer positions at the Community College than the Governor recommended.**

### **Unrestricted Source Expenditures**

The unrestricted budget consists of those funds that can be used for any legitimate purpose. Those purposes fall within the education and general operations of the institutions. They include state general revenue appropriations, tuition and general fees, and sponsored research overhead.

**Office of Higher Education.** The revised unrestricted budget includes the enacted level of general revenues; however, the Office reduced funding for Shepard Building operations, the Dual Enrollment program, and PeopleSoft Implementation in order to increase expenses for salaries and benefits by \$0.3 million and remain within the enacted total. The increase equates to adding funding for 2.0 positions as well as other benefit adjustments and does not include turnover savings assumed in the enacted budget. As of January 15, 2011, the Office had 13.0 positions filled; 19.4 are authorized.

The constrained budget includes \$92,622 less from general revenues. This includes additional turnover savings, and a minor reduction in operating. The Office indicated the reductions were made solely to meet the budget target. *The Governor recommended funding as requested in the unconstrained request.*

**The Assembly included additional general revenue turnover savings of \$240,000 based on continued vacancies.**

**University of Rhode Island.** The University requested \$3.2 million more than enacted from tuition and fees, which reflects the enrollment of 502 additional students. The increased expenditures are mostly for student aid and salaries and benefits. The University reduced general operating expenditures including those for utilities, which are reduced by \$0.7 million based on updated estimates.

The constrained unrestricted budget includes \$964,163 less than the revised allocation from additional turnover savings.

*The Governor recommended \$960,577 less general revenues than the unconstrained request to reflect adjustments to debt service expenditures. The Assembly concurred.*

**Rhode Island College.** The College requested \$150,455 more than enacted from all sources including the enacted level of general revenues. The College requested an additional \$0.8 million for benefit adjustments. These additional costs are offset by reductions in operations and contracted services to be more reflective of actual experience.

The constrained unrestricted budget is \$525,206 less than the revised allocation. This includes additional turnover savings and a reduction in maintenance costs and computer equipment.

*The Governor recommended \$35,527 less general revenues than the unconstrained request to reflect adjustments to debt service expenditures. **The Assembly concurred.***

**Community College of Rhode Island.** The revised unrestricted budget is consistent with the enacted budget. The Community College included the turnover savings assumed in the enacted budget and a reduction in utilities to increase operating and contracted services. The request includes 866.1 full-time employees, which are 62.0 more than the enacted authorization; however, the Community College indicated it would like authorization for 65.0 new positions. The request does not include funding for these positions. The Community College has not identified all of the new positions but has indicated that 10 would be for faculty, 35 for non-classified positions, and 20 for classified positions. It has identified developmental English and math classes as areas of need. The Community College reported that these classes fill quickly and there are not enough to fill current need; 70.0 percent of students require at least one remedial course and 58.0 percent require two or more remedial courses. Another reported area of need is student advising and academic support.

The constrained unrestricted budget is \$591,193 less than the revised allocation. This includes a reduction in expenditures for building maintenance and supplies.

*The Governor recommended \$37,545 less general revenues than the unconstrained request to reflect adjustments to debt service expenditures. The Governor included authorization for 65.0 new full-time equivalent positions based on the Community College's subsequent request. **The Assembly included funding as recommended and authorized 50.0 new full-time equivalent positions, which is 15.0 less than recommended.***

### **Restricted Source Expenditures**

The restricted budget is composed of what are generally thought of as restricted receipt funds or enterprise funds. They include the residence hall funds, dining funds, and any other funds whose sources are limited to use for certain purposes. Federal funds are considered restricted use.

### **Office of Higher Education**

**Longitudinal Data System.** The revised restricted budget includes \$0.4 million, \$0.2 million more than enacted for the longitudinal data system. This represents carry forward funding from FY 2010. The longitudinal data system will be funded at \$0.6 million over three years from a grant from the United States Department of Education in conjunction with the Department of Elementary and Secondary Education to design, develop, and implement a state-wide longitudinal data system. *The Governor recommended funding as requested. **The Assembly concurred.***

**All Volunteer Force Education Assistance.** The revised restricted budget includes \$59,033, \$1 less in expenditures from a federal grant that assists servicepersons to readjust to civilian life after their separation from military service by providing education benefits. *The Governor recommended funding as requested. **The Assembly concurred.***

**College Access Challenge Grant.** During the summer of 2010, the Office of Higher Education was notified it would be awarded a federal College Access Challenge Grant. The grant is intended to

increase the number of low-income students who are prepared to enter post-secondary education. *The Governor provided \$0.7 million from the College Access Challenge Grant. The Assembly concurred.*

### University of Rhode Island

**Personnel and Operations.** The revised restricted budget request is for \$296.7 million, which is a 9.9 percent increase of \$29.3 million over the FY 2011 enacted budget. The increase includes \$0.3 million less for salaries and benefits, \$10.2 million more for operating expenditures, \$19.8 million more in student assistance and grants, and \$0.4 million more for contracted services.

The increases include \$12.8 million from sponsored research funds. The \$19.8 million increase in student aid expenses is in the Ford Direct and Parent loans where the federal government has provided additional funding above that included in the enacted budget. The revised request includes \$125.8 million; the University spent \$122.3 million in FY 2010. *The Governor recommended funding as requested. The Assembly concurred.*

**Capital.** The revised budget request includes \$20.6 million, which is \$7.0 million or 18.8 percent more than the enacted budget. Almost the entire increase is for the Biotechnology Center and is consistent with the capital plan request submitted. The current request for \$5.6 million includes the carry forward of \$2.7 million in unspent funds from FY 2010.

*The recommendation is \$7.0 million more than requested to reflect a carry-forward of \$7.5 million of unspent federal state fiscal stabilization funds for fire safety projects at the University's campus offset by a \$0.5 million decrease in the Biotechnology Center project. This is consistent with the approved capital plan.*

**The Assembly shifted \$4.5 million from Rhode Island Capital Plan funds from FY 2011 to FY 2012 for the Biotechnology Center based on a delay in the project. The Assembly also reduced FY 2011 funding for the new Chemistry Building based on a delay in the project by \$2.0 million and added \$1.0 million to both FY 2012 and FY 2013.**

**Debt Service.** The revised budget is \$13.8 million, \$2.3 million less than the enacted level to reflect anticipated expenditures and the exclusion of the Energy Conservation project. Debt service changes were relative to the debt service schedule of their projects. The University indicated the Energy Conservation project is budgeted within the utilities category; however, the State Budget Office indicated the expense is budgeted in an operating transfer account, not a University and College Fund account. *The Governor recommended \$1.9 million more than requested to reflect the inclusion of the Energy Conservation project. The Assembly concurred.*

### Rhode Island College

**Personnel and Operations.** The restricted budget request is for \$37.4 million, which is \$0.3 million or 1.3 percent more than the enacted FY 2011 budget. The increase includes \$0.2 million less for salaries and benefits, \$0.2 million more for operating expenditures, \$0.1 million more for operating transfers, \$25,000 more in grants, and \$0.2 million more for contracted services.

The revised request includes \$0.4 million from sponsored research funds, and \$0.1 million more for Student Union operations to expand programs.

*The Governor recommended \$0.4 million less than requested. The Assembly concurred.*

**Capital.** The revised restricted request is \$14.0 million, \$6.1 million or 43.0 percent more than the enacted level. The College requested \$5.6 million in carry forward funds from federal state fiscal stabilization funds for fire safety projects at the College's academic buildings. The College plans to use the funding to address fire alarm panels, egress systems, fire alarms, fire pumps, sprinklers, water pressure systems and emergency backup generators in residence halls to illuminate emergency egress.

*The recommendation is \$0.1 million more than requested to reflect a carry-forward balance from federal state fiscal stabilization funds for fire safety projects at the College's campus offset by a decrease in asset protection funds to correctly reflect the College's intended request.* **The Assembly shifted \$1.3 million from Rhode Island Capital Plan funds from FY 2011 to FY 2012 for the new Art Center based on a delay in the project.**

**Debt Service.** The request includes the enacted level of debt service expenditures. *The Governor recommended \$0.4 million more than requested.* **The Assembly concurred.**

### **Community College of Rhode Island**

**Personnel and Operations.** The restricted budget request is for \$29.7 million, which is \$0.7 million or 2.6 percent more than the FY 2011 enacted budget from sponsored research funds. Sponsored research is all research and development activities that are sponsored by federal and non-federal agencies and organizations, including the training of individuals in research techniques and development activities. Salaries and benefits are \$0.5 million more than enacted, operating expenditures are \$0.2 million more and contracted services are \$4,760 less than enacted. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital.** The restricted revised request is \$10.3 million, \$4.8 million or 45.6 percent more than the enacted level. The Community College requested \$3.2 million in carry forward funds from federal state fiscal stabilization funds to complete the fire safety projects at the Community College's academic buildings and \$1.4 million in carry forward funds for the completion of the HVAC project on the Lincoln campus.

*The recommendation is \$0.1 million more than requested to reflect a carry forward balance from federal state fiscal stabilization funds for fire safety projects at the Community College's campuses.* **The Assembly concurred.**



## Rhode Island Council on the Arts

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 695,532	\$ 760,429	\$ 775,192	\$ 749,917
Contracted Services	31,041	37,500	30,000	30,000
<b>Subtotal</b>	<b>\$ 726,573</b>	<b>\$ 797,929</b>	<b>\$ 805,192</b>	<b>\$ 779,917</b>
Other State Operations	70,066	103,932	100,188	98,560
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,045,037	1,752,475	1,752,475	1,752,475
Capital	172,782	400,000	415,000	915,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 3,014,458</b>	<b>\$ 3,054,336</b>	<b>\$ 3,072,855</b>	<b>\$ 3,545,952</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,615,295	\$ 1,668,346	\$ 1,687,286	\$ 1,660,383
Federal Aid	1,117,813	950,990	950,569	950,569
Restricted Receipts	100,000	-	-	-
Other	181,350	435,000	435,000	935,000
<b>Total</b>	<b>\$ 3,014,458</b>	<b>\$ 3,054,336</b>	<b>\$ 3,072,855</b>	<b>\$ 3,545,952</b>
<b>FTE Authorization</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>
<b>FTE Average</b>	<b>8.1</b>			

**FY 2011 Revised Request.** The Rhode Island State Council on the Arts' unconstrained request includes \$20,795 more than enacted from all sources including \$21,216 more from general revenues, \$418 less from federal funds, and the enacted level of 8.6 positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$22,161 for the agency.

The constrained budget submitted by the agency meets that. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor recommended \$18,519 more than enacted from all sources, including \$18,940 more from general revenues and \$421 less from federal funds. The Assembly concurred; however, it increased the expenditure limit for the Percent for Art program by \$0.5 million, and reduced general revenues by \$26,903.*

**Salaries and Benefits.** The Council's current service request is \$20,795 more than enacted for salaries and benefits, including \$21,216 more from general revenues and \$421 less from federal funds. The request includes adjustments consistent with Budget Office planning values that total \$18,789. It also includes \$2,427 more to adjust the pay grade of one employee effective January 1, 2011.



In order to meet the Budget Office target, the Council excluded the \$2,427 pay grade adjustment. *The Governor recommended \$14,763 more than enacted primarily from general revenues. This is \$5,929 less than requested to account for medical co-shares that were omitted from the request, offset by adjustments to savings from uncompensated leave days that were overstated in the request.* **The Assembly reduced general revenues by \$25,275 based on the Council's third quarter report.**

**Operating Expenses.** The Council requested the enacted level from general revenues for operating expenses. The request includes adjustments to miscellaneous expenses, such as office supplies, mileage reimbursements, printing, and advertising. *The Governor recommended \$3,756 more than enacted to reflect various adjustments, including office supplies and mileage reimbursements.* **The Assembly reduced general revenues by \$1,628 based on the Council's third quarter report.**

**Council Grants.** The Council's current service request includes the enacted level of \$1.7 million from all sources for discretionary grants that are awarded to individuals and organizations. These grants help support the arts and encourage artists to continue to make the arts visible in the community. In order to meet the Budget Office general revenue target, the Council would reduce those grants by \$40,951. *The Governor recommended the enacted level of funding.* **The Assembly concurred.**

**Percent for Arts Program.** The Council requested the enacted level of \$435,000 for various expenses relating to the Percent for Art program. This includes \$15,000 for panelists that review applications for projects and \$420,000 for the cost to administer the program. *The Governor recommended funding as requested. He subsequently requested an amendment to increase the expenditure limit on the program by \$0.5 million.* **The Assembly concurred.**

## Rhode Island Atomic Energy Commission

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 877,118	\$ 997,709	\$ 979,698	\$ 979,698
Contracted Services	3,773	15,158	33,907	33,907
<b>Subtotal</b>	<b>\$ 880,891</b>	<b>\$ 1,012,867</b>	<b>\$ 1,013,605</b>	<b>\$ 1,013,605</b>
Other State Operations	225,904	409,483	388,577	388,577
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	34,928	70,000	70,000	70,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,141,723</b>	<b>\$ 1,492,350</b>	<b>\$ 1,472,182</b>	<b>\$ 1,472,182</b>
<b>Sources of Funds</b>				
General Revenue	\$ 769,039	\$ 875,781	\$ 861,031	\$ 861,031
Federal Aid	130,200	300,159	314,104	314,104
Restricted Receipts	-	-	-	-
Other	242,484	316,410	297,047	297,047
<b>Total</b>	<b>\$ 1,141,723</b>	<b>\$ 1,492,350</b>	<b>\$ 1,472,182</b>	<b>\$ 1,472,182</b>
<b>FTE Authorization</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>
<b>FTE Average</b>	<b>8.0</b>			

**FY 2011 Revised Request.** The Rhode Island Atomic Energy Commission requested \$38,963 more than enacted from all sources. This includes \$11,633 less from general revenues offset by \$8,945 more from federal funds and \$41,651 more from University of Rhode Island sponsored research funds.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$11,633 for the Commission. The constrained budget submitted by the agency meets that. The proposals to achieve the reductions are noted among the items described below where appropriate.

*The Governor recommended \$1.5 million from all sources, which is \$20,168 less than enacted and \$59,131 less than requested. General revenues are \$14,750 less than enacted and \$3,117 more than requested. **The Assembly concurred.***

**Salaries and Benefits.** The Commission requested \$30,792 less than enacted for salaries and benefits including \$22,443 less from general revenues. The Commission did not include \$12,000 for a part-time janitor. The remaining \$18,792 is for additional turnover savings.

*The Governor recommended \$12,781 more than requested including \$15,631 more from general revenues. The Governor's recommendation provides an additional \$22,000 from general revenues to*

*support a part-time intern and a part-time janitor offset by updated values for retiree health insurance, which the request appears to have overfunded. **The Assembly concurred.***

**Other Operating Adjustments.** The Commission requested \$69,755 more for operating expenses including \$10,810 more from general revenues. The majority of the increase reflects an inadvertent inclusion of \$50,000 for capital projects. The request also includes \$7,000 for increased student training on the reactor and an increase of \$7,132 in electricity for reactor operations statistic doubling within the past year.

As part of its constrained budget request, the Commission proposed to reduce various operating expenses from the revised request, including property insurance, subscriptions, and a Low Level Waste Forum membership for a total of \$43,303 from all sources, including \$25,303 from general revenues.

*The Governor's recommendation is \$71,912 less than requested from all sources, including \$18,748 less from general revenues for subscription fees, maintenance and other reactor operations. He recommended \$50,000 from Rhode Island Capital Plan funds consistent with the approved plan. **The Assembly concurred.***

## Rhode Island Higher Education Assistance Authority

	FY 2010	FY 2011	FY 2011	FY 2011
	Reported	Enacted	Revised	Final
<b>Expenditures by Program</b>				
Scholarship and Grant Program	\$ 7,318,783	\$ 6,888,349	\$ 7,727,058	\$ 7,733,443
Loans Program	10,166,785	11,879,335	12,769,056	12,769,056
Tuition Savings Program	6,183,791	7,021,425	7,020,659	7,020,659
<b>Total</b>	<b>\$ 23,669,359</b>	<b>\$ 25,789,109</b>	<b>\$ 27,516,773</b>	<b>\$ 27,523,158</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 2,665,716	\$ 3,445,648	\$ 3,105,601	\$ 3,105,601
Contracted Services	5,997,800	5,508,100	7,508,100	7,508,100
<b>Subtotal</b>	<b>\$ 8,663,516</b>	<b>\$ 8,953,748</b>	<b>\$ 10,613,701</b>	<b>\$ 10,613,701</b>
Other State Operations	2,340,581	3,739,659	2,986,500	2,986,500
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	12,664,262	12,594,702	13,416,572	13,422,957
Capital	1,000	501,000	500,000	500,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 23,669,359</b>	<b>\$ 25,789,109</b>	<b>\$ 27,516,773</b>	<b>\$ 27,523,158</b>
<b>Sources of Funds</b>				
General Revenue	\$ 6,611,632	\$ 6,723,347	\$ 7,320,186	\$ 7,320,186
Federal Aid	10,873,936	12,044,337	13,175,928	13,182,313
Restricted Receipts	-	-	-	-
Other	6,183,791	7,021,425	7,020,659	7,020,659
<b>Total</b>	<b>\$ 23,669,359</b>	<b>\$ 25,789,109</b>	<b>\$ 27,516,773</b>	<b>\$ 27,523,158</b>
<b>FTE Authorization</b>	<b>37.3</b>	<b>41.6</b>	<b>41.6</b>	<b>41.6</b>
<b>FTE Average</b>	<b>32.5</b>			

**FY 2011 Revised Request.** The Authority requested an increase of \$1.1 million for FY 2011 including \$1.1 million more from federal funds and \$766 less from the Authority's Tuition Savings program revenues.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$89,306 for the Authority.

The constrained budget submitted by the agency meets that. The proposals to achieve the reductions are noted among the items described below where appropriate.

*The Governor recommended \$27.5 million from all sources of funds, which is \$0.6 million more from general revenues than enacted and requested for need based scholarships and grants to provide maintenance of effort for the federal college access challenge grant in the Office of Higher Education's budget. He also recommended the enacted level of 41.6 full-time equivalent positions. **The Assembly***

added \$6,385 from federal LEAP funds for scholarships and concurred with the remainder of the Governor's recommendation.

**Need Based Scholarships and Grants.** The Authority's request increases scholarships and grants by \$0.2 million. General revenues are \$16,839 less than enacted and federal Leveraging Education Assistance Partnerships (LEAP) and Special Leveraging Education Assistance Partnerships (SLEAP) funds are \$241,870 more than enacted.

The request reduces general revenues to cover increases in other expenses while not exceeding the enacted budget. The federal funds increase reflects the inclusion of SLEAP funding that was not included in the enacted budget and a slight increase in LEAP funds. SLEAP funding is scheduled to be eliminated in FY 2012. The Authority consistently opts to reduce general revenues to accommodate increased personnel and operating needs.

As part of its constrained request, the Authority proposed further reducing general revenues for need based scholarships and grants by \$89,306.

*The Governor recommended an additional \$0.6 million from general revenues for need based scholarships and grants to provide maintenance of effort for the federal college access challenge grant in the Office of Higher Education's budget.*

*The Governor subsequently requested an amendment to add \$6,385 from LEAP funds for scholarships.*  
**The Assembly concurred.**

<b>Scholarships and Grants</b>			
	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Uses</b>			
<b>Need Based Scholarships and Grants</b>			
General Revenues	\$ 5,882,700	\$ 6,462,700	\$ 6,462,700
Tuition Savings Fees	6,300,000	6,300,000	6,300,000
<i>Subtotal</i>	<i>\$ 12,182,700</i>	<i>\$ 12,762,700</i>	<i>\$ 12,762,700</i>
<b>Other Grant Programs</b>			
Academic Promise	\$ -	\$ -	\$ -
Matching Grant	-	-	-
LEAP/SLEAP	165,002	406,872	413,257
<i>Subtotal</i>	<i>\$ 165,002</i>	<i>\$ 406,872</i>	<i>\$ 413,257</i>
<b>Total</b>	<b>\$ 12,347,702</b>	<b>\$ 13,169,572</b>	<b>\$ 13,175,957</b>
<b>Sources</b>			
General Revenues	\$ 5,882,700	\$ 6,462,700	\$ 6,462,700
Federal Funds	165,002	406,872	413,257
Tuition Savings Fees	6,300,000	6,300,000	6,300,000
<b>Total</b>	<b>\$ 12,347,702</b>	<b>\$ 13,169,572</b>	<b>\$ 13,175,957</b>

**Collections Commissions and Services.** The Authority requested \$2.0 million more from federal funds collections commissions and collections management services. These expenses are volume driven and during FY 2010, the Authority experienced improved collections results. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Guarantee Loans Data Processing.** The Authority's request reflects a reduction of \$750,000 from federal funds for expenses for data processing associated with guaranteed loans. On March 21, 2010,

the United States House of Representative passed the Reconciliation Act of 2010, health care reform. The legislation included a provision to end subsidies to lenders and originate all loans directly through the federal government. While the Authority will still be responsible for managing its current portfolio, it will not be guaranteeing any new loans. *The Governor recommended funding as requested. The Assembly concurred.*

**Salaries and Benefits.** The FY 2011 revised request reflects savings of \$0.3 million for all salary and benefit expenditures including \$8,523 less from general revenues. The request reflects additional turnover savings in the loan division and minor adjustments in the other programs. The Authority has averaged 30.4 of its 41.6 authorized full-time equivalent positions filled as of the October 23 pay period. Based on an average cost per full-time equivalent position of \$73,580, the requested turnover savings represents 4.6 vacant positions throughout the entire year. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Operating Adjustments.** The Authority requested a decrease of \$4,159 from all funds for all other operating adjustments. This includes an increase of \$25,362 from general revenues to reflect anticipated expenditures based on FY 2010 actual expenditures. The FY 2011 enacted budget was underfunded based on the Authority's request. *The Governor recommended funding as requested. The Assembly concurred.*



## Historical Preservation and Heritage Commission

	FY 2010	FY 2011	FY 2011	FY 2011
	Reported	Enacted	Revised	Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,483,183	\$ 1,576,781	\$ 1,624,473	\$ 1,598,473
Contracted Services	4,752	14,935	12,645	12,645
<b>Subtotal</b>	<b>\$ 1,487,935</b>	<b>\$ 1,591,716</b>	<b>\$ 1,637,118</b>	<b>\$ 1,611,118</b>
Other State Operations	88,463	110,554	113,417	113,417
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	322,492	945,626	952,969	952,969
Capital	2,321	16,075	16,075	16,075
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,901,211</b>	<b>\$ 2,663,971</b>	<b>\$ 2,719,579</b>	<b>\$ 2,693,579</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,256,875	\$ 1,348,717	\$ 1,402,519	\$ 1,376,519
Federal Aid	589,499	835,804	841,508	841,508
Restricted Receipts	54,837	479,450	475,552	475,552
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,901,211</b>	<b>\$ 2,663,971</b>	<b>\$ 2,719,579</b>	<b>\$ 2,693,579</b>
<b>FTE Authorization</b>	<b>16.6</b>	<b>16.6</b>	<b>16.6</b>	<b>16.6</b>
<b>FTE Average</b>	<b>16.6</b>			

**FY 2011 Revised Request.** The Historical Preservation and Heritage Commission requested \$2.8 million from all sources for FY 2011, \$123,583 more than the enacted budget. This includes \$121,757 more from general revenues and \$5,724 more from federal sources offset by \$645 less from restricted receipts. The Commission requested 16.6 full-time equivalent positions, the authorized level.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$17,915 for the Commission. The constrained budget submitted by the agency is \$32,137 below the Budget Office target. The proposals to achieve the reductions are noted among the items described below where appropriate.

*The Governor recommended \$55,608 more than the enacted from all sources of funds. This includes \$53,802 more from general revenues, \$5,704 more from federal sources, and \$3,898 less from restricted receipts. The Assembly included \$26,000 less general revenues than recommended and 16.6 full-time equivalent positions.*

**Salaries and Benefits.** The Commission requested \$1.7 million from all sources for salaries and benefits, which is \$92,135 more than enacted. This includes increases of \$89,335 from general revenues and \$4,439 from restricted receipts and a decrease of \$1,639 from federal sources. The Commission's FY 2011 enacted budget provided adequate funding for the current staff's medical



benefits. However, the Commission included \$45,876 additional general revenues in its request in error. The remaining changes reflect updated benefit rates consistent with the FY 2011 planning values.

The Commission included as part of its constrained FY 2011 revised request savings of \$49,794, which includes \$33,430 from general revenues, by imposing 8.0 furlough days where the employees will be required to come to work but will not be compensated.

*The Governor recommended \$47,692 more than enacted for salaries and benefits, including \$44,892 more from general revenues. This is \$44,443 less than the unconstrained general revenue request. The recommendation includes an additional \$14,441 for seasonal employee wages at the Eisenhower House and reduces other employee benefits by \$58,854 to correct an error in the Commission's request. **The Assembly included general revenue turnover savings of \$26,000 based on a vacancy that occurred during the fiscal year.***

**Eisenhower House.** The Commission requested \$12,419 more than enacted for operations and repairs at the Eisenhower House in FY 2011. This includes \$10,000 for safety related repairs. The remaining \$2,419 is for other miscellaneous expenses associated with the operation of the facility and the redesign of the Eisenhower House website to attract more business.

As part of its FY 2011 constrained budget the Commission requested \$45,180 less than included in its revised request for operating expenditures at the Eisenhower House in FY 2011. This request lowers maintenance and utility expenses and reduces all other nonessential operating expenses.

*The Governor recommended \$62,651 from general revenues, which is \$8,550 more than enacted and is \$3,859 less than requested for continued operation of the facility, based upon anticipated expenditures. **The Assembly concurred.***

**Heritage Commission Operating Expenses.** The Commission requested \$25,960 from general revenues for the operating expenses of the Heritage Commission, which is \$7,195 more than enacted. This includes \$4,520 for unbudgeted lease costs for the 2010 Heritage Festival relocated from the State House due to construction. The request also includes \$1,150 for postage, \$250 for travel, and \$1,275 for other miscellaneous office expenses.

As part of its FY 2011 constrained request, the Commission included a \$70,710 reduction, of which \$70,327 is from general revenues, for Heritage Commission activities. This includes \$51,567 from not filling a vacancy expected to occur in December and \$18,760 less from general revenues for Heritage Commission operating expenses. Information obtained from the state's accounting system indicates that as of January 7, 2011, the Commission incurred operating expenditures for Heritage Commission activities that exceed the amount included in the constrained request.

*The Governor recommended \$15,865 from general revenues and \$10,095 less than the unconstrained request. This proposal appears to accept some of the constrained budget reductions noted above as not likely feasible. **The Assembly concurred.***

**Program Adjustments.** The Commission requested \$974 less from all other sources for program adjustments. The Commission requested \$7,363 more federal survey and planning funds and \$540 more from restricted receipts. The federal survey and planning funds will be used for additional grant awards to support historic preservation planning activities in communities throughout the state. The Commission requested \$8,879 less than enacted to support the historic homeownership tax credit

program. *The Governor recommended \$994 less than enacted from all sources of funds for other programs. This is \$20 less than requested for insurance reimbursement. **The Assembly concurred.***

**Other Operations.** The Commission requested \$12,808 more than enacted from general revenues for all other operating expenses. This includes \$4,200 more for mileage reimbursement, \$2,625 more for computers, \$1,500 more for printing, \$875 more for insurance, \$1,700 for new air conditioners, \$208 for travel expenses, and \$1,700 for other miscellaneous expenses.

As part of its FY 2011 constrained revised request, the Commission included \$30,487 less from all sources, of which \$22,872 is from general revenues for all other operations. This includes reductions for mileage reimbursement, printing, postage, telephone expenses, supplies, insurance and other miscellaneous expenses.

*The Governor recommended \$3,260 more than the enacted from general revenues for all other operations, and \$9,548 less than requested. He included \$4,200 more for mileage reimbursement offset by a reduction of \$940 for clerical services and none of the other requested increases. **The Assembly concurred.***



## Rhode Island Public Telecommunications Authority

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,593,399	\$ 1,628,627	\$ 1,576,086	\$ 1,526,086
Contracted Services	-	11,700	13,000	13,000
<b>Subtotal</b>	<b>\$ 1,593,399</b>	<b>\$ 1,640,327</b>	<b>\$ 1,589,086</b>	<b>\$ 1,539,086</b>
Other State Operations	14,532	32,390	36,973	36,973
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,607,931</b>	<b>\$ 1,672,717</b>	<b>\$ 1,626,059</b>	<b>\$ 1,576,059</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,000,695	\$ 1,035,967	\$ 979,325	\$ 929,325
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	607,236	636,750	646,734	646,734
<b>Total</b>	<b>\$ 1,607,931</b>	<b>\$ 1,672,717</b>	<b>\$ 1,626,059</b>	<b>\$ 1,576,059</b>
<b>FTE Authorization</b>	<b>18.0</b>	<b>16.0</b>	<b>16.0</b>	<b>16.0</b>
<b>FTE Average</b>	<b>16.0</b>			

**FY 2011 Revised Request.** The Authority requested \$1.6 million from all sources, including \$1.0 million from general revenues and \$0.6 million from Corporation for Public Broadcasting funds. This is \$26,229 less than enacted, including \$35,964 less from general revenues and \$9,735 more from Corporation for Public Broadcasting funds. The request includes the enacted level of authorized positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$13,761 for the Authority. The Authority's current service budget meets the target and provides \$22,203 in additional savings.

*The Governor recommended \$20,678 less than requested from general revenues and \$249 more from Corporation for Public Broadcasting funds. He included 16.0 full-time equivalent positions.*

**The Assembly further reduced general revenues by \$50,000 to include additional turnover savings from a continued vacancy.**

**Salaries and Benefits.** The Authority requested \$25,529 less than enacted from all sources, including \$35,264 less from general revenues offset by an additional \$9,735 from Corporation for Public Broadcasting funds. The request includes \$70,065 in turnover savings, offset by \$44,536 in medical benefit and retirement rate adjustments, consistent with Budget Office planning values.

*The Governor further reduced salaries and benefits by \$27,012 from all sources, including \$55,942 from general revenues to reflect additional savings from a delay in the hiring a new president during FY 2011 and from eight additional pay reduction days. The Authority updated its union contract during July 2010. The Authority's union agreed to take twelve pay reduction days; however, all of the days are in FY 2011. Council 94's agreement included eight days in FY 2010 and four days in FY 2011 and the enacted budget assumed the same for the Authority.*

**The Assembly included \$50,000 of additional general revenue turnover savings from a continued vacancy.**

**Operating Expenses.** The Authority requested \$700 less than enacted from general revenues for its operating expenses, including \$5,000 less for expenses related to the digital transmitter, offset by \$3,000 more for office supplies and \$1,300 more for closed captioning services.

*The Governor recommended \$6,583 more than requested from federal funds for various operating expenses to reflect the actual grant award. **The Assembly concurred.***

## Office of the Attorney General

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
Criminal	\$ 13,910,370	\$ 14,654,602	\$ 15,210,416	\$ 15,052,226
Civil	4,402,581	5,086,772	5,585,965	5,585,965
Bureau of Criminal Identification	1,055,635	1,131,596	1,141,660	1,141,660
General	2,941,992	2,988,249	3,238,585	3,238,585
<b>Total</b>	<b>\$ 22,310,578</b>	<b>\$ 23,861,219</b>	<b>\$ 25,176,626</b>	<b>\$ 25,018,436</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 20,252,801	\$ 21,482,807	\$ 21,344,034	\$ 21,180,844
Contracted Services	146,398	412,368	1,444,616	1,444,616
<b>Subtotal</b>	<b>\$ 20,399,199</b>	<b>\$ 21,895,175</b>	<b>\$ 22,788,650</b>	<b>\$ 22,625,460</b>
Other State Operations	1,400,868	1,624,049	1,712,698	1,717,698
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	510,511	341,995	675,278	675,278
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 22,310,578</b>	<b>\$ 23,861,219</b>	<b>\$ 25,176,626</b>	<b>\$ 25,018,436</b>
<b>Sources of Funds</b>				
General Revenue	\$ 19,592,235	\$ 21,209,730	\$ 21,443,366	\$ 21,263,366
Federal Aid	1,297,016	1,248,830	1,978,333	2,000,143
Restricted Receipts	1,051,750	1,202,659	1,317,657	1,317,657
Other	369,577	200,000	437,270	437,270
<b>Total</b>	<b>\$ 22,310,578</b>	<b>\$ 23,861,219</b>	<b>\$ 25,176,626</b>	<b>\$ 25,018,436</b>
<b>FTE Authorization</b>	<b>231.1</b>	<b>231.1</b>	<b>231.1</b>	<b>231.1</b>
<b>FTE Average</b>	<b>228.3</b>			

**FY 2011 Revised Request.** The Office of the Attorney General requested \$1.9 million more than enacted from all sources, including \$0.8 million more from general revenues and 231.1 full-time equivalent positions, consistent with the authorized level. The budget restores funding for the four pay reduction days, but the Office offered a constrained budget that includes the savings from the pay reduction days.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$281,728 for the Office of the Attorney General. The constrained budget submitted by the agency is \$780,071 above that. The proposals to achieve the reductions are noted among the items described below where appropriate.

*The Governor recommended \$1.3 million more than enacted from all sources, including \$0.2 million more from general revenues, \$0.7 million more from federal funds, \$0.1 million more from restricted*

receipts, and \$0.2 million more from other funds. This is \$0.6 million less than requested, including \$0.5 million less from general revenues. He also recommended the enacted level of 231.1 full-time equivalent positions, as requested. The Governor's recommendation is \$515,364 above the Budget Office target.

He subsequently requested an amendment to add \$26,810 from available federal funds, including \$10,000 for a new long-term care grant to provide background checks for healthcare workers and \$16,810 for adult drug court expenses that occurred in FY 2010. **The Assembly included \$5,000 less federal funds than recommended for background checks and \$180,000 less from general revenues to reflect turnover savings from vacant positions.**

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Office of the Attorney General, he assumed savings of \$104,423 of which \$6,578 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below. **The Assembly concurred.**

**Reverse Pay Reduction Days.** The Office requested \$305,874 more than enacted from all sources, including \$279,643 more from general revenues to reflect excluding the budgeted savings for the four pay reduction days for FY 2011. The Office indicated the savings from the four pay reduction days did not reflect its true current service budget for FY 2011.

As part of its constrained budget, the Office included the budgeted savings for the pay reduction days, consistent with the enacted budget. *The Governor's recommendation includes the savings for the pay reduction days.* **The Assembly concurred.**

**Adult Drug Court.** The Office's request shifts \$66,846 from general revenues to federal funds to partially support an adult drug court prosecutor position which would have been requested from general revenues because of expired funds. The request correctly reflects a new federal grant awarded for prosecution of adult drug cases and screening of applicants for the adult drug court program. This was not included in the enacted budget because the Office did not anticipate receiving this award when it formulated its original FY 2011 request. *The Governor recommended funding as requested.*

He subsequently requested an amendment to add \$16,810 from available federal funds to pay off a final FY 2010 expense. **The Assembly concurred.**

**Federal Award for Traffic Safety.** The Office requested \$53,121 more than enacted from federal funds to support a traffic safety prosecutor position. The request correctly reflects the federal grant awarded for prosecution of cases of driving under the influence in the state. This includes \$44,311 for salary and benefit adjustments to reflect a greater share of the costs for the full-time staff attorney, as well as \$8,810 from additional office equipment purchases and travel expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Domestic Violence Arrests Grant.** The Office's request shifts \$37,327 from general revenues to federal funds to partially support two prosecutor positions which would have been requested from general revenues because of expired funds. The request correctly reflects a new federal grant awarded for investigation and prosecution of domestic violence and sexual assault matters. This was not included in the enacted budget because the Office did not anticipate receiving this award when it

formulated its original FY 2011 request. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Salary and Benefit Adjustments.** The Office requested \$111,607 more than enacted from all sources, including \$113,162 more from general revenues for all other salary and benefit adjustments. This includes \$146,850 from unachieved turnover savings from vacant positions and changes in employee benefit selection, as well as updated benefit rates consistent with the planning values from the Budget Office instructions. Currently, the Office is averaging 226.9 filled positions or 4.2 positions below the authorized level.

*The Governor recommended \$85,872 less than enacted, which is \$197,479 less than requested to reflect more turnover savings than requested. He also included \$27,396 for personnel expenses from general revenues for transition costs for the newly elected Attorney General. The Assembly included \$180,000 less general revenues to reflect turnover savings from vacant positions based on the Office's third quarter report.*

**Tobacco Enforcement Litigation.** The Office requested \$500,000 more than enacted from general revenues for tobacco enforcement litigation expenditures for FY 2011. The enacted budget includes \$123,435 from general revenues shifted from FY 2010 to cover the state's share of trial-related expenses among settling states. This request reflects projected expenses including the costs of securing the services of outside counsel since the Office's current litigant is viewed as a potential state witness during litigation proceedings. This enforcement litigation case is brought by the leading United States tobacco product manufacturers against the states under the "Master Settlement Agreement" alleging their lack of efforts in enforcing the agreement for non-participating manufacturers. *The Governor recommended funding as requested. The Assembly concurred.*

**Integrated Information System.** The Office requested \$434,002 from federal funds carried forward from FY 2010 for the design and implementation of the integrated case management information system for the Criminal Division. Currently, the Office manages its annual caseloads through a labor-intensive manual state repository for all criminal history information. This system will help eliminate duplicate information and processes and provide reporting without additional licensing fees. This application will have integration with the Rhode Island Court Judicial Information System for disposition information and with the Rhode Island Criminal History System for arrest and expungement information. This request correctly reflects the federal grant awarded to the Office for this project. *The Governor recommended funding as requested. The Assembly concurred.*

**Domestic Violence System Design.** The Office requested \$135,776 more than enacted from federal funds carried forward from FY 2010 for information technology system design for the prosecution project. Grant funds are expected to cover computer equipment and supplies, furniture and staff training to improve tracking of domestic violence cases. The request correctly reflects the grant awarded to the Office to ensure that violent offenders are held accountable for their actions through investigation, arrest, and prosecution. This is a one-time grant made available from the federal stimulus act. *The Governor recommended funding as requested. The Assembly concurred.*

**Witness Protection.** The Office requested \$27,673 more than enacted from general revenues to ensure the protection of state witnesses. This includes providing housing, food, accessories and 24 hour security services for several state witnesses. This request places this expense more in line with historical spending. FY 2010 actual expenses were \$118,519. *The Governor recommended funding as requested. The Assembly concurred.*



**Civil Division System Upgrade.** The Office requested \$61,055 more than enacted from restricted receipts for the design and implementation of the case management information system for the Civil Division. This system upgrade is anticipated to improve efficiency by eliminating duplicate information and processes associated with the current manual system. This system is expected to have integration with state law enforcement in the various district courts on all civil matters. The requested funds for this upgrade are recovered by the Civil Division's consumer protection unit from deceptive trade practice cases and deposited into a restricted receipt account for consumer education related expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**National Criminal History Improvement Program.** The Office requested \$37,831 from federal funds, including a new federal grant award of \$18,000 and \$19,784 carried forward from FY 2010 for the National Criminal History Improvement Program. The request correctly reflects the new federal grant awarded to the Office for database system enhancement to improve the accuracy of information for protective orders including stalking cases. The new grant was not included in the enacted budget because the Office did not anticipate receiving the award when it formulated its original FY 2011 request. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Forfeitures.** The Office requested \$34,535 more than enacted from restricted receipts from federal forfeitures and forfeiture of property. This request reflects anticipated federal forfeiture payments of awards for information and assistance leading to a civil or criminal proceeding. The requested funds are anticipated to cover vehicle purchases, office supplies, computer equipment and training. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Asset Protection.** The Office requested \$237,270 more than enacted from Rhode Island Capital Plan funds carried forward from FY 2010 for its asset protection projects. This is consistent with the approved capital plan. The Office notes a delay in its Automated Fingerprint Identification System because it is not a high priority project. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Operations.** The Office requested \$33,666 less than enacted from all sources, including \$38,319 less from general revenues for all other operations. This includes savings from facilities and maintenance repairs, computer equipment and software, office supplies, utilities, monthly parking fees, clerical services, and court reporters. This reduction places this expense more in line with historical spending patterns. FY 2010 actual expenses from general revenues were \$1.2 million or \$33,029 less than the current funding request. *The Governor recommended \$15,561 less than enacted, which is \$18,105 more than requested to reflect added funding for operating transition costs for the newly elected Attorney General.*

*He subsequently requested an amendment to add \$10,000 from available federal funds to pay for background check expenses for health care workers.* **The Assembly included \$5,000 less federal funds than recommended for background checks based on anticipated expenses for FY 2011.**

## Department of Corrections

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
Central Management	\$ 6,710,401	\$ 8,071,545	\$ 8,096,270	\$ 8,096,270
Parole Board	1,257,507	1,374,212	1,303,426	1,314,516
Institutional Corrections	152,702,982	162,992,366	169,924,944	163,989,944
Community Corrections	13,236,527	14,743,396	14,670,446	14,670,446
<b>Total</b>	<b>\$ 173,907,417</b>	<b>\$ 187,181,519</b>	<b>\$ 193,995,086</b>	<b>\$ 188,071,176</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 146,015,026	\$ 151,853,586	\$ 152,965,173	\$ 152,382,721
Contracted Services	9,333,726	11,131,345	11,058,584	11,069,674
<b>Subtotal</b>	<b>\$ 155,348,752</b>	<b>\$ 162,984,931</b>	<b>\$ 164,023,757</b>	<b>\$ 163,452,395</b>
Other State Operations	14,147,638	16,505,640	15,523,410	15,205,862
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,274,043	1,366,414	2,470,689	2,470,689
Capital	2,136,984	6,324,534	11,977,230	6,942,230
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 173,907,417</b>	<b>\$ 187,181,519</b>	<b>\$ 193,995,086</b>	<b>\$ 188,071,176</b>
<b>Sources of Funds</b>				
General Revenue	\$ 169,892,046	\$ 178,329,401	\$ 178,561,565	\$ 177,661,565
Federal Aid	2,106,693	2,794,860	3,695,618	3,706,708
Restricted Receipts	-	87,134	124,774	124,774
Other	1,908,678	5,970,124	11,613,129	6,578,129
<b>Total</b>	<b>\$ 173,907,417</b>	<b>\$ 187,181,519</b>	<b>\$ 193,995,086</b>	<b>\$ 188,071,176</b>
<b>FTE Authorization</b>	<b>1,402.5</b>	<b>1,419.0</b>	<b>1,419.0</b>	<b>1,419.0</b>
<b>FTE Average</b>	<b>1,384.2</b>			
<b>Prison Population</b>	<b>3,502</b>	<b>3,450</b>	<b>3,350</b>	<b>3,273</b>

**FY 2011 Revised Request.** The Department requested \$10.1 million or 5.4 percent more than enacted, including \$3.6 million from general revenues, \$0.9 million from federal funds, and \$5.6 million from Rhode Island Capital Plan funds. Consistent with the enacted budget, the Department requested 1,419.0 full-time equivalent positions. The Department's revised request is based on a population of 3,350, a decrease of 100 inmates.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$2.4 million for the Department of

Corrections. The constrained budget submitted by the agency is \$4.8 million above that. The proposals to achieve the reductions are noted among the items described below where appropriate.

*The Governor recommended \$6.8 million more than enacted from all sources, including \$232,164 more from general revenues, \$0.9 million more from federal funds, \$37,640 more from restricted receipts, and \$5.6 million more from other funds. This is \$3.3 million less than requested, nearly all from general revenues. The Governor assumed 1,419.0 full-time equivalent positions, consistent with the authorized level and a population of 3,350, consistent with the Department's revised request. His recommendation is \$2.6 million above the Budget Office target.*

*He subsequently requested an amendment to add \$11,090 from available federal funds for victim services in the Parole Board program to reflect a carried forward balance from FY 2010.*

**The Assembly included \$0.9 million less general revenues to reflect personnel and operating savings based on the Department's third quarter report and shifted \$4.5 million from Rhode Island Capital Plan funds from FY 2011 to later years for several capital projects based on updated schedules. The Assembly also provided \$0.5 million less for asset protection projects and included 1,419.0 positions, consistent with the recommended level.**

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Corrections, he assumed savings of \$840,561 of which \$76,384 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below. **The Assembly concurred.**

**Population.** The Department's original request for FY 2011 included a population of 3,709 and the Governor recommended a population of 3,643 or 66 fewer inmates than requested. The enacted budget assumes a population of 3,450, which is 259 fewer than the Department's initial population projection and 193 fewer than the recommended population.

The Department's current population is tracking below staff estimates for the FY 2011 enacted budget, which assumed those reductions. The House Fiscal Staff uses a simple model using trend data and population through the second quarter that suggests an average population of 3,301. The Department contracts with a firm to prepare population estimates, which has subsequently revised these estimates downward to 3,350. That is the population upon which the revised budget request was based.

Population reductions result in the greatest savings when there are enough to allow for the closure of housing modules. Current population has resulted in the closure of two double modules in the Intake Center and three single modules, including two in Minimum Security and one in Medium Price. The maximum capacity of the prison is governed by the terms of an overcrowding lawsuit. In FY 2008, the Department reached an agreement with the federal courts to increase the allowed capacity at facilities from 4,085 to 4,265.

The following table depicts the recent history of budgeted and actual prison population from FY 2001 through FY 2011. The average population for the first six months of FY 2011 is 3,311. Total cost per inmate including staff, can be expressed by dividing the Institutional Corrections' budget by the number of inmates. This is \$51,250 for the FY 2011 revised budget request. The enacted budget includes \$47,372. FY 2010 actual expenditures suggest a cost of \$43,605.

History	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
<i>Request</i>	3,355	3,492	3,297	3,333	3,305	3,299	3,200	2,583	3,803	4,008	3,709
Governor	3,292	3,464	3,393	3,724	3,640	3,244	3,375	3,289	3,848	4,008	3,643
Enacted	3,292	3,464	3,393	3,500	3,575	3,244	3,375	3,289	3,848	3,767	<b>3,450</b>
Revised Request	3,464	3,251	3,658	3,640	3,575	3,375	3,723	4,018	3,869	3,669	3,350
Governor Revised	3,464	3,370	3,658	3,600	3,377	3,375	3,723	3,925	3,869	3,659	3,350
Final	3,464	3,370	3,550	3,600	3,377	3,475	3,755	3,925	3,788	3,551	3,273
<i>Actual</i>	3,348	3,387	3,537	3,554	3,361	3,510	3,771	3,860	3,773	3,502	3,273

*The Governor's revised budget is based on an average population of 3,350 or 100 fewer inmates than enacted.*

*The February 2011 population was 3,158 and the Department has averaged 3,279 for the fiscal year. Population would have to significantly increase to an average of 3,500 inmates for the remaining four months of the fiscal year in order to reach the recommended budgeted population of 3,350. **The Assembly assumed 3,273 inmates, 77 fewer than recommended and included \$0.9 million from personnel and operating savings based on the Department's third quarter report.***

**Population Savings.** The enacted budget assumes \$1.9 million in savings from general revenues based on 193 fewer inmates than recommended by the Governor for FY 2011. The Department's revised request includes additional savings of \$0.7 million from general revenues to reflect its revised population projection of 3,350, or 100 fewer inmates than enacted. The enacted savings were calculated by multiplying the total cost per inmate, which is \$38,890, by 193 inmates and then divided by four in recognition of certain fixed costs that cannot be reduced. *The Governor recommended funding as requested. **The Assembly's final budget is based on 3,273 inmates.***

**Population: Per Diem Expenditures.** The Department requested \$60,300 more than enacted from general revenues for population related expenditures that are calculated on a per diem basis, excluding staffing. This is based on an increase in food costs and pharmaceutical expenses. The Department's revised request includes \$3,996 per inmate for items such as food, linen, household supplies and medical services; the enacted budget assumes \$3,978. In FY 2010, the Department's actual per inmate cost was \$3,757 or \$239 less than the current request. *The Governor recommended funding as requested. **The Assembly assumed \$0.3 million less general revenues than recommended for operating expenses based on the Department's third quarter report.***

**State Criminal Alien Assistance Funds.** The Department requested \$180,823 less than enacted from general revenues to reflect underestimated federal State Criminal Alien Assistance funds. This is a formula grant awarded to the Department for incurring costs of incarcerating undocumented immigrants who are being held as a result of state and local charges or convictions. The enacted budget anticipates \$0.8 million, consistent with the grant funds awarded for FY 2010. The federal award for FY 2011 is \$1.0 million and the Department's revised request reduces general revenues to show use of these funds instead. *The Governor recommended funding as requested. **The Assembly concurred.***

**RIBCO Wage Increase.** The enacted budget includes \$6.3 million from general revenues for cost-of-living adjustments for correctional officers for FY 2011. This estimate is based on an agreement reached with other state government unions and initial calculations from the Department of Administration for FY 2010 base wage adjustments for all eligible members of the bargaining unit. This award reflects the arbitrators' intent to re-establish parity between uniform correctional officers and similar qualified public sector employees, including the sheriffs. It includes a 3.0 percent cost-of-living increase for one half of FY 2011. The labor contract was settled through the arbitration process

and resulted in a 2.95 percent wage increase for uniform correctional officers for FY 2011. This is in addition to the 3.0 percent cost-of-living increase for all members of the bargaining unit for one-half of FY 2011. The Department requested an additional \$3.3 million from general revenues to reflect its updated estimate of \$9.6 million based on current staffing. *The Governor recommended funding as requested. The Assembly concurred.*

**RIBCO Retroactive Payment.** The Department requested \$1.5 million from general revenues to settle the retroactive payment for the labor contract settlement for correctional officers. This is a FY 2010 expense, which is being requested in FY 2011 because the Department assumed it remained unpaid in FY 2010. Subsequently, the Department of Administration learned that this expense was included as part of an adjustment to FY 2010 expenses. *The Governor did not include this expense, which was paid in FY 2010. The Assembly concurred.*

**Administrative Positions.** The Department requested \$537,199 from general revenues to fill 16.0 full-time equivalent administrative positions for one half of FY 2011. The positions include 5.0 administrative clerks, 4.0 assistants, 3.0 senior word processing typists, 2.0 administrative aides, 1.0 senior planner and 1.0 principal research technician. These vacated positions were eliminated based on instructions not to request funding for vacant positions. Currently, the Department is using other staff under the "three-day rule" to fulfill these duties. *The Governor recommended \$268,610, which is \$268,589 less than requested and reflects filling the positions as of April 1, 2011. However, not all of the positions are funded in the FY 2012 recommendation. The Assembly concurred.*

**Public Safety Positions.** The Department requested \$1.1 million from general revenues to fill 23.0 full-time equivalent positions for one half of FY 2011. The positions include 13.0 officers, 6.0 lieutenants, 3.0 captains and 1.0 deputy warden. These vacated positions were eliminated based on instructions not to request funding for vacant positions. Currently, the Department has promoted existing staff under the "three-day rule" to fill 17.0 positions; 6.0 entry-level officer positions are being filled via overtime. *The Governor recommended \$542,829, which is \$542,788 less than requested and reflects filling the positions as of April 1, 2011. However, not all of the positions are funded in the FY 2012 recommendation. The Assembly concurred.*

**Health and Social Service Positions.** The Department requested \$129,480 from general revenues to fill 3.0 full-time equivalent health and social service positions for one half of FY 2011. The positions include 1.0 supervising clinical psychologist, 1.0 clinical social worker and 1.0 community program counselor. These vacated positions were eliminated based on instructions not to request funding for vacant positions. Currently, the Department has promoted existing staff under the "three-day rule" to fill these positions. *The Governor recommended \$64,743, which is \$64,737 less than requested and reflects filling the positions as of April 1, 2011. However, not all of the positions are funded in the FY 2012 recommendation. The Assembly concurred.*

**Maintenance Positions.** The Department requested \$71,961 from general revenues to fill 2.0 full-time equivalent maintenance positions for one half of FY 2011. The positions include 1.0 automobile body shop supervisor and 1.0 electrician. These vacated positions were eliminated based on instructions not to request funding for vacant positions. Currently, the Department is using other staff under the "three-day rule" to fulfill these duties. *The Governor recommended \$35,982, which is \$35,979 less than requested and reflects filling the positions as of April 1, 2011. However, not all of the positions are funded in the FY 2012 recommendation. The Assembly concurred.*

**All Other Salaries and Benefits.** The Department requested \$1.4 million less than enacted from all sources, including \$1.8 million less from general revenues for all other salaries and benefits for FY

2011. This includes additional turnover savings from vacant positions and benefit rate changes consistent with the planning values from the Budget Office instructions. The Department noted that it can achieve \$1.8 million in additional turnover savings from keeping positions vacant throughout the entire fiscal year. However, the Department's revised request proposes to fill 44.0 full-time equivalent positions, effective January 2011 for total costs of \$1.8 million. Currently, the Department is averaging 1,375.4 filled positions or 43.6 positions below the authorized level.

*The Governor recommended \$1.4 million less than enacted from all sources, which is \$50,494 more than requested to reflect an increase of \$23,157 for the probation and parole officer position for the drug market intervention initiative and further benefit adjustments based on more updated data. **The Assembly included \$0.6 million less general revenues than recommended for personnel expenses based on the Department's third quarter report.***

**Target - High Security Closing.** The Department's constrained budget includes closing the High Security Center effective March 15, 2011 for anticipated savings of \$1.2 million from general revenues. This includes offsetting expenses for 30 out-of-state placements and reassignment of the current High Security Center staff.

The FY 2011 budget as enacted includes \$9.9 million from general revenues for expenses for the High Security Center. This does not include per diem expenses for items such as food, linen, household supplies and medical services. The Department's constrained budget assumes that closing this facility for three months in FY 2011 can generate \$1.2 million in savings, primarily from Department-wide overtime expenses. This includes \$2.5 million in total savings offset by \$1.0 million in transition expenses for the current High Security staff and \$0.3 million for out-of-state placements for 30 inmates. The Department assumed the remaining High Security inmates can be re-classified into other secured facilities. *The Governor did not recommend this proposal. **The Assembly concurred.***

**Information System Upgrades.** The Department requested \$109,000 more than enacted from general revenues to upgrade the time and attendance tracking system. This includes \$209,000 for the system upgrade, which is partially offset by savings from other computer equipment and maintenance expenses. This system was created several years ago by an outside consultant to produce roll call for the facilities for three shifts and to monitor vacation and sick time and non-pay days. A system malfunction can result in less or more pay for staff or prolong the payroll entry process. The Department indicated if this system remains unaddressed, it will crash eventually and become totally useless. It should be noted that most states are still using paper forms and/or time clocks for the payroll entry process. *The Governor recommended funding as requested. **The Assembly concurred.***

**Unachieved Indirect Cost Recovery Rate for Federal Grants.** The enacted budget includes \$87,134 in restricted receipts from the Department applying and receiving an approved indirect cost rate for its federal grants. The restricted receipts allow the Department to offset general revenue supported operating supplies.

Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. The Department's revised request includes \$30,774 from restricted receipts, \$56,360 less than enacted to reflect an approved indirect rate of 5.0 percent; however, it was applied only to education grants from the Department of Education. The Department indicated that its pass-through grants from the Public Safety Grant Administration Office were reduced by the maximum administrative costs allowable prior to the allocation of the funds. *The Governor recommended funding as requested. **The Assembly concurred.***

**New Officer Class Savings.** The Department requested \$61,008 less than enacted from general revenues for the recruitment and training for a new class of correctional officers. This reflects fewer recruits and graduates than assumed in the enacted budget based on the Department's proposed reduction options from its FY 2011 constrained budget. The proposal includes the closure of the High Security facility effective March 15, 2011 and reassignment of available staff from High Security to other facilities with vacant officer posts. The assumed redeployment diminishes the Department's need for new officers. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Contracted Administrative Services.** The Department requested \$121,767 more than enacted from general revenues for contracted administrative service expenses. Assistance from contracted clerical staff provides some relief in maintaining the Department's day-to-day operations, particularly in areas and programs with several unfilled vacant positions. Services provided by the contracted staff include paying invoices, data entry for records and identification, information processing for the inmate banking system and inmate medical records information system. It appears that this request is more in line with historical spending patterns. FY 2010 expenses were \$501,272 or \$15,885 more than the current request. It should be noted, this request is in addition to the requested 44.0 full-time equivalent positions for half of FY 2011. *The Governor recommended \$97,350 more than enacted, which is \$24,417 less than requested to reflect an anticipated reduction for contracted administrative services based on his staffing recommendation.* **The Assembly concurred.**

**Staff Development Grants.** The Department requested \$197,562 more than enacted from federal funds to reflect new and increased federal grants that support existing staff development programs for FY 2011. The new federal grant awards support numerous staff activities intended to prevent and control crime and improve the criminal justice system. These activities include information sharing, research and evaluation of existing programs, and technical improvement and training. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Community Corrections Grants.** The Department requested \$224,950 more than enacted from federal funds for two new federal grants awarded to support existing community corrections programs for FY 2011. The new federal grants support the creation of re-entry courts to monitor and facilitate offenders' successful reintegration into society. Grant funds can also be used to support crime prevention and domestic violence programs aimed at improving the effectiveness and efficiency of the criminal justice system and its processes and procedures. The new grants were not included in the enacted budget because the Department was not aware it would be awarded the funds. *The Governor recommended funding as requested.*

*He subsequently requested an amendment to add \$11,090 from available federal funds for victim services in the Parole Board program.* **The Assembly concurred with the Governor's amendment and included \$11,090 from federal funds.**

**National Criminal History Improvement Project.** The Department requested \$40,800 from federal funds to reflect a new federal grant awarded for the improvement of computerized criminal history record systems. This upgrade includes improving data accessibility and transmissions to national systems for the immediate identification of individuals prohibited from purchasing firearms, and ineligible to hold positions of responsibility involving children, the elderly, or the disabled. This request was not included in the enacted budget because the Department was not aware it would be awarded the funds. *The Governor recommended \$76,076 more than enacted based on available federal funds, which is \$35,276 more than requested to support the program's expenses.* **The Assembly concurred.**

**Women's Reentry Grant.** The Department requested \$111,852 from federal funds for the Department's pilot women's re-entry program. This reflects a carried forward balance from a two-year grant awarded for FY 2009 and FY 2010. This adjustment to the enacted budget is reflected in the Department's revised request because no award has been received for FY 2011. The funds support risk assessment, vocational programming, computer equipment and training, and pre-employment services in order to improve re-entry for female offenders into the community. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Operations.** The Department requested \$0.6 million less than enacted, nearly all from general revenues for all other operations for FY 2011. This reflects savings from reduced expenses for utilities, office equipment, kitchen and household necessities, road maintenance, educational program requirements, victim services and medical and security equipment. The total operating request is \$26.7 million, including \$23.9 million from Institutional Corrections to place this expense more in line with historical spending. FY 2010 expenses were \$26.0 million or \$0.8 million less than the current request.

*The Governor recommended \$733,222 less than enacted from all sources, which is \$96,252 less than requested to reflect savings primarily from the Department's motor vehicle replacement program, which is partially offset by a small increase in telephone expenses for Probation and Parole Offices located within the state's various courthouses. This reflects the Judiciary's policy proposal to charge telephone costs to the respective departments and offices.* **The Assembly concurred.**

**Capital Projects.** The Department requested \$5.6 million more than enacted from Rhode Island Capital Plan funds, including \$4.1 million carried forward from FY 2010 for its capital projects for FY 2011. This includes ongoing renovations to accommodate the transfer of the female population and other departmental units. A more detailed description of the capital projects is available in the Capital Budget Section of this analysis. *The Governor recommended funding as requested.* **The Assembly reduced Rhode Island Capital Plan funds by \$0.5 million for asset protection projects and shifted \$4.5 million from FY 2011 to later years for several projects based on updated schedules.**





## Judicial Department

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
Supreme Court	\$ 26,421,495	\$ 27,596,166	\$ 28,455,588	\$ 28,132,718
Defense of Indigent Persons	3,549,736	3,365,689	3,426,117	3,426,117
Commission on Judicial Tenure & Discipline	106,404	109,620	106,076	106,076
Superior Court	19,625,856	20,719,009	20,881,624	20,881,624
Family Court	17,881,700	19,712,242	20,136,259	20,163,294
District Court	10,134,816	10,672,936	11,111,945	11,013,002
Traffic Tribunal	7,368,034	7,620,894	7,572,756	7,572,756
Workers' Compensation Court	6,837,669	7,583,440	7,508,651	7,508,651
<b>Total</b>	<b>\$ 91,925,710</b>	<b>\$ 97,379,996</b>	<b>\$ 99,199,016</b>	<b>\$ 98,804,238</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 67,359,482	\$ 72,739,222	\$ 73,050,838	\$ 73,050,838
Contracted Services	3,103,210	3,124,790	3,037,064	2,680,512
<b>Subtotal</b>	<b>\$ 70,462,692</b>	<b>\$ 75,864,012</b>	<b>\$ 76,087,902</b>	<b>\$ 75,731,350</b>
Other State Operations	9,906,734	9,733,030	10,441,556	10,413,016
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	9,831,630	10,370,898	10,757,867	10,757,867
Capital	1,724,654	1,412,056	1,911,691	1,902,005
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 91,925,710</b>	<b>\$ 97,379,996</b>	<b>\$ 99,199,016</b>	<b>\$ 98,804,238</b>
<b>Sources of Funds</b>				
General Revenue	\$ 78,865,431	\$ 84,575,255	\$ 84,392,428	\$ 84,392,428
Federal Aid	2,830,983	2,326,527	3,937,011	3,542,233
Restricted Receipts	8,843,617	9,628,214	10,018,790	10,018,790
Other	1,385,679	850,000	850,787	850,787
<b>Total</b>	<b>\$ 91,925,710</b>	<b>\$ 97,379,996</b>	<b>\$ 99,199,016</b>	<b>\$ 98,804,238</b>
<b>FTE Authorization</b>	<b>699.7</b>	<b>723.3</b>	<b>723.3</b>	<b>723.3</b>
<b>FTE Average</b>	<b>672.6</b>			

**FY 2011 Revised Request.** The Judiciary requested \$2.3 million or 2.4 percent more than enacted from all sources, including \$0.3 million more from general revenues, \$1.6 million more from federal funds, \$0.4 million more from restricted receipts and \$787 more from Rhode Island Capital Plan funds. Consistent with the enacted, the Department requested 723.3 full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$1.1 million for the Judiciary. The

Judiciary did not submit a constrained budget. The general revenue request is \$1.4 million above the target.

*The Governor recommended \$1.8 million more than enacted from all sources, including \$0.2 million less from general revenues and 723.3 full-time equivalent positions. This is \$0.5 million less than requested, nearly all from general revenues. His recommendation is \$940,583 above the Budget Office target.*

*He subsequently requested an amendment to reduce federal funds by \$0.4 million based on the projected need of the courts. **The Assembly included \$26,418 less federal funds than the Governor's subsequent amendment based on a more updated estimate of actual grant expenses.***

**Pay-Go Judges Pensions.** The Department requested \$30,235 less than enacted from all sources, including \$50,106 more from general revenues for retirement costs for judges and magistrates who are not part of the state employee retirement system. This revision reflects actual costs for current retirees. Currently, there are 11.0 non-contributing judges and they all meet the eligibility threshold to retire at reduced benefits of 75.0 percent. *The Governor recommended \$73,804 less than enacted, which is \$43,569 less than requested to reflect more updated data. **The Assembly concurred.***

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Judiciary, he assumed savings of \$367,351 of which \$49,177 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below. **The Assembly concurred.**

**Salaries and Benefits.** The Judiciary requested \$0.7 million more than enacted from all sources for total funding of \$73.4 million for salaries and benefits for 707.3 positions. The request includes \$0.8 million more from federal funds, \$0.2 million more from restricted receipts, offset by \$0.3 million less from general revenues. The general revenue reduction shifts Family and Superior Court expenses to federal child support enforcement funds and arbitration fund restricted receipt account to reflect staff reassignment to arbitration cases. The request also fills seven vacant positions with newly available federal funds and includes benefit rate adjustments consistent with the planning values from the budget instructions.

*The Governor recommended \$0.6 million less than enacted from all sources, which is \$31,048 less than requested to reflect a minor reduction for overtime expenses based on projected need. **The Assembly concurred.***

**Indigent Defense Services.** The Department requested \$60,428 more than enacted from general revenues for its indigent defense program to pay for court reporters based on historical spending. FY 2010 actual expenses were \$3.5 million or \$119,131 more than the current request. This program assigns private attorneys to transferred clients when the Office of the Public Defender is unable to provide representation services because of conflicts of interest. *The Governor recommended funding as requested. **The Assembly concurred.***

**Facilities and Maintenance.** The Department requested \$119,312 more than enacted from all sources, including \$299,820 less from general revenues for the maintenance of the judicial complex facilities. This reflects the Department's estimate for facilities maintenance and repairs and custodial services based on a renegotiated contract agreement with a new vendor. The request includes shifting general

revenue expenses to available restricted receipts from indirect cost recoveries on federal grants. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Court Technology.** The Department requested \$131,700 more than enacted from all sources, including \$36,095 more from general revenues for its court computer technology expenses. This primarily reflects actual costs for communication systems maintenance, purchased network and technical support as well as computer supplies and equipment and software licenses and maintenance fee agreements. *The Governor recommended \$97,967 more than enacted, which is \$33,733 less than requested to reflect reduced expenses for computer equipment and maintenance based on FY 2010 expenses.* **The Assembly concurred.**

**Child Support Collections.** The Department requested \$93,765 more than enacted from general revenues for all non-staff operations for the Family Court Child Support Enforcement Unit. This includes \$7,579 for office equipment and \$86,186 for consulting services from a contracted firm to provide assistance in developing an acceptable cost allocation plan and certified indirect rate for maximum federal reimbursement for the unit. This appears to be an ongoing annual expense for the Judiciary for continued assistance from the consulting firm. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Adult Drug Court.** The Department requested \$87,795 from federal funds to support the Superior Court's adult drug court program. This request correctly reflects two new grant awards to support drug treatment services provided for adult drug court clients. The request was not included in the enacted budget because the Department was not aware it would be awarded the funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

**New Federal Grant Awards.** The Department requested \$601,643 from federal funds to reflect new federal grant awards for existing federally funded programs for FY 2011. This includes \$149,741 for mental health evaluations and treatment referrals, \$141,570 for purchased technical services for the domestic violence and sexual assault electronic system, \$134,915 for pre-trial services, \$92,131 for the Champlin foundation grant for the law library's restoration, \$35,000 for court innovation, \$26,838 to combat violent crimes against women, and \$21,448 from the Rhode Island Foundation to preserve historic documents. *The Governor recommended funding as requested.*

*He subsequently requested an amendment to reduce federal funds by \$73,488 based on the projected need of the courts.* **The Assembly concurred with the recommendation as amended.**

**Other Federal Grant Awards.** The Department requested \$54,500 more than enacted from federal funds to reflect grant increases to support several federally funded programs for FY 2011. This includes \$402,761 for three Supreme Court programs, offset by \$342,970 less for five Family Court programs, and \$5,291 less for the Superior Court Arbitration Fund. *The Governor recommended funding as requested.*

*He subsequently requested an amendment to reduce federal funds by \$294,872 based on projected need of the courts.* **The Assembly included \$26,418 less federal funds than the Governor's amendment based on a more updated projection of actual grant expenses for FY 2011.**

**Supreme Court Disciplinary Counsel.** The Department requested \$35,361 less than enacted from restricted receipts to support the Rhode Island Supreme Court Disciplinary Counsel Office for FY 2011. This reflects reduced operating expenses based on projected needs of the Office. According to Supreme Court Article IV, Rule 1, this restricted receipt account collects annual fees of \$200 from

every individual who has been admitted to the Rhode Island Bar and engages in the practice of law within the state to fund the functions of the Counsel. *The Governor recommended funding as requested. The Assembly concurred.*

**Court Mediation Fees.** The Department requested \$46,867 less than enacted from restricted receipts for contracted mediation services for FY 2011. This reflects reduced expenses for purchased support services and general operations based on projected demand. This includes \$60,000 in grant assistance for the Community Mediation Center of Rhode Island. This restricted receipt account was created by the 2009 Assembly to provide more transparency in the budget process. *The Governor recommended funding as requested. The Assembly concurred.*

**Pre-Trial Services.** The Department requested \$15,125 more than enacted from general revenues for contracted clerical staff to support the pre-trial service unit. This reflects a departmental need for more seasonal staff to perform some of the functions of several positions that are unfilled in order to achieve turnover savings. *The Governor recommended funding as requested. The Assembly concurred.*

**Jurors' Fees and Transportation.** The Department requested \$161,872 more than enacted from general revenues for jurors' fees, food, and transportation. This is based on the estimated number of cases requiring a trial by jury and the length of those trials.

Subsequently, the Department provided additional information that reduces its revised request for this expense from \$747,232 to \$597,784 to reflect a miscalculation that was inadvertently included as part of the FY 2011 revised budget submission. Adjusted for the miscalculation, this is \$12,424 more than enacted to reflect added costs for mileage reimbursement and other miscellaneous transportation expenses. FY 2010 actual expenses were \$517,409. *The Governor recommended funding as requested. The Assembly concurred.*

**Parking Rental Expenses.** The Department requested \$32,564 more than enacted from general revenues for rental expenses for parking spaces for the Supreme Court and Family Court located at the Licht and Garrahy Judicial Complexes for FY 2011. This reflects added costs based on a new contract with a private vendor and a minor increase in projected demand. *The Governor recommended funding as requested. The Assembly concurred.*

**Judicial Tenure and Discipline.** The Department requested \$4,320 less than enacted from general revenues for legal and operating expenses for the Commission on Judicial Tenure and Discipline for FY 2011. This reflects a reduction for purchased legal services and travel expenses, partially offset by a minor increase for annual membership fees and dues. The Commission did not request purchased legal services for FY 2010, for which total expenses were \$14,269. *The Governor recommended funding as requested. The Assembly concurred.*

**Office Equipment.** The Department requested \$341,828 more than enacted from all sources, including \$322,210 more from general revenues for office equipment and supply expenses. This includes \$218,921 for copier lease purchases for four different courts, including toner and cartridge expenses and \$122,907 for office supplies for all courts and several sub-programs. This will place this expense more in line with historical spending. FY 2010 expenses were \$678,867 or \$376,850 more than enacted. *The Governor recommended funding as requested. The Assembly concurred.*

**All Other Operations.** The Department requested \$87,829 more than enacted from all sources, including \$187,741 more from general revenues for all other operating adjustments for FY 2011. This

includes increases of \$135,000 for the Rhode Island Coalition Against Domestic Violence, \$68,992 for facility maintenance, \$64,417 for seasonal staff primarily for Family Court, \$57,130 for purchased legal services, \$39,493 for utilities, \$25,150 for medical supplies and \$22,580 for interpreter services for the Traffic Tribunal. *The Governor recommended \$198,795 more than enacted, which is \$110,966 more than requested to primarily reflect utility expenses for the Traffic Tribunal.* **The Assembly concurred.**

**Capital Projects.** The Department requested \$787 more than enacted from Rhode Island Capital Plan funds for its capital projects for FY 2011. This is \$787 above the approved plan to reflect added costs for the asset protection projects. A more detail description of these projects are available in the capital section of this analysis. *The Governor recommended funding as requested.* **The Assembly concurred.**



## Military Staff

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
National Guard	\$ 11,258,839	\$ 13,483,397	\$ 15,273,487	\$ 13,902,924
Emergency Management	14,381,456	13,154,767	46,265,867	46,745,517
<b>Total</b>	<b>\$ 25,640,295</b>	<b>\$ 26,638,164</b>	<b>\$ 61,539,354</b>	<b>\$ 60,648,441</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 7,433,631	\$ 8,470,370	\$ 8,956,661	\$ 8,956,661
Contracted Services	1,046,350	1,311,019	1,526,207	1,876,207
<b>Subtotal</b>	<b>\$ 8,479,981</b>	<b>\$ 9,781,389</b>	<b>\$ 10,482,868</b>	<b>\$ 10,832,868</b>
Other State Operations	6,160,720	5,101,374	5,840,472	5,840,472
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	9,185,579	9,682,901	41,799,626	41,929,276
Capital	1,485,933	2,072,500	3,416,388	2,045,825
Capital Debt Service	-	-	-	-
Operating Transfers	328,082	-	-	-
<b>Total</b>	<b>\$ 25,640,295</b>	<b>\$ 26,638,164</b>	<b>\$ 61,539,354</b>	<b>\$ 60,648,441</b>
<b>Sources of Funds</b>				
General Revenue	\$ 4,104,899	\$ 2,782,435	\$ 4,166,145	\$ 3,966,145
Federal Aid	20,725,608	22,150,754	54,794,249	55,402,213
Restricted Receipts	94,563	842,475	376,782	448,468
Other	715,225	862,500	2,202,178	831,615
<b>Total</b>	<b>\$ 25,640,295</b>	<b>\$ 26,638,164</b>	<b>\$ 61,539,354</b>	<b>\$ 60,648,441</b>
<b>FTE Authorization</b>	<b>109.0</b>	<b>111.0</b>	<b>117.0</b>	<b>117.0</b>
<b>FTE Average</b>	<b>103.0</b>			

**FY 2011 Revised Request.** The Military Staff requested FY 2011 revised expenditures of \$60.7 million from all sources, which is \$34.0 million more than enacted, including \$1.5 million more general revenues, \$33.0 million more federal funds, \$0.5 million less restricted receipts, and the enacted level from Rhode Island Capital Plan funds. The revised request includes 117.0 full-time equivalent positions, 6.0 more than enacted for new fire fighter positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$36,959 for the Military Staff. The Military Staff did not submit a constrained budget request.

*The Governor recommended total expenditures of \$61.5 million, which is \$0.5 million more than requested. This includes \$0.1 million less from general revenues, \$0.4 million less from federal funds, \$1.3 million more from Rhode Island Capital Plan funds and the requested level of restricted receipts. He also recommended staffing as requested, including the 6.0 new fire fighter positions. The Assembly reduced expenditures by \$0.1 million from all sources, including \$0.2 million less from*



**general revenues from excess matching flood funds and \$1.4 million less from Rhode Island Capital Plan funds based on revised project schedules offset by \$0.6 million more from federal grant adjustments and \$0.1 million from restricted receipts.**

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Military Staff, he assumed savings of \$17,268 of which \$8,750 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below. **The Assembly concurred.**

### **National Guard**

**Fire Fighters.** The National Guard requested revised expenditures of \$2.6 million from federal funds for fire fighter services. This is \$0.5 million more than enacted and includes authorization for 6.0 new full-time equivalent positions. The National Guard Bureau has authorized funding for 6.0 additional fire fighters. The increase in staff will allow the National Guard to meet the mandate set forth in October 2009 to increase operations from 16 hours per day to 24 hours per day, 365 days per year for fire fighter services. It will also alleviate the overtime expenditures. *The Governor recommended the new positions and funding as requested.* **The Assembly concurred.**

**Hurricane Earl.** The National Guard requested \$76,417 more from general revenues for Rhode Island National Guard activation during Hurricane Earl. On September 3, 2010, in preparation for Hurricane Earl, Governor Carcieri signed a declaration of disaster emergency for the State of Rhode Island. The declaration of disaster in advance of Hurricane Earl making landfall was a formal step that allowed the state to activate necessary state and federal resources for a potential disaster including the response of the Rhode Island National Guard. *The Governor recommended \$746 less than requested to reflect actual expenditures.* **The Assembly concurred.**

**Other Salaries and Benefits.** The revised request includes \$4.0 million for all other salaries and benefits. This is \$56,860 more than enacted and includes \$41,590 more from federal funds and \$15,270 more from general revenues. This reflects adjustments to medical and retirement rates consistent with revised FY 2011 Budget Office planning values. *The Governor reduced requested expenditures by \$125,408, including \$14,537 less from general revenues from filling vacant positions at a lower cost.* **The Assembly concurred.**

**Military Funerals.** The National Guard requested \$100,883 from general revenues for military funeral expenses, which is \$43,083 more than enacted. The enacted budget includes \$57,800 and assumes the use of volunteer retirees to defray costs for this activity at a rate of \$50 per day. Current projections include an average of 102 funerals per month, totaling 1,224 military funerals per year that require general revenue support. This suggests volunteer expenses will be \$3,400 more than enacted; the request appears overstated. *The Governor recommended \$36,683 less than requested from general revenues, \$6,400 more than enacted.* **The Assembly concurred.**

**Security and Other Contracted Services.** The National Guard requested revised expenditures of \$0.8 million for security and other contracted services. This is \$213,489 less from federal funds and appears to be more in line with historical spending. Past year expenditures were \$478,311 in FY 2008, \$676,101 in FY 2009, and \$730,093 in FY 2010. The agency noted that the National Guard Bureau has decreased its commitment to security funding but it appears that this will not result in less spending in this budget. The request also includes \$10,950 more from general revenues based on

increased square footage that the Guard is responsible for resulting in more exterminator and fire alarm testing, repair and maintenance expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Utilities.** The National Guard requested revised expenditures of \$2.3 million for utility expenses, which is \$252,472 more than enacted from all sources. This includes \$137,036 more from general revenues and \$115,436 more from federal funds. The Guard has increased the volume of facilities that it utilizes by 197,542 square feet, including 149,926 square feet for the Air National Guard and 47,615 square feet for the Army National Guard. The FY 2010 final general revenue expenditures exceeded the final appropriation by \$112,283. *The Governor recommended \$2,211 less than requested from general revenues to reflect statewide operating savings.* **The Assembly concurred.**

**Military Family Relief Fund.** The National Guard requested revised expenditures of \$0.2 million from restricted receipts, or \$45,000 more than enacted for the Military Family Relief fund. This fund provides financial support to military members and their families. Current policy dictates that this is a one-time grant for a lifetime maximum of \$2,500. The agency indicated that the increase is based on higher than anticipated donations, but not an expected increase in use. It appears the agency budgets all available resources which far exceed expenditures. Each year there is a significant carry forward balance as expenditures never approach revenues. Prior year expenditures include \$153,240 for FY 2006, \$63,392 for FY 2007 and \$31,408 for FY 2008, \$22,035 for FY 2009 and \$9,969 for FY 2010. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital.** The Department requested the enacted level of \$0.9 million from Rhode Island Capital Plan funds for all capital projects. Specific project information is included in the Capital Budget Section of this report. *The Governor recommended \$1.3 million more from Rhode Island Capital Plan funds. He included increases for all projects with the exception of the field maintenance shop roof project.* **Based on revised project schedules, the Assembly reduced Rhode Island Capital Plan fund expenditures by \$1.4 million for four projects including the Armory of Mounted Commands, state, fire and logistics/maintenance fire code compliance projects and asset protection projects.**

**All Other Operating.** The National Guard requested \$4.0 million for all other operating expenses. This is \$0.1 million less than enacted and includes \$58,309 less from general revenues and \$80,229 less from federal funds, reflecting reductions to maintenance, travel, clothing and insurance expenses. *The Governor recommended \$11,445 less from all sources including \$9,026 less from general revenues, primarily from a reduction to the life insurance subsidy to reflect anticipated expenditures.* **The Assembly concurred.**

### **Emergency Management Agency**

**Indirect Cost Recovery.** The Agency requested \$489,742 from general revenues to offset a like amount of restricted receipts based on not achieving any of the budgeted savings associated with indirect cost recovery. The 2010 Assembly included the general revenue savings assuming an indirect rate of not less than 5.0 percent on federal grants from the Emergency Management Agency complying with current law and applying for and receiving a negotiated indirect rate. The agency applied for the indirect rate on September 30, 2010 and indicated that it will not be received during the current fiscal year. *The Governor restored \$489,742 from general revenues and made a corresponding adjustment to restricted receipts.* **The Assembly concurred.**

**Rhode Island Statewide Communications Network.** The Agency requested \$2.5 million of revised expenses from all funds for the Rhode Island Statewide Communications Network. This includes \$0.3

million more from general revenues primarily from unbudgeted expenses for the Motorola maintenance contract and adjustments to medical and retirement rates consistent with the FY 2011 revised Budget Office planning values. This also includes \$1.1 million more from federal funds to reflect new federal grant awards. Funding is used for the continued expansion of the network, which includes upgrading equipment, as well as training, and travel expenses. *The Governor included the requested funding with the exception of a \$7,082 reduction for maintenance, office supplies and software maintenance contracts.* **The Assembly concurred.**

**All Other Salaries and Benefits.** The Agency requested \$2.6 million in revised FY 2011 expenditures for all other salaries and benefits. This is \$72,738 less from all funds and \$33,804 less from general revenues and includes medical and retirement rate benefit adjustments consistent with Budget Office planning values and turnover savings of \$68,125, which is \$8,655 more than enacted. *The Governor recommended \$1,173 more from general revenues than requested.* **The Assembly concurred.**

**Flood.** The Agency is coordinating the reimbursement of Federal Emergency Management Agency funds to all state agencies, quasi-agencies and municipalities for projects submitted as a result of the March 2010 flood. The Agency's revised request includes \$20.5 million from all sources for flood expenses. This includes the state match of \$0.5 million from general revenues with federal funds covering 90.0 percent of the costs.

The request is based on an initial estimate of all projects that were submitted for reimbursement to the Federal Emergency Management Agency. Approximately 454 individual projects have been submitted for reimbursement; however, the Agency indicated that it is difficult to predict what projects and costs the federal government will authorize. In FY 2010, the agency incurred \$838,652 in unbudgeted general revenue expenditures due to the March 2010 flood. *The Governor recommended \$0.5 million less from federal funds to more accurately reflect anticipated expenditures; however, he did not adjust the general revenues proportionally.* **The Assembly provided \$0.3 million from general revenues which reflects more updated projections.**

**Homeland Security Grants.** The Agency requested revised expenditures of \$13.4 million from homeland security grants. This is \$7.6 million more from federal funds than enacted to reflect new grant awards and the extension granted by the Department of Homeland Security to make the remaining funds available to cities and towns. The funds are intended to enhance the capacity of emergency responders when faced with incidents of terrorism involving weapons of mass destruction. *The Governor recommended funding as requested.* **The Assembly added \$350,000 from federal funds shifted from FY 2012 to reflect reimbursement owed to municipalities for accelerated grant spending, as well as \$52,228 from federal funds to reflect new grant awards.**

**Emergency Performance Grant.** The Agency requested revised expenditures of \$7.3 million from all sources, which is \$3.9 million more than enacted for emergency performance grants primarily to reflect new grant awards, offset by adjustments to reflect actual grant award balances. This also includes \$24,037 more from general revenues to reflect grant matching requirements. Funds are used to support state and local governments to sustain and enhance all-hazards emergency management capabilities. *The Governor recommended funding as requested.* **The Assembly added \$71,686 from restricted receipts to reflect available nuclear mitigation funds for the construction of a vault that will contain radiological samples currently housed in the sub-basement of the State House.**

**Flood Plain Management.** The Agency requested \$0.6 million from all funds which includes \$1,000 of general revenue match funds for flood plain management. This is \$0.2 million more than enacted

and reflects \$183,503 more in grant awards, \$5,626 more for general office expenses offset by \$3,494 for travel and training expenses. Funds are used to support community programs of corrective and preventative measures for reducing flood damage. *The Governor recommended the requested level of general revenues and \$211,390 more from federal funds to reflect increased grant awards.* **The Assembly added \$50,000 from federal funds shifted from FY 2012 to reflect reimbursement owed to municipalities for accelerated grant spending, as well as \$0.2 million from federal funds to reflect new grant awards.**



## Department of Public Safety

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
Central Management	\$ 5,686,201	\$ 6,156,042	\$ 7,571,920	\$ 7,653,322
E-911	4,901,495	4,655,752	5,091,943	5,091,943
Fire Marshal	2,817,989	2,772,310	3,519,916	3,579,916
Security Services	3,026,109	3,308,669	3,163,035	3,163,035
Municipal Police Training Academy	519,988	625,909	751,294	751,294
State Police	80,211,583	69,230,888	72,367,921	71,879,430
<b>Total</b>	<b>\$ 97,163,365</b>	<b>\$ 86,749,570</b>	<b>\$ 92,466,029</b>	<b>\$ 92,118,940</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 46,629,178	\$ 50,020,182	\$ 50,297,678	\$ 50,297,678
Contracted Services	823,593	960,178	1,428,690	1,488,690
<b>Subtotal</b>	<b>\$ 47,452,771</b>	<b>\$ 50,980,360</b>	<b>\$ 51,726,368</b>	<b>\$ 51,786,368</b>
Other State Operations	7,292,509	5,416,049	6,285,753	6,866,814
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	20,431,949	20,586,077	23,610,085	23,691,487
Capital	21,986,136	9,767,084	10,843,823	9,774,271
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 97,163,365</b>	<b>\$ 86,749,570</b>	<b>\$ 92,466,029</b>	<b>\$ 92,118,940</b>
<b>Sources of Funds</b>				
General Revenue	\$ 54,155,469	\$ 67,024,490	\$ 68,565,272	\$ 68,540,272
Federal Aid	18,591,405	7,131,554	11,854,997	12,414,738
Restricted Receipts	942,338	803,106	384,413	502,583
Other	23,474,153	11,790,420	11,661,347	10,661,347
<b>Total</b>	<b>\$ 97,163,365</b>	<b>\$ 86,749,570</b>	<b>\$ 92,466,029</b>	<b>\$ 92,118,940</b>
<b>FTE Authorization</b>	<b>418.6</b>	<b>423.1</b>	<b>423.2</b>	<b>423.2</b>
<b>FTE Average</b>	<b>397.1</b>			

**FY 2011 Revised Request.** The Department of Public Safety requested expenditures of \$7.1 million more than enacted from all sources, including \$1.7 million more from general revenues, \$4.4 million more from federal sources, \$0.6 million less from restricted receipts and \$2.5 million more from Rhode Island Capital Plan funds.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$890,284 for the Department. The constrained budget submitted by the agency is \$2,426,791 above the Budget Office target. The proposals to achieve further reductions are noted among the items described below where appropriate.

*The Governor recommended \$5.7 million more than enacted from all sources, including \$1.5 million more from general revenues, \$4.7 million more from federal sources, \$0.4 million less from restricted receipts, and \$0.1 million less from Rhode Island Capital Plan funds. He recommended 0.1 positions more than enacted and 17.0 positions more than requested.*

**The Assembly included \$0.3 million less than recommended from all sources, including \$25,000 less from general revenues, \$0.6 million more from federal funds, \$0.1 million more from available restricted receipts and \$1.0 million less from Rhode Island Capital Plan funds. The Assembly included 423.2 full-time equivalent positions, as recommended.**

**Staffing Authorization.** The Department requested staffing authorization of 406.2 full-time positions, which is 16.9 positions fewer than authorized. The Department eliminated 16.9 vacant positions including 1.0 from Central Management, 0.9 from E-911, 3.0 from the Capitol Police, and 12.0 from the State Police. *The Governor recommended 423.2 full-time equivalent positions, 0.1 more than authorized, to more accurately reflect a part-time position within the E-911 program. He did not eliminate any of the 17.0 positions offered in the Department's request. The Assembly concurred.*

**Indirect Cost Recovery.** The 2010 Assembly directed all eligible agencies to reduce general revenue expenditures through use of a negotiated federal indirect rate. For the Department of Public Safety, the Assembly reduced general revenues by \$375,345 assumed an indirect cost recovery rate of not less than 5.0 percent and shifted the expenditures from federal to restricted sources consistent with current practice for accounting for indirect cost recovery resources. In its FY 2011 revised request the Department restored those savings because it did not believe it was eligible for an indirect cost rate since it charges the maximum allowable amount for management and administrative costs for all of its grants with the exception of two, National Criminal History Records Improvement Discretionary grant and the Grants to Encourage Arrest Policies. *The Governor recommended funding as requested. The Assembly concurred.*

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department of Public Safety, he assumed savings of \$253,683, of which \$21,650 is from reduced operating expenses. This is in addition to other program changes in his revised budget and described below. **The Assembly concurred.**

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

**Salaries and Benefits.** The Department requested \$4.0 million from general revenues for salaries and benefits, which is \$68,517 more than the enacted. This includes additional turnover savings of \$31,725. The request also reflects \$33,759 for updated benefit rates, and \$66,483 more for overtime expenditures. *The Governor recommended funding as requested; however, reduced overtime expenditures by \$33,520 due to updated projections. The Assembly concurred.*

**Computer Maintenance.** The Department requested \$19,161 more than enacted from general revenues for two computer maintenance contracts, consistent with FY 2010 actual expenditures. *The Governor recommended funding as requested. The Assembly concurred.*

**Next Generation 911 System.** The Department requested \$154,796 from general revenues to purchase and install a next generation 911 telephone system. The FY 2010 final budget included \$155,000 from general revenues to purchase this equipment to coincide with the division's move into the new State Police

headquarters; however, the purchase occurred after the close of FY 2010 and the appropriation lapsed to surplus. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Geographic Information System.** The Department requested \$240,000 for new federal homeland security grants to update the current geographic information system. This system captures, stores, analyzes, manages, and presents data that are linked to a caller's location. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Operations.** The Department requested \$44,505 more from all sources for all other E-911 operating expenses, including \$43,568 from general revenues. General revenue changes include \$18,500 for building repairs and upgrades to the North Providence location, \$6,765 for snow removal, \$4,000 for insurance costs, \$6,300 for a new server, \$7,100 for an interalia device that will allow the division to broadcast public service announcements through the next generation server offset by \$973 less for other miscellaneous expenses. The Department did not properly anticipate the additional operating expenses of \$26,615 for the relocation of the primary public safety answering point to the State Police headquarters in its initial FY 2011 request.

*The Governor recommended \$11,108 more than enacted including \$10,171 from general revenues, which is \$33,397 less than requested. This includes reductions for server and software purchases, snow removal, upgrades to the North Providence location, and insurance expenses.* **The Assembly concurred.**

### **Fire Marshal**

**Salaries and Benefits.** The Department requested \$0.1 million more than the enacted for salaries and benefits. This includes \$53,764 for unachieved turnover savings from a plan to fill two vacant fire safety inspector positions on January 1, 2011. The request reflects an increase of \$19,063 for updated benefit rates, and \$30,062 more for overtime expenditures. The Department indicated the need to fill these vacancies and for additional overtime expenditures to assist in the workload created due to recent law changes regarding the expediting of fire plan review from 90 to 15 days.

As part of its constrained request the Department included savings of \$45,019 by not filling two vacant fire safety inspector positions as planned. This reflects \$57,030 for the positions offset by \$12,011 more for overtime expenditures.

*The Governor recommended \$59,870 more from general revenues, which is \$45,019 less than requested, which reflects the Department's constrained budget proposal to maintain two fire safety inspector vacancies.*

*The Governor included \$21,640 to fill one of the two vacant fire safety inspector positions for the final four months of the fiscal year. This position will be funded by the Quonset Development Corporation on a limited time basis to assist in fire plan review for projects at the Quonset Business Park.* **The Assembly concurred.**

**Grant Adjustments.** The Department requested \$0.8 million from federal funds for the purchase of equipment and fire safety supplies, which includes \$0.6 million carried forward from FY 2010. The request includes \$0.6 million from Homeland Security funds for the purchase of an all-terrain vehicle, bomb suits, body armor, and other equipment. The remaining \$0.2 million will be utilized for the training of local fire departments for first responder and emergency response to hazardous materials procedure training.



*The Governor provided \$50,000 more than requested from a new federal grant to train local fire departments for emergency response to hazardous materials procedure training. He subsequently requested an amendment to include \$10,000 from federal homeland security grant proceeds for the training of local fire departments for first responder and emergency response to hazardous materials procedure training. **The Assembly concurred.***

**Fire Training Academy.** The 2010 Assembly established a new restricted receipt account within the Department of Public Safety's budget to fund operating costs of a new fire training academy burn facility. The FY 2011 enacted budget includes \$50,000 for this purpose and the Department requested \$47,950 more. The updated request includes \$75,000 for training, \$6,100 for utility expenses, and \$16,780 for other related operating expenses. *The Governor recommended funding as requested. Subsequent to his budget submission, the Governor requested an amendment to add \$50,000 from available restricted receipts to be used for training at the fire training academy. **The Assembly concurred.***

**Other Operating.** The Department requested \$2,230 more than enacted from general revenues for all other operating expenses. The request includes increases for insurance, telephone, and other miscellaneous expenses offset by decreases for vehicle maintenance, travel, and printing expenses.

As part of its constrained request the Department included general revenue savings of \$2,000 by not purchasing computer equipment in FY 2011.

*The Governor recommended \$4,370 less than enacted or \$6,600 less than requested. Changes to the request include a \$5,000 reduction for vehicle maintenance, \$1,000 less for telephone expenses, \$2,000 less for uniforms and \$1,600 less for other miscellaneous operating expenses. The Governor also included \$10,000, which is \$3,000 more than requested to purchase computer equipment. **The Assembly concurred.***

### **Capitol Police**

**Salaries and Benefits.** The Department requested \$33,373 less than enacted from general revenues for salary and benefit expenses. The request includes \$50,638 in additional turnover savings from eliminating 3.0 vacant positions offset by increases of \$5,085 for updated benefit rates and \$12,180 for additional overtime expenditures.

As part of its constrained request, the Department included turnover savings of \$63,489 by delaying filling a vacant capitol police officer and a vacant lieutenant position.

*The Governor recommended funding as requested; however, provided \$93,180 less than requested for overtime expenses due to updated overtime projections. The Governor's recommendation assumed filling two vacant capitol police officer positions and a vacant lieutenant position as of January 1, 2011. **The Assembly concurred.***

**Other Operations.** The Department requested \$255 less for all other operating expenses, consistent with prior years spending. *The Governor recommended \$2,941 less than requested, but included additional telephone expenses that were previously paid for by the Judiciary, offset by reductions to other miscellaneous expenses. **The Assembly concurred.***

## Municipal Police Training Academy

**Salaries and Benefits.** The Department requested \$2,309 more than enacted from general revenues for salaries and benefits to reflect benefit rate adjustments consistent with Budget Office instructions. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Curriculum and Assessment Coordinator and Expenses.** The Department requested \$6,176 more than enacted from carry forward funds for a contracted curriculum and assessment coordinator position, the purchase of a new computer and operating supplies. The Department has a contract with an individual to oversee the development and implementation of a new curriculum and assessment program based upon specialized police duties protocol. The Department hired the individual on January 1, 2010, with project completion expected in FY 2011. *The Governor recommended funding as requested. He subsequently requested an amendment to add \$6,164 from federal sources for anticipated expenditures.* **The Assembly concurred with the Governor's original recommendation based on updated spending projections.**

**Basic Training Coordinator and Expenses.** The Department of Public Safety requested \$10,876 more than enacted to reflect funds carried forward from FY 2010 for a basic training coordinator contract position and operating expenses. The Department has a contract with an individual to oversee the entry-level training and certification of recruit officers at the Municipal Police Training Academy. The basic training component will increase from 15 to 18 weeks to accommodate the new learning objectives that will be devised and implemented by the basic training coordinator. The Department hired the individual on January 1, 2010, with project completion expected in FY 2011. *The Governor recommended funding as requested. Subsequent to his budget submission, the Governor requested an amendment to add \$7,671 more from federal sources for additional expenditures.* **The Assembly concurred with the Governor's original recommendation based on updated spending projections.**

**Grant Adjustments.** The Department requested \$107,649 more than enacted for all other grant adjustments to reflect funds carried forward from FY 2010. This includes \$78,637 for in-service training in the fields of drug recognition and standard field sobriety tests, \$26,120 for community policing and problem solving in addition to the reintegration of war veterans to police forces and \$2,892 more from Byrne grant funding to conduct in service training programs. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Operations.** The Department requested \$860 more from general revenues for all other operating expenditures. The request reflects the Department's desire to purchase new printing equipment to eliminate outside printing expenses. *The Governor recommended the enacted level of funding and did not include additional funding to purchase new printing equipment.* **The Assembly concurred.**

## State Police

**Department of Environmental Management Dispatch Transfer.** The 2010 Assembly included Article 7 of 2010-H 7397 substitute A, as amended, to transfer the dispatch function of the Department of Environmental Management's Division of Enforcement to the Department of Public Safety. The Department's FY 2011 revised request includes \$528,953 from general revenues and 6.0 full-time equivalent positions to be transferred to the Department of Public Safety on January 1, 2011 including \$215,674 for the salaries and benefits. The remaining \$313,279 is for operating expenditures including \$289,269 to purchase dispatch consoles and recording equipment and \$24,010 for computer maintenance contracts.

As part of its constrained request the Department included turnover savings of \$27,298 from keeping 1.0 dispatch position vacant upon the transfer to the Department of Public Safety.

*The Governor's budget did 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 Department purchased dispatch consoles and recording equipment in anticipation of the transfer and this expense is reflected in the revised budget.*

**The Assembly included Section 16 of Article 9 which delays the transfer of the dispatch functions of the Division of Enforcement from the Department of Environmental Management to the Department of Public Safety, until January 1, 2012. The Assembly provided the recommended \$0.3 million for the dispatch consoles and recording equipment but used \$0.1 million from available restricted receipts.**

**Other Salaries and Benefits.** The Department requested \$0.5 million more than the enacted from all sources for all other salaries and benefits, including \$30,998 more from general revenues. This request includes an increase of \$0.3 million from the Department of Transportation for road construction site reimbursement. The Department also included \$0.2 million more from federal grants based upon work the Department is eligible to charge towards grants.

The FY 2011 enacted budget did not include any cost-of-living increase to the sworn members of the Rhode Island Troopers Association, as the previous collective bargaining agreement expired April 30, 2009. The Department did include benefit adjustments consistent with Budget Office instructions. *The Governor recommended funding as requested. The Assembly concurred.*

**Target - Governor's Security Detail.** As part of its FY 2011 revised constrained request, the Department eliminated the overnight security detail provided to the Governor and his family members. The elimination of this detail produced general revenue savings of \$62,838. The Department has indicated to fiscal staff that Governor Chafee has elected to not continue the overnight detail. *Despite the Department's indication otherwise, the budget does not exclude this funding as requested and provides resources for this detail. The Assembly concurred.*

**Pay-Go Pensions.** The Department requested \$16.7 million for pensions for troopers hired before July 1, 1987. These pensions are funded through a general revenue appropriation and are projected to exceed the enacted budget by \$692,907. Changes to the enacted budget assumptions include two more widow's pensions and five more regular pensions, as the result of eight new retirees and the deaths of five pensioners.

*The Governor recommended \$0.1 million less than requested based on the death of two widows. The Assembly concurred.*

**Training Academy Pension Expenses.** Subsequent to the Department's request, the Employees' Retirement System of Rhode Island completed a review of the statutes addressing the State Police retirement benefits and the current contract with the Rhode Island Troopers Association. It determined that time spent at the Training Academy should be included in computing the period of service for purposes of determining eligibility for retirement benefits. Neither the state nor the troopers made retirement contributions on the salaries paid during this time. Both the state and the troopers have been billed for these contributions. *The Governor recommended \$632,661 for the state's portion of this expense. The Assembly concurred.*

**Vehicle Maintenance.** The Department requested \$25,748 less than enacted for vehicle maintenance costs. This includes \$145,748 less from general revenues offset by an increase of \$120,000 from Department of Transportation funding. The FY 2011 revised budget increases the projected road construction detail hours to 30,000, which is 5,000 more than the enacted budget. The Department included a reduction for vehicle maintenance expenses as the number of vehicles has been reduced. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Fleet Replacement.** The Department requested \$0.1 million less than enacted for fleet replacement costs. This decrease reflects debt service for vehicles that have already been purchased. The repayment schedule is provided by the Budget Office and the amount was miscalculated in the enacted budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Fusion Center.** The Department included \$863,310 from federal sources for the purchase of a comprehensive intelligence system for the Rhode Island Fusion Center. This is \$658,400 more than enacted to reflect carry forward funds from grants that were not expended in FY 2010. The Rhode Island Fusion Center electronically collects information from a number of government and public databases. This information allows the Department to use the Fusion Center to cross reference and look for disparities of information relating to individuals that may be engaging in illegal activities. *The Governor recommended funding as requested. Subsequent to his budget submission, the Governor requested an amendment to add \$100,000 from federal sources for improvements to the Fusion Center.* **The Assembly concurred with the Governor's original recommendation; however, did not concur with the amendment based upon actual expenditures and included the additional funding in FY 2012.**

**Cyber Terrorism Task Force.** The Department's request includes \$0.4 million, which is \$0.2 million more from United States Army Intelligence Cyber Terrorism Task Force funds. This includes \$238,527 to reflect funds carried forward from FY 2010 offset by \$33,940 less from an urban area security initiative federal grant which had been used in FY 2010. These funds are to be used to protect the nation's cyber infrastructure including the Internet and other computer systems infrastructures. *The Governor recommended funding as requested; however, included \$20,000 from new federal grant awards to protect the nation's cyber infrastructure including the Internet and other computer systems infrastructures.* **The Assembly concurred.**

**Port Security.** The Department requested \$71,379 from federal funds carried forward from FY 2010 to purchase new equipment for the State Police dive team. This request includes \$24,980 from Homeland Security port security grant awards and \$46,399 as part of American Recovery and Reinvestment Act funds.

As part of its constrained request, the Department decreased the federal funds available for operating expenditures by \$46,399, in error. *The Governor recommended funding as requested. Subsequent to his budget submission, the Governor requested an amendment to add \$442,591 from American Recovery and Reinvestment Act Port Security grant awards.* **The Assembly concurred with the Governor's original recommendation; however, did not concur with the amendment based upon actual expenditures and included the additional funding in FY 2012.**

**Drug Enforcement Program.** The Department included in its request \$0.1 million from federal funds carried forward from FY 2010 for the installation of a records management system. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Internet Crimes Against Children.** The Department requested \$0.1 million more from federal funds carried forward from FY 2010 to establish a statewide multi-agency law enforcement task force to target online predators and conduct child exploitation investigations. These additional expenditures occurred in FY 2010. *The Governor recommended funding as requested. Subsequent to his budget submission, the Governor requested an amendment that includes \$75,000 more from federal funds to establish a statewide multi-agency law enforcement task force to target online predators and child exploitation investigations.* **The Assembly concurred.**

**Communications.** The Department requested \$124,263 to reflect federal Homeland Security funds carried forward from FY 2010 to purchase new radio dispatch equipment for Lincoln, Wickford and Hope Valley barracks to provide access to the Rhode Island Statewide Communications Network. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Licensing Imaging Project.** The Department requested \$155,000 from new federal funds made available as part of American Recovery and Reinvestment Act to update the Rhode Island Law Enforcement Telecommunications System to allow for a license image transfer. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Grant Adjustments.** The Department requested \$89,336 more than enacted for other grant adjustments. This includes \$36,000 of new funding to update the data in the current sex offender registry, \$750 carry-forward funds for the joint task force with the Providence Police Department, and \$40,829 more for the Motor Carrier Safety program.

As part of its constrained request, the Department decreased the federal funds available for operating expenditures for the diesel testing program by \$1,000, in error.

*The Governor recommended funding as requested and included \$45,899 from a new federal grant award to help improve the quality and timeliness of forensic science and medical examiner services. The Governor subsequently requested amendment to include \$24,783 from federal Paul Coverdell Forensic Science Improvement grants to help improve the quality and timeliness of forensic science and medical examiner services.*

*The Governor also requested an amendment to include \$404,916 from federal fiscal stabilization funds based upon an audit finding that determined that the 0.5 percent administrative charge to the Department of Public Safety had never been recorded. The Department's FY 2010 closing statements indicated that the Department spent \$9.6 million from federal fiscal stabilization funds; however, did not include the administrative charge used to fund the Office of Economic Recovery and Reinvestment.*

**The Assembly concurred with the Governor's original recommendation and the amendment for the additional federal fiscal stabilization funds. However, the Assembly included the additional Coverdell funding in FY 2012, based on updated projections.**

**Training and Surveillance Equipment.** The Department requested \$128,674 from restricted receipts available from the forfeiture of seized money to purchase new equipment. This is \$105,087 less than enacted. These revisions are based upon the availability of restricted receipts from the number of arrests involving the seizure of money and property that was the direct result of illegal drug sales and gambling. *The Governor recommended funding as requested and included an additional \$150,000 to purchase undercover vehicles to be used for investigations.*

**The Assembly concurred with the funding; however, assumed these funds and \$55,448 from additional proceeds from forfeiture receipts in lieu of \$125,000 from general revenues would be used for equipment purchases other than new vehicles.**

**Other Operations.** The Department requested \$35,921 more than enacted from all sources, including \$38,699 more from general revenues for all other operations. This includes increases for utility and insurance expenses associated with the new headquarters, computer maintenance contracts for new equipment, offset by reductions for telephone expenses.

*The Governor recommended \$12,667 less than enacted from all sources, including \$9,889 less from general revenues for all other operations. This is \$48,588 less than requested and includes revised estimates for utility and operating expenses of the new state police headquarters. The Governor subsequently requested an amendment to include \$1,145 from restricted receipts for the recertification of two polygraph examiners. The Assembly included \$100,000 more than recommended from general revenues based on third quarter spending projections.*

**Capital.** The Department requested \$10.3 million from Rhode Island Capital Plan funds for its capital projects, \$1.1 million more than enacted. This includes \$0.4 million more for improvements to the State Police Training Facility, \$0.2 million less for parking area improvements, \$0.1 million more for improvements to the State Police Headquarters, \$0.8 million less for the new State Police Headquarters and \$1.6 million more for the Information Technology and Microwave Ring upgrade. Detailed descriptions of all projects appear in the Capital Budget Section of this publication. *The Governor recommended \$0.6 million less than enacted, which is \$1.7 million less than requested. The Assembly concurred and shifted \$1.0 million from FY 2011 to FY 2012 for the statewide microwave and information technology upgrade to reflect a project delay.*

### Central Management

**Salaries and Benefits.** The Department requested \$1.2 million, including \$0.7 million from general revenues for 11.6 full-time equivalent positions. This is \$16,374 less than enacted, including \$36,649 less from general revenues and elimination of 1.0 vacant position. The Department did not include any additional turnover savings but included benefit rate adjustments consistent with Budget Office instructions. *The Governor recommended \$13,541 more than enacted from all sources, including \$2,940 less from general revenues and did not eliminate the vacancy. This is \$29,915 more than requested which allows the Department to fill that vacant administrative assistant position for the final six months of the fiscal year. The Assembly concurred.*

**Byrne Memorial Grant.** The Division requested \$1.5 million from federal grant awards carried forward from FY 2010 for the Edward Byrne Memorial Justice Assistance grants. Funding may be used to support state and local initiatives, purchase supplies, contractual support, and information systems that will assist in criminal justice. Funding is provided to law enforcement agencies, prosecution and court programs, prevention and educational programs, corrections programs, drug treatment and enforcement programs. *The Governor recommended funding as requested. The Governor subsequently requested an amendment to include \$38,685 more than recommended from available Byrne Memorial grant awards. The Assembly concurred.*

**Crime Victim Assistance.** The Department requested \$0.1 million more than enacted for the Crime Victim Assistance grant program carried-forward funds from FY 2010. These grant awards will allow the Department to provide funding to groups who assist victims of crime. *The Governor recommended funding as requested. The Assembly concurred.*

**Grant Adjustments.** The Department requested \$125,007 more than enacted from federal sources for all other grants. This includes \$131,006 less than enacted for Juvenile Accountability grants, \$4,814 more for the Narcotics Control Assistance program, \$14,800 less for National Criminal Histories program grants, \$10,717 from carried forward funds from FY 2010 for the RI Forensic Improvement program, \$140 less for United States Department of Justice grants to Encourage Arrest Policies and \$254,461 from American Recovery and Reinvestment Act funds carried forward from FY 2010 for Violence Against Women grant awards. *The Governor recommended funding as requested. The Governor subsequently requested an amendment to add \$31,140 from newly awarded Paul Coverdell Forensic Science Improvement Grants program funding and \$11,577 more from interest accrued from Edward M. Byrne Memorial and justice assistance grants.* **The Assembly concurred.**

## Office of the Public Defender

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 8,205,420	\$ 8,961,010	\$ 8,974,751	\$ 8,974,751
Contracted Services	115,078	205,741	216,934	216,934
<b>Subtotal</b>	<b>\$ 8,320,498</b>	<b>\$ 9,166,751</b>	<b>\$ 9,191,685</b>	<b>\$ 9,191,685</b>
Other State Operating	740,041	821,250	834,803	834,803
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	100,000	100,000
Capital	64,142	32,400	33,730	33,730
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 9,124,681</b>	<b>\$ 10,020,401</b>	<b>\$ 10,160,218</b>	<b>\$ 10,160,218</b>
<b>Expenditures by Fund</b>				
General Revenue	\$ 9,013,466	\$ 9,590,261	\$ 9,541,448	\$ 9,541,448
Federal Aid	111,215	430,140	618,770	618,770
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 9,124,681</b>	<b>\$ 10,020,401</b>	<b>\$ 10,160,218</b>	<b>\$ 10,160,218</b>
<b>FTE Authorization</b>	<b>92.0</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>
<b>FTE Average</b>	<b>87.3</b>			

**FY 2011 Revised Request.** The Office of the Public Defender's current service budget request is \$175,025 more than enacted from all sources, including \$13,605 less from general revenues and the enacted level of 93.0 full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$127,387 for the Office. The constrained budget submitted by the agency meets that. The proposals to achieve the reductions are noted among the items described below where appropriate.

*The Governor recommended \$139,817 more than enacted from all sources, including \$48,813 less from general revenues, \$188,630 more from federal funds and 93.0 full-time equivalent positions. This is \$35,208 less than requested from general revenues. The Governor's recommendation is \$78,574 above the Budget Office target. **The Assembly concurred.***

**Adult Drug Court Attorney.** The Office requested \$12,551 more than enacted from federal funds to reflect a one-time Byrne stimulus grant awarded for an attorney position to support the Adult Drug Court program. The changes include \$14,252 for salary and benefit adjustments to reflect a greater share of the costs for the full-time staff attorney funded from this formula grant, partially offset by \$1,701 from other operating adjustments. *The Governor recommended funding as requested. **The Assembly concurred.***



**Tri-County Screening Attorney.** The Office requested \$44,964 more than enacted from federal funds to reflect a federal grant award for an attorney position to support the Tri-County Screening project in Washington, Newport and Kent counties. This salary and benefit adjustment reflects a greater share of the costs for the full-time staff attorney funded from this grant, which helps reduce the Office's caseloads by adding a staff attorney without adding new cases. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Juvenile Response Unit.** The Office requested \$24,415 more than enacted from federal funds to reflect a new federal grant award in addition to funds carried forward from FY 2010 for an attorney position to support the Juvenile Response program. This is primarily a salary and benefit adjustment to reflect a greater share of the costs for the full-time staff attorney funded from this grant based on available funds. This grant provides legal support and social services intended to divert youthful offenders from incarceration and into community programs. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Salaries and Benefits.** The Office's current service request is \$30,076 less than enacted from all sources, including \$36,626 less from general revenues for all other salaries and benefits. This includes additional turnover from filling funded positions at lower rates and changes in employee benefit selection. This also reflects updated benefit rates consistent with the planning values from the Budget Office instructions. Currently, the Office is averaging 90.1 filled positions or 2.9 positions below the authorized level. *The Governor recommended \$68,943 less than enacted, which is \$38,867 less than requested to reflect more turnover savings.* **The Assembly concurred.**

**Target - Staffing Reduction.** The Office's constrained budget request proposes to layoff 2.0 full-time equivalent positions, including a Staff Attorney IV and a Legal Secretary II, to realize general revenue savings of \$113,782. However, these positions are currently filled and the Office calculated the savings from the positions for the entire fiscal year. *The Governor did not recommend this proposal.* **The Assembly concurred.**

**Loan Repayment Grant Award.** The Office requested \$100,000 from federal funds to reflect a new federal grant awarded to support and encourage qualified attorneys to pursue careers as prosecutors by providing loan repayment assistance to institutions holding eligible beneficiary loans. The Office did not anticipate receiving this award when it submitted its original FY 2011 budget request. This is a two-year grant award for FY 2011 and FY 2012 and renewal is contingent upon federal appropriations. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Operations.** The Office requested \$23,171 more than enacted from all sources, including \$23,021 more from general revenues for all other operations. This increase reflects higher trial-related expenses, including medical expert witnesses and court reporters. Other operating expenses include higher parking fees and associated tax rate increases and purchased consultant services. The increased parking costs reflect a new contract negotiated with a private vendor for parking spaces. *The Governor recommended \$26,830 more than enacted, which is \$3,659 more than requested to reflect a minor increase primarily from telephone expenses for Public Defender offices located within the state's various courthouses. This reflects the Judiciary's policy proposal to charge telephone costs to the respective departments and offices.* **The Assembly concurred.**

## Department of Environmental Management

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditure by Program</b>				
Office of the Director	\$ 6,561,423	\$ 7,639,383	\$ 7,981,102	\$ 7,981,102
Bureau of Natural Resources	33,275,839	48,624,641	53,250,365	52,279,728
Bureau of Environmental Protection	24,933,606	36,856,687	39,433,177	39,758,177
<b>Subtotal</b>	<b>\$ 64,770,868</b>	<b>\$ 93,120,711</b>	<b>\$ 100,664,644</b>	<b>\$ 100,019,007</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 41,005,865	\$ 43,136,627	\$ 44,163,789	\$ 44,323,789
Contracted Services	4,049,304	13,259,831	17,208,671	17,369,671
<b>Subtotal</b>	<b>\$ 45,055,169</b>	<b>\$ 56,396,458</b>	<b>\$ 61,372,460</b>	<b>\$ 61,693,460</b>
Other State Operations	8,210,359	10,569,638	10,611,877	11,062,884
Aid to Local Units of Government	-	2,000	-	-
Assistance, Grants, and Benefits	3,661,929	8,016,724	9,098,519	9,123,519
Capital	7,771,137	18,135,891	19,531,788	18,089,144
Capital Debt Service	-	-	-	-
Operating Transfers	72,274	-	50,000	50,000
<b>Total</b>	<b>\$ 64,770,868</b>	<b>\$ 93,120,711</b>	<b>\$ 100,664,644</b>	<b>\$ 100,019,007</b>
<b>Sources of Funds</b>				
General Revenue	\$ 32,646,082	\$ 34,403,329	\$ 34,268,194	\$ 34,268,194
Federal Aid	18,437,828	35,386,175	42,330,832	43,028,188
Restricted Receipts	10,159,927	14,136,916	14,674,427	14,860,427
Other	3,527,031	9,194,291	9,391,191	7,862,198
<b>Total</b>	<b>\$ 64,770,868</b>	<b>\$ 93,120,711</b>	<b>\$ 100,664,644</b>	<b>\$ 100,019,007</b>
<b>FTE Authorization</b>	<b>409.0</b>	<b>410.0</b>	<b>410.0</b>	<b>410.0</b>
<b>FTE Average</b>	<b>409.5</b>			

**FY 2011 Revised Request.** The Department requested \$8.1 million more than enacted, including \$0.8 million more from general revenues, \$6.4 million more from federal funds and \$0.9 million more from restricted receipts. The Department requested 415.0 full-time equivalent positions, which is 5.0 more than authorized. The additional positions include an administrative hearing officer, chief of fish and wildlife, senior maintenance technician, principal forest ranger and air quality specialist. The request does not assume the transfer of the 6.0 dispatcher positions from the Department of Environmental Management to the Department of Public Safety. The 2010 Assembly included Article 7 of 2010-H 7397, Substitute A, as amended, which mandated the position transfer take place before January 2011.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$456,978 for the Department. The constrained budget submitted by the agency is \$105,389 above that. The proposals to achieve the reductions are noted among the items described below where appropriate.

*The Governor recommended \$100.6 million from all sources, \$7.5 million more than enacted including \$0.1 million less from general revenues offset by increases of \$6.9 million from federal funds, \$0.5 million from restricted receipts and \$0.2 million from other sources. The recommendation includes the enacted level of 410.0 positions and provides funding for the administrative hearing officer and principal forest ranger positions, but it does not assume the transfer of the 6.0 dispatcher positions. The Governor submitted legislation to reverse the dispatcher transfer mandated by the 2010 Assembly. **The Assembly concurred with a majority of the recommendation, but made reductions to capital projects to reflect revised schedules and also increased federal grants due to revised awards and expenditures.***

**Statewide Adjustments.** The Governor's revised budget includes \$3.7 million in unidentified statewide general revenue savings from applying reductions of 0.5 percent to salaries and benefits and 0.5 percent to operating costs in cabinet level departments and certain other agencies. For the Department Environmental Management, he assumed savings of \$165,167 of which \$28,567 is from reduced operating expenses. This is in addition to other program changes in his revised budget that are described below. **The Assembly concurred.**

### **Administration**

**Salaries and Benefits.** The Department requested \$0.5 million more than enacted, including \$0.2 million from general revenues and \$0.3 million from restricted receipts for salaries and benefits in the Department's administrative program. The general revenue increase reflects the addition of one hearing counsel position. The position had been filled since the beginning of the fiscal year and the request fully funds the position at a cost of \$196,688. The increase in restricted receipt funding reflects the Department's ability to offset higher salary and benefit amounts to indirect cost recoveries from federal grants throughout the Department.

In its constrained request the Department included \$149,256 of savings in its administrative division, which would be accomplished by eliminating the funding for a vacant executive counsel position.

*The Governor recommended \$0.3 million more than enacted and \$0.1 million less than requested, including the requested amount from restricted receipts and \$125,307 less from general revenues to reflect turnover in the administrative division generated from the vacant executive counsel position. The recommendation fully funds the hearing counsel position. **The Assembly concurred.***

**Office Facilities.** The Department requested \$60,963 less from general revenues for utility payments at its headquarters facility, located at the Foundry building in Providence. In March 2005 the Department entered a ten year lease agreement with the Foundry Associates, which is in effect from July 8, 2006 through July 7, 2016. It should be noted that the State Water Resources Board moved into the Foundry Building during FY 2009 and pays a pro-rated share of the rent. There are no changes to the lease reflected in the Department's request.

*The Governor's recommendation further reduces expenses by \$15,100 to reflect the Water Resources Board's share of the Foundry lease rent payment, which was inadvertently excluded from the Department's request. **The Assembly concurred.***

**Bays, Rivers and Watersheds.** The Department requested \$77,000 more from the Bays, Rivers and Watersheds restricted receipt account to more accurately reflect available funding. The funding is derived from a \$1 per hundred gallons charge on septage disposal in the state, and is used to fund the Bays, Rivers and Watersheds Coordination Team, which is responsible for the coordination of the

environmental agencies in the state to restore and develop both freshwater and marine waters and watersheds. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Regional Greenhouse Gas Initiative.** The Department requested \$0.6 million, which is \$0.4 million more than enacted from restricted receipts for the regional greenhouse gas initiative. The receipts are derived from the sale of carbon emission credits through an auction process. The funds are then used to support administrative functions at the Department. The request reflects a projected increase in the sale of credits during FY 2011.

*The Governor recommended \$0.1 million, \$80,000 less than enacted and \$500,000 less than requested from these restricted receipts. The Department's request assumed additional funds would be available through the auctions, with a majority used for a wind turbine project at Fisherman's Memorial Park in Narragansett. Subsequent to its submission, the Department was notified federal stimulus funds would be available for the wind turbine, and the recommendation reflects that change by placing \$0.1 million in a separate account to reflect the new award from stimulus funds during FY 2011.* **The Assembly concurred.**

**All Other Operating.** The Department requested the enacted level of \$1.1 million for all other operating expenditures in its administrative division. Funding includes \$0.6 million from federal sources, \$0.3 million from general revenues and \$0.1 million from restricted receipts. These funds are used for the Blackstone Valley Watershed project, federal reporting programs and miscellaneous operating expenditures.

*The Governor recommended \$0.1 million more than enacted, including \$16,000 less from general revenues. The recommendation reflects increased federal funding for the wind turbine project mentioned above.* **The Assembly concurred.**

**Target – Operating.** In its constrained request the Department proposed \$11,000 of miscellaneous operating cost reductions in its administrative division. *The Governor did not recommend these reductions.* **The Assembly concurred.**

**Target – Computer Systems.** In its constrained request the Department proposed \$5,000 of savings in its administrative division by cancelling a computer services contract for its pay-as-you-throw program. *The Governor did not recommend this reduction.* **The Assembly concurred.**

### **Bureau of Environmental Protection**

**Salaries and Benefits.** The Department requested \$0.5 million more than enacted for salaries and benefits in the Bureau of Environmental Protection. This includes \$0.3 million more each from general revenues and federal funds, offset by \$37,648 less from restricted receipts. The request includes \$81,139 for 1.0 new air quality specialist position, and also reflects wage increases and updated benefit rates for the entire Bureau, consistent with Budget Office instructions.

In its constrained request the Department proposed \$81,139 of savings by removing the funding for the air quality specialist position.

*The Governor recommended \$0.3 million more than enacted, including \$0.1 million from general revenues. The recommendation is \$0.2 million less than requested by maintaining a vacant air quality specialist position, and also includes \$0.1 million to reflect turnover savings that were excluded from the request.* **The Assembly concurred.**

**Federal Grants.** The Department requested \$0.8 million less than enacted from federal funds to more accurately reflect the Department's anticipated award for four grants in the Bureau of Environmental Protection. Changes include \$0.4 million less to assess the water quality and condition of Narragansett Bay and \$0.2 million less for both port security and leaking underground storage tank programs.

*The Governor recommended funding as requested, with the exception of an additional \$0.5 million for leaking underground storage tank programs to reflect a revised federal award from the Environmental Protection Agency. Subsequently, the Governor requested an amendment for an additional \$0.3 million from federal funds to reflect revised awards and expenditures for three separate grants, including underground storage tank remediation, dam reporting and water quality management. The Assembly concurred with the Governor and subsequent requested amendment.*

**National Pollutant Discharge Elimination System.** The Department requested \$80,000 more from federal funds for the national pollutant discharge elimination system, which is a federal permit program that controls point source pollution into national waters. The request reflects planned work as well as the anticipated federal award for FY 2011. *The Governor recommended funding as requested. The Assembly concurred.*

**Oil Spill Prevention, Administration and Response Fund.** The Department requested \$0.1 million less than enacted from the Oil Spill Prevention, Administration and Response Fund. The decrease in the request reflects projected available funding. Funding is used for work at the Dawley Park facility for emergency response, maintenance of the Physical Oceanographic Real-Time system, contractual services with the University of Rhode Island to update the state's emergency response plan, and to support the Narragansett Bay National Estuarine Research Reserve. *The Governor recommended funding as requested. The Assembly concurred.*

**Diesel Emissions Program.** The Department requested an additional \$1.7 million from federal funds for its diesel emission reduction program to more accurately reflect the Department's FY 2011 award. The program is funded through American Recovery and Reinvestment Act funds, and lowers diesel emissions by retrofitting state-owned vehicles with diesel emission reduction technology or by partially funding the replacement of diesel powered vehicles in the state or municipal fleet. *The Governor recommended funding as requested. The Assembly concurred with the Governor and subsequent requested amendment.*

**Brownfields.** The Department requested \$0.6 million more from federal funds for brownfields rehabilitation projects throughout the state. Properties classified as brownfields include any property that cannot be developed, expanded or reused due to the presence of an environmental hazard. The Department currently operates a brownfields program funded through federal funds; however, the Department's revised request includes an additional \$550,000 from federal funds to reflect additional funds made available through the American Recovery and Reinvestment Act of 2009. *The Governor recommended funding as requested. Subsequently, the Governor requested an amendment to provide an additional \$0.1 million from federal funds to reflect revised awards and expenditures for brownfields programs. The Assembly concurred with the Governor and subsequent requested amendment.*

**Environmental Protection All Other.** The Department requested \$0.2 million more than enacted for all other operating expenditures in the Bureau of Environmental Protection. This includes \$14,764 less from general revenues, \$38,019 less from federal funds and \$0.3 million more from restricted receipts.

In its constrained request the Department proposed \$35,000 of savings by cancelling an environmental assessment contract at the Rosehill Landfill in South Kingstown.

*The Governor recommended \$0.3 million more than enacted, including \$35,000 less from general revenues to reflect the cancellation of the contract as proposed in the constrained request. **The Assembly concurred.***

### **Bureau of Natural Resources**

**Parks and Recreation.** The Department requested \$0.5 million more from general revenues for its Division of Parks and Recreation. The request reflects a \$0.6 million increase for salaries and benefits offset by a \$0.1 million savings for contracted maintenance operations. Of the increased amount, \$0.3 million is being requested for seasonal employees, which the Department notes were underfunded in the enacted budget, and \$0.2 million is being requested to reflect updated benefit rates consistent with Budget Office instructions. These increases were offset by savings of \$0.1 million in the grass cutting contract which was renewed this fall during a competitive bidding process.

In its constrained request, the Department proposed \$41,500 of savings by cancelling maintenance contracts throughout various parks.

*The Governor recommended \$0.4 million less than enacted and requested, including \$0.2 million less for operating expenditures, \$0.2 million less for personnel costs and the \$41,500 reduction proposed in the Department's constrained request. **The Assembly concurred.***

**Salaries and Benefits.** Excluding the Division of Parks and Recreation, the Department requested \$43,021 more than enacted for salaries and benefits in the Bureau of Natural Resources. This includes \$0.1 million less from general revenues, \$0.2 million more from federal funds and \$0.1 million less from restricted receipts. The request reflects updated benefit rates consistent with Budget Office instructions, as well as the addition of three positions; chief of fish and wildlife, principal forest ranger and senior maintenance technician.

In its constrained request the Department proposed personnel savings of \$0.6 million by removing funding for the above mentioned positions as well as a laborer position. Additional personnel savings were also attributed to seasonal staffing, but were not specifically identified in the request.

*The Governor recommended \$24,785 more than enacted and \$18,236 less than the unconstrained request. The recommendation reflects filling only the principal forest ranger position because it is completely federally funded and does not remove the laborer position. **The Assembly concurred.***

**Capital Projects.** Consistent with the approved capital plan, the Department requested \$4.4 million from Rhode Island Capital Plan funds for six ongoing capital projects. Funding is used for projects such as improvements to the state piers in Galilee and Newport, improvements to the state's recreational facilities and repairs to state owned dams.

*The Governor recommended \$0.2 million more to reflect funds carried forward from FY 2010. **The Assembly made the following reductions in FY 2011 to reflect revised project schedules: \$0.3 million less for the Blackstone Valley Bike Path, \$0.6 million less for dam repairs and \$0.9 million less for improvements to the state piers. A majority of the funds were shifted to the out-years to reflect the revisions.***

**Federal Grants.** The Department requested \$4.0 million more than enacted from federal funds to reflect changes to 10 separate federal grants throughout the Bureau of Natural Resources. The changes are being requested to more accurately reflect planned activities as well as the anticipated federal award. Major changes include \$1.1 million less for estuary construction, \$0.5 million less for wildlife planning, \$2.0 million more for land acquisition, \$0.6 million more for fish and wildlife habitat rehabilitation and \$1.0 million more for a new permit bank program. The new program will provide free permits to fishing vessels as part of a quota system to increase tracking and catch data. *The Governor recommended funding as requested. Subsequently, the Governor requested an amendment for an additional \$0.4 million from federal funds to reflect revised awards and expenditures for enforcement and animal health monitoring.* **The Assembly concurred.**

**Saltwater Fishing License Receipts.** The Department requested \$0.3 million more than enacted from restricted receipts for capital costs related to operations of the state's saltwater fishing license program. The enacted budget includes \$0.4 million; however, the Department is requesting the additional funds based on projected available receipts as well as its need for equipment to issue the licenses and track catch related data. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Payments to Host Beach Communities.** The Department requested \$0.1 million more from general revenues for payments to host beach communities to reflect actual payments. The Department collects fees for daily and seasonal parking at seven facilities across the state and reimburses the four host communities of Charlestown, Westerly, Narragansett and South Kingstown 27.0 percent of all daily parking fees collected from Memorial Day to Labor Day. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Natural Resources All Other.** The Department requested \$64,926 less than enacted for all other operating expenditures in the Bureau of Natural Resources. This includes \$24,856 less from general revenues, \$0.3 million more from federal funds and \$0.3 million less from restricted receipts.

In its constrained request the Department proposed an additional \$263,786 of miscellaneous operating savings in the Bureau of Natural Resources. These savings are unlikely to be achieved because the request would decrease expenditures to a level substantially below prior historical spending amounts.

*The Governor recommended \$0.3 million more than enacted and requested, including \$25,540 more from general revenues, primarily for record keeping and communication equipment that had been destroyed in the 2010 floods. The remaining increase above the request reflects changes to federal grants to reflect updated grant awards and expenditures. The Governor did not recommend the savings for environmental testing, janitorial services and building maintenance proposed by the Department in its constrained request.*

*Subsequently, the Governor requested an amendment to provide an additional \$0.4 million, \$0.2 million each from restricted receipts and other funds. The other fund increase reflects an increase of a transfer from the Department of Transportation for recreational projects and the \$0.2 million of restricted receipts reflects a revised projection of available receipts from the sale of hunting licenses.* **The Assembly concurred with the Governor and the subsequent requested amendment.**

## Coastal Resources Management Council

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 3,008,817	\$ 3,207,108	\$ 3,220,479	\$ 3,220,479
Contracted Services	344,034	782,266	5,553,507	5,553,507
<b>Subtotal</b>	<b>\$ 3,352,851</b>	<b>3,989,374</b>	<b>\$ 8,773,986</b>	<b>\$ 8,773,986</b>
Other State Operations	122,562	121,837	222,462	222,462
Assistance, Grants, and Benefits	466,742	-	250	250
Capital	1,681,795	272,500	268,401	268,401
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 5,623,950</b>	<b>\$ 4,383,711</b>	<b>\$ 9,265,099</b>	<b>\$ 9,265,099</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,938,722	\$ 2,038,515	\$ 2,063,203	\$ 2,063,203
Federal Aid	1,806,719	2,095,196	6,951,896	6,951,896
Restricted Receipts	223,000	250,000	250,000	250,000
Other	1,655,509	-	-	-
<b>Total</b>	<b>\$ 5,623,950</b>	<b>\$ 4,383,711</b>	<b>\$ 9,265,099</b>	<b>\$ 9,265,099</b>
<b>FTE Authorization</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>
<b>FTE Average</b>	<b>29.5</b>			

**FY 2011 Revised Request.** The Coastal Resources Management Council requested \$4.9 million more than enacted from all sources, including \$58,278 more from general revenues and \$4.9 million more from federal funds, most of which would be used for ecosystem restoration projects throughout the state. The Council requested the enacted amount of 30.0 full-time positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$27,078 for the Council. The Council did not submit a constrained budget request; its unconstrained request is \$85,356 above the target set by the Budget Office. *The Governor recommended \$9.3 million, \$4.9 million more than enacted, primarily from federal sources to reflect available funds for ecosystem restoration and habitat restoration planning.* **The Assembly concurred.**

**Salaries and Benefits.** The Council requested \$13,371 more for salaries and benefits, including \$22,162 more from general revenues and \$8,791 less from federal funds. The request reflects updated benefit rates and does not include any turnover savings, whereas the enacted budget assumed \$22,261 of turnover savings. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Legal Services.** The Council requested \$33,725 of federal fund expenditures be shifted to general revenues to purchase legal services for the Council. The enacted budget includes these expenditures from federal funds to reflect an initiative by the Council to shift a portion of the general revenue funded legal costs to federal sources. The Council's federal partner, the National Oceanographic and



Atmospheric Administration, has allowed this transfer in the past, and it is unclear why the Council has requested general revenues in lieu of federal funds. *The Governor did not recommend changes to the enacted budget for legal services.* **The Assembly concurred.**

**Aquaculture Research.** The Council requested \$0.3 million more from federal funds for aquaculture research projects throughout the state. The Council receives funding from the National Oceanographic and Atmospheric Administration to determine ways to improve the state's aquaculture industry. The additional funds are being requested to reflect that anticipated FY 2011 award. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Narragansett Bay Restoration.** The Council requested \$1.0 million more than enacted from federal funds for restoration projects in Narragansett Bay. The restoration is completed by using living and organic materials to restore the habitat along areas of the coast that have been hardened with bulkheads and seawalls. The Council requested the additional funds to reflect its anticipated FY 2011 award. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Aquatic Invasive Species.** The revised request includes \$68,877, or \$22,931 more than enacted from federal funds to reflect the Council's anticipated award for the aquatic invasive species management program. Funding is used to coordinate and communicate early detection and rapid response strategies to prevent the spread of aquatic invasive species. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Ocean Special Area Management Plan.** The Council requested \$0.7 million from federal funds, which is \$0.1 million more than enacted for the Ocean Special Area Management Plan. Funds are used by the Council for contracts with local colleges and universities to study the feasibility of renewable energy projects in the state's coastal waters. Funding is provided by the United States Department of Energy, and the increase in the request reflects planned expenditures and the Council's anticipated award for FY 2011. *The Governor recommended funding as requested.* **The Assembly concurred.**

**River Ecosystem Restoration.** The Council requested \$3.3 million more than enacted from federal funds to reflect a grant from the National Oceanographic and Atmospheric Administration. Funding will be used for six individual projects in the Pawcatuck River area that will restore access to the rivers for migratory fish as well as restoring the surrounding habitat. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Management Plans.** The Council requested \$0.1 million, or \$89,394 more than enacted from federal funds for FY 2011 for contracts with the University of Rhode Island and Roger Williams University to develop management plans for coastal waters throughout the state. Historically, the Council requested funding for this program in its revised request to more accurately reflect the anticipated federal award. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Operating.** The Council requested \$78,447 more than enacted, including \$2,391 more from general revenues and \$76,056 more from federal funds for all other operating expenditures not mentioned above. The Council's operating expenditures are primarily funded from federal funds, and the request reflects revised expenditures as well as the anticipated federal funding. *The Governor recommended \$33,590 less than requested from all sources, including \$135 more from general revenues to reflect insurance expenses that were underfunded in the request. The recommendation includes a reduction of \$33,725 from federal funds for computer purchases, printing and advertising in order to reflect planned awards and expenditures from federal sources.* **The Assembly concurred.**

## State Water Resources Board

	FY 2010	FY 2011	FY 2011	FY 2011
	Reported	Enacted	Revised	Final
<b>Expenditures by Category</b>				
Salaries & Benefits	\$ 639,125	\$ 687,549	\$ 693,171	\$ 693,171
Contracted Services	412,351	366,434	354,434	354,434
<b>Subtotal</b>	<b>\$ 1,051,476</b>	<b>\$ 1,053,983</b>	<b>\$ 1,047,605</b>	<b>\$ 1,047,605</b>
Other State Operations	88,370	137,013	125,113	125,113
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	96,914	125,544	125,644	105,717
Capital	(1,380)	120,000	531,178	531,178
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,235,380</b>	<b>\$ 1,436,540</b>	<b>\$ 1,829,540</b>	<b>\$ 1,809,613</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,052,485	\$ 1,316,540	\$ 1,298,362	\$ 1,278,435
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	182,895	120,000	531,178	531,178
<b>Total</b>	<b>\$ 1,235,380</b>	<b>\$ 1,436,540</b>	<b>\$ 1,829,540</b>	<b>\$ 1,809,613</b>
<b>FTE Authorization</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>
<b>FTE Average</b>	<b>6.0</b>			

**FY 2011 Revised Request.** The State Water Resources Board requested \$0.4 million more than enacted from all sources including \$5,999 more from general revenues, \$0.4 million more from Rhode Island Capital Plan funds and the authorized level of 6.0 full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. This reduction equates to \$17,488 for the Board. The constrained budget submitted by the Board is \$5,999 above that. The proposals to achieve the reductions are noted among the items described below where appropriate.

*The Governor recommended \$1.8 million, \$0.4 million more than enacted, primarily from Rhode Island Capital Plan funds. **The Assembly concurred, with the exception of \$19,927 from general revenues that was removed to reflect operating savings projected by the Board in its quarterly report.***

**Big River Well Development Reappropriation.** The Board's request includes \$194,541 more than enacted from Rhode Island Capital Plan funds for design and engineering services, which will be used to determine the feasibility of installing ground water wells at the Big River Management Area. The enacted budget did not include funding for this project; however, the requested amount was unspent in FY 2010 due to the timing of contract payments and is being requested in the revised budget. *The Governor recommended funding as requested. **The Assembly concurred.***

**Big River Well Development Contract.** The Board's request includes \$116,311 more than enacted from Rhode Island Capital Plan funds for design and engineering services, which will be used to determine the feasibility of installing ground water wells at the Big River Management Area. The enacted budget did not include funding for this project; however, the Board has requested the funding for additional engineering work that was not included in the original contract. Additional funding will be used to perform hydraulic modeling of the proposed well site and making modifications to the site to fulfill permit requirements. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Big River Maintenance Reappropriation.** The Board requested \$50,000 more than enacted from Rhode Island Capital Plan funds to reflect a carry forward balance from FY 2010. Funding is used for maintenance activities, which include litter and dumping enforcement as well as remediation of any areas affected by these activities. *The Governor recommended \$25,163 more than requested to reflect the full amount of the reappropriation. The additional funds were inadvertently excluded from the request.* **The Assembly concurred.**

**Salaries and Benefits.** The Board requested \$5,999 more than enacted from general revenues for salaries and benefits. This reflects current service adjustments as well as actual personnel costs.

In its constrained budget request, the Board suggested removing this additional funding. *The Governor recommended funding essentially as requested in the unconstrained request, with a \$377 adjustment.* **The Assembly concurred.**

**All Other Operating.** The Board requested the enacted level of \$0.3 million for all other operating expenses, which include outside financial services, office supplies and other miscellaneous operating expenditures. *The Governor recommended \$11,800 less than enacted, including reductions for advertising expenses and office supplies that were not included in the constrained request.* **The Assembly further reduced operating expenditures by \$19,927 to reflect savings from the Board's tuition reimbursement payment to the Exeter-West Greenwich School District to reflect the actual number of students residing in the Big River Management Area.**

**Stream Gages.** The enacted budget includes \$92,000 to fund nine stream gages and 39 observation wells throughout the state. The funding represents the state's payment to the United States Geological Survey for operation and maintenance of the gages and wells.

The Board's constrained budget request recognizes savings of \$12,000 by renegotiating its contract with the Survey for FY 2011. *The Governor recommended the reduction.* **The Assembly concurred.**

**Target - Insurance.** The enacted budget includes \$75,568 for the Board's insurance policy costs at the Big River Management Area. The Board's constrained budget request includes savings of \$5,488 by obtaining a more favorable policy. *The Governor did not recommend this proposal.* **The Assembly concurred.**

## Department of Transportation

	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
<b>Expenditures by Program</b>				
Central Management	\$ 4,421,464	\$ 15,422,933	\$ 12,044,662	\$ 13,131,718
Management and Budget	354,065	1,652,721	705,457	705,457
Infrastructure Program	371,165,688	411,818,112	438,108,340	439,963,849
<b>Total</b>	<b>\$ 375,941,217</b>	<b>\$ 428,893,766</b>	<b>\$ 450,858,459</b>	<b>\$ 453,801,024</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 53,546,695	\$ 65,695,833	\$ 66,750,097	\$ 71,588,069
Contracted Services	44,202,508	43,061,000	37,063,657	37,063,657
<b>Subtotal</b>	<b>\$ 97,749,203</b>	<b>\$ 108,756,833</b>	<b>\$ 103,813,754</b>	<b>\$ 108,651,726</b>
Other State Operations	18,009,457	43,052,505	48,041,396	43,849,302
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	69,266,347	57,109,704	75,192,448	76,279,504
Capital	118,853,715	119,830,142	123,156,919	124,857,418
Capital Debt Service	-	-	-	-
Operating Transfers	72,062,495	100,144,582	100,653,942	100,163,074
<b>Total</b>	<b>\$ 375,941,217</b>	<b>\$ 428,893,766</b>	<b>\$ 450,858,459</b>	<b>\$ 453,801,024</b>
<b>Sources of Funds</b>				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	242,296,127	318,808,127	340,116,026	347,774,535
Restricted Receipts	757,110	1,000,000	1,000,000	1,000,000
Other	132,887,980	109,085,639	109,742,433	105,026,489
<b>Total</b>	<b>\$ 375,941,217</b>	<b>\$ 428,893,766</b>	<b>\$ 450,858,459</b>	<b>\$ 453,801,024</b>
<b>FTE Authorization</b>	<b>691.2</b>	<b>772.2</b>	<b>772.6</b>	<b>772.6</b>
<b>FTE Average</b>	<b>696.3</b>			

**FY 2011 Revised Request.** The Department of Transportation requested \$419.5 million, \$9.4 million less than the enacted budget, including \$3.2 million more from federal funds, \$0.8 million more from Rhode Island Capital Plan funds offset by \$13.5 million less from other funds, which are primarily comprised of land sale revenues. The request includes the authorized level of 772.2 full-time equivalent positions.

The Budget Office instructed all departments and agencies to submit a constrained budget alternative that reflects a 1.33 percent reduction from general revenues in order to achieve savings to offset a projected shortfall in Medicaid funding. The Department's budget does not include any general revenues.

*The Governor recommended \$450.9 million, \$22.0 million more than enacted, including \$21.3 million more from federal funds and \$0.7 million more from other sources. The recommendation includes 772.6 positions, 0.4 more than enacted to reflect a part-time legal counsel being upgraded to a full-time position. The Governor's recommendation includes the use of \$12.6 million of general revenue to*

pay a portion of the Department's general obligation bond debt service, which is currently funded with gasoline tax proceeds and shown in the Department of Administration's budget. The recommendation would make the same amount of gasoline tax proceeds available for use by the Department for winter maintenance expenses, which were higher than budgeted due to the severe winter experienced in FY 2011.

**The Assembly concurred with a majority of the recommendation; however, actual winter maintenance expenditures were lower than anticipated in the Governor's revised budget. This is reflected by a \$3.4 million reduction in the Department's expenditures from gasoline tax proceeds which are used to pay debt service in the Department of Administration.**

### Fund Sources

The Department of Transportation receives funding through five major sources; federal funds, general obligation bond proceeds, gasoline tax proceeds, restricted receipts and Rhode Island Capital Plan funds. The Department also receives some funding from other departmental revenues, such as funding derived from the sale of Department owned land. This analysis will explain the individual fund sources as well as expenditures from these sources. The following table illustrates the Department's fund sources.

Source	FY 2010 Spent	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
Federal Highway Admin. Funds	\$ 164,710,046	\$ 166,058,533	\$ 171,585,548	\$ 171,585,548
Federal Stimulus Funds	65,264,681	47,274,319	53,854,035	60,425,488
Other Federal Funds	47,776,479	104,075,275	112,472,241	113,559,297
Gasoline Tax*	90,259,061	86,931,603	105,422,475	100,706,531
General Obligation Bonds**	[25,567,667]	[40,000,000]	[40,000,000]	[40,000,000]
Land Sale Revenue	1,156,411	18,205,826	2,000,000	2,000,000
Rhode Island Capital Plan Funds	6,040,521	3,618,210	3,924,160	3,924,160
Restricted Receipts	757,110	1,000,000	1,000,000	1,000,000
Other Funds	(17,092)	1,730,000	600,000	600,000
<b>Total</b>	<b>\$ 375,947,217</b>	<b>\$ 428,893,766</b>	<b>\$ 450,858,459</b>	<b>\$ 453,801,024</b>

\*Excludes gasoline tax debt service for the Department and the Rhode Island Public Transit Authority.

\*\* Bond proceeds are not reflected as a fund source in the Department's budget, but are included for illustrative purposes.

It should be noted that the Federal Highway Administration source includes the full appropriation that is used for projects as well as the annual debt service for GARVEE bonds. Approximately \$48 million of the total appropriation is annually used as debt service for GARVEE bond funded projects. The above table reflects the amount of funding transferred from the Federal Highway Administration to the Department, net of the debt service. This funding is also included in the Department's capital budget under the Highway Improvement Program, under the fund source FHWA funds.

The Department's fund sources are described in greater detail below.

**Federal Funds - Highway Administration.** The Department receives approximately \$200 million annually from the Federal Highway Administration. The Department's annual allotment of funds is based on existing and prior year contracts for projects, anticipated new construction, design and engineering costs, and other planning activities such as traffic studies. In FY 2008 the Department spent \$125.6 million from this source, in FY 2009 it spent \$163.3 million and in FY 2010 it spent \$115.5 million. The enacted funding increased to \$166.1 million for FY 2011; however, the Department has lowered its request by \$2.5 million to reflect the anticipated federal award. The Department noted these changes reflect changes in allotments from the Federal Highway Administration and are consistent with the Department's expenditure plan.

Program Area	FY 2011 Final	Share of Total
Administrative Program	\$ 7,479,961	4%
Enhancements	14,163,112	8%
Bridge Program	50,610,404	29%
Highway Program	11,046,465	6%
Interstate Program	12,344,928	7%
GARVEE Projects	13,543,502	8%
Pavement Management Program	32,488,813	19%
Traffic Safety Program	15,083,651	9%
Federal Highway Earmark Projects	9,647,076	6%
Other Programs	5,177,608	3%
<b>Total</b>	<b>\$ 171,585,518</b>	<b>100%</b>

These funds appear in both the Department's capital budget and operating requests. In the Department's capital plan, funds appear in the project labeled Highway Improvement Program. This program is prepared seven to nine months in advance of actual receipt of federal funds, which the Department noted can lead to increases or decreases in funding during the state fiscal year. The Transportation Improvement Program for the 2009 through 2012 period has been approved by the State Planning Council. *The Governor recommended \$171.6 million, \$8.5 million more than enacted and \$7.5 million more than requested to reflect revised expenditures consistent with an increased award from the Federal Highway Administration. The Assembly concurred.*

**Other Federal Funds.** This source is comprised of the federal funds the Department receives that are not for capital improvement projects. A majority of this funding comes from the National Highway Transportation Safety Administration and is used to fund safety activities such as enforcement, traffic studies, signage and research. Other federal funding comes from the Federal Transit Authority, which is being used for the development of commuter rail in the southern part of the state. This source has increased recently due to more available funds from the National Highway Transportation Safety Administration for grants to states as well as the increase from Federal Transit Authority funds to reflect the Commuter Rail Project. *The Governor recommended \$8.4 million more than enacted to reflect the Department's anticipated award from federal sources. The Assembly increased these funds by \$1.1 million to reflect revised awards and expenditures from National Highway Transportation Safety Administration grants.*

**General Obligation Bond Proceeds.** The state has utilized general obligation bonds to provide a match totaling \$40 million for federal funds in addition to the match used for GARVEE projects, which is provided by the Motor Fuel Tax Revenue bonds. General obligation bond debt service is paid with gasoline tax revenue and the Motor Fuel Tax Revenue Bonds' debt service is paid by \$0.02 cents of the gasoline tax. Gasoline tax proceeds are used by the Department for operations; however, the amount of funding is not sufficient as a state match for capital expenditures, as it continues to be absorbed for increasing costs related to operations and debt service. *The Governor recommended funding as requested. The Assembly concurred.*

**Restricted Receipts.** This source is comprised of funds the Department receives when it performs work for municipalities. This source is used to fund personnel costs for employees who perform work on the projects. This source contributes \$1.0 million to the Department and is based on projected municipal work. *The Governor recommended funding as requested. The Assembly concurred.*

**Rhode Island Capital Plan Funds.** These funds are appropriated according to the Department's capital budget request and appear as operating transfers in the Department's operating budget. Funds are used for projects such as the building of storage and maintenance facilities, as well as upgrades to Department owned property such as roof repairs or fire alarm installation. *The Governor recommended \$0.3 million more than enacted to reflect various adjustments to the Department's capital plan. The Assembly concurred.*

**Land Sale Revenue.** This fund source is comprised of land sales from Department owned land, as well as revenue derived from land that becomes available through the Interstate 195 relocation project. Traditional land sale proceeds can be used by the Department to purchase equipment or to offset operating costs throughout the Department. This is not the case with the Interstate 195 land sales. These funds may only be used to fund other portions of the project and cannot be used at the Department's discretion. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Funds.** These funds are derived from the state's infrastructure bank; the sale of Department owned surplus property and equipment, as well as proceeds derived from the sale of outdoor advertising at the Department's maintenance facilities. *The Governor recommended funding as requested. The Assembly concurred.*

**Gasoline Tax Proceeds.** The 2009 Assembly removed one cent of the 33 cent gasoline tax from general revenues and transferred it to the Department. The revised request does not change the current disposition of funding. The following table illustrates the current and requested disposition of proceeds. *The Governor did not recommend any changes to the disposition of gasoline tax proceeds. The Assembly concurred.*

Entity	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
Department of Transportation	21.75	21.75	21.75	21.75
Rhode Island Public Transit Authority	9.75	9.75	9.75	9.75
Elderly Transportation	1.0	1.0	1.0	1.0
Underground Storage Tank Fund	0.5	0.5	0.5	0.5
<b>Total</b>	<b>33.0</b>	<b>33.0</b>	<b>33.0</b>	<b>33.0</b>

**Department of Transportation Gasoline Tax.** Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 33 cents per gallon. The disposition of proceeds is outlined in Section 31-36-20 of the General Laws. Upon receipt, all gasoline proceeds are deposited into the Intermodal Surface Transportation Fund from which statutory transfers are made to the Rhode Island Public Transit Authority (RIPTA) and the elderly/disabled transportation program.

The FY 2011 enacted budget was based on a per penny yield of \$4.2 million and the Department utilized an estimate of \$4.3 million in its revised request, as well as a total receipt of 21.75 cents from gasoline tax proceeds.

*The Consensus Revenue Estimating Conferences no longer estimate the gasoline tax yield because none of it goes to state general revenues. The Governor's recommendation is based on an estimate from the Office of Revenue Analysis of a per penny yield of \$4.3 million for the remainder of FY 2011. This equates to a gasoline tax recommendation of \$92.8 million for the Department. This is \$0.5 million less than the Department's request, which was based on a per penny yield that was \$22,300 above the revised estimate.*

The Governor's recommendation includes the use of \$12.6 million of general revenue to pay a portion of the Department's general obligation bond debt service, which is currently funded with gasoline tax proceeds. The recommendation would make the same amount of gasoline tax proceeds available for use by the Department for winter maintenance expenses, which were higher than budgeted due to the severe winter experienced in FY 2011. The table below reflects this change by lowering debt service expenditures at the Department.

Other Funds	FY 2010 Reported	FY 2011 Enacted	FY 2011 Revised	FY 2011 Final
Gas Tax Yield per Cent	4.290	4.210	4.268	4.226
RIDOT Cents	21.75	21.75	21.75	21.75
RIPTA Cents*	9.75	9.75	9.75	9.75
<b>DOT Budget (RIDOT and RIPTA)</b>				
Balance Forward	\$ (371,918)	\$ -	\$ 2,423,055	\$ 2,423,055
Gas Tax	135,121,392	132,615,000	134,432,550	133,116,606
Debt Service Transfer	(40,684,194)	(45,903,355)	(32,044,941)	(35,444,941)
Internal Services Funds Transparency	(1,348,616)	(1,325,105)	(1,592,391)	(1,592,391)
Nonland Surplus Property	(17,092)	30,000	75,000	75,000
Land Sales	1,785,150	18,205,826	2,000,000	2,000,000
Other (SIB, RICAP,Outdoor Adv)	5,789,122	4,318,210	4,449,160	4,449,160
Available	\$ 100,273,844	\$ 107,940,576	\$ 109,742,433	\$ 105,026,489
Expenditures	97,850,789	107,940,576	109,742,433	101,394,910
Surplus/Deficit	\$ 2,423,055	\$ -	\$ -	\$ 3,631,579
<b>RIDOT</b>				
Balance Forward	\$ (371,918)	\$ -	\$ 2,423,055	\$ 2,423,055
Gas Tax	93,298,104	91,567,500	92,822,475	91,913,847
Debt Service Transfer	(39,859,397)	(44,780,437)	(31,063,250)	(34,463,250)
Internal Services Funds Transparency	(1,348,616)	(1,325,105)	(1,592,391)	(1,592,391)
Nonland Surplus Property	(17,092)	30,000	75,000	75,000
Land Sales	1,785,150	18,205,826	2,000,000	2,000,000
Other (SIB, RICAP,Outdoor Adv)	5,789,122	4,318,210	4,449,160	4,449,160
Available	\$ 59,275,353	\$ 68,015,994	\$ 69,114,049	\$ 64,805,421
Gas Tax	49,295,121	45,461,958	62,589,889	54,649,682
Land Sales	1,785,150	18,205,826	2,000,000	2,000,000
Nonland Surplus Property	(17,095)	30,000	75,000	75,000
Other (SIB, RICAP,Outdoor Adv)	5,789,122	4,318,210	4,449,160	4,449,160
Other Expenditures	56,852,298	68,015,994	69,114,049	61,173,842
Surplus/Deficit	\$ 2,423,055	\$ -	\$ -	\$ 3,631,579
<b>RIPTA</b>				
Gas Tax	\$ 41,823,288	\$ 41,047,500	\$ 41,610,075	\$ 41,202,759
Debt Service Transfer	(824,797)	(1,122,918)	(981,691)	(981,691)
Available	40,998,491	39,924,582	40,628,384	40,221,068
Expenditures	\$ 40,998,491	\$ 39,924,582	\$ 40,628,384	\$ 40,221,068

\*Total includes one half cent transferred from the UST Fund and two additional cents included by the 2009 Assembly.

The Governor's budget included the transfer of \$12.6 million from general revenues to the Department of Administration to be used to pay a portion of the Department's general obligation bonds. Actual winter maintenance expenditures were lower than anticipated in the Governor's revised budget by \$3.4 million, which is reflected by lowering both the Department's gasoline tax expenditures and increases transfer for debt service by the same amount. The Assembly also



**reduced the Department's gasoline tax by \$0.9 million to reflect a reduction in the per penny gasoline tax yield estimate.**

**Rhode Island Public Transit Authority Gasoline Tax.** Under existing statute, the Rhode Island Public Transit Authority receives 9.75 cents of the 33 cent gasoline tax. The funds are transferred to the Authority, but reflected in the Department of Transportation budget as a grant to the Authority in order to account for the gas tax in the state's accounting structure, since the Authority is a quasi-public corporation.

The FY 2011 enacted budget was based on a per penny yield of \$4.2 million and the Department utilized an estimate of \$4.3 million in its current request, which would allocate \$41.8 million to the Authority.

*The Consensus Revenue Estimating Conferences no longer estimate the gasoline tax yield because none of it goes to state general revenues. The Governor's recommendation is based on an estimate from the Office of Revenue Analysis of a per penny yield of \$4.3 million for the remainder of FY 2011. This equates to a gasoline tax recommendation of \$41.6 million for the Department. This is \$0.2 million less than the Department's request, which was based on a per penny yield that was \$22,300 above the revised estimate. The Assembly reduced the transfer to the Authority by \$0.4 million to reflect a reduction in the per penny gasoline tax yield estimate.*

## Expenditures

**Federal Highway Stimulus Projects.** The Department requested \$5.6 million more than enacted from federal funds for projects funded by the American Recovery and Reinvestment Act of 2009. The Department identified 55 separate projects for construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways, interstates and bridges. The enacted budget includes \$38.6 million of stimulus related projects; however, the Department is projecting expenses of \$44.3 million to reflect its actual expenditures for a revised construction schedule. The Department noted that these funds are not at risk for recapture and have been obligated consistent with the provisions of the Recovery Act.

*The Governor recommended funding essentially as requested, but made a \$16,477 reduction to the request to reflect an updated expenditure plan. Due to projects being completed ahead of schedule, he subsequently requested an amendment to shift \$6.6 million of available funds from FY 2012 to FY 2011 to cover additional expenditures. The Assembly concurred.*

**Federal Highway Administration Projects.** The Department's revised request includes \$163.6 million from federal funds for highway projects in FY 2011. Excluding salaries and benefits, this is \$1.0 million more than enacted to reflect a revised construction schedule. The Department noted it must submit its projected federal fund expenditures before the end of the federal fiscal year and budgeted the projected expenditures in anticipation of the actual federal award. The Department noted that this practice can lead to adjustments both during and prior to the state's fiscal year.

For FY 2011, requested expenditures include \$12.9 million for the five GARVEE funded projects, \$48.3 million for repairs and maintenance on bridges, \$13.5 million for road enhancements, \$10.6 million for highways, \$11.8 million for interstate projects, \$31.0 million for pavement and resurfacing and \$14.4 million for traffic safety improvement projects. The following table shows program expenditures and their proportionate share of total Federal Highway Administration fund expenditures.

Program Area	FY 2011 Final	Share of Total
Administrative Program	\$ 7,479,961	4%
Enhancements	14,163,112	8%
Bridge Program	50,610,404	29%
Highway Program	11,046,465	6%
Interstate Program	12,344,928	7%
GARVEE Projects	13,543,502	8%
Pavement Management Program	32,488,813	19%
Traffic Safety Program	15,083,651	9%
Federal Highway Earmark Projects	9,647,076	6%
Other Programs	5,177,608	3%
<b>Total</b>	<b>\$ 171,585,518</b>	<b>100%</b>

*The Governor recommended \$171.6 million, \$8.5 million more than enacted to reflect revised expenditures consistent with an increased award from the Federal Highway Administration. **The Assembly concurred.***

**Salaries and Benefits.** The Department requested \$0.6 million less from all funds for salaries and benefits. This includes \$1.1 million more from federal funds offset by \$1.6 million less from gasoline tax proceeds. The Department is authorized for 772.2 positions. As of the first pay period in December, the Department has 706.6 filled full-time equivalent positions or 65.6 positions below the authorized level. The Department noted the revised request reflects filling an additional 20 positions, and also includes turnover for 30 positions. The revised request for salaries and benefits does not account for the remaining 15.4 positions.

*The Governor recommended \$1.1 million more than enacted and \$1.6 million more than requested, including \$1.0 million more from federal funds and \$0.6 million more from gasoline tax proceeds. The recommendation includes turnover for approximately 30 positions, and includes funding for an additional 40.0 positions for the remainder of the fiscal year. The Department is authorized for 772.6 positions, and as of the final pay period in February, it had 713.6 filled positions. The additional 40.0 positions would raise the number of filled positions to 753.6. **The Assembly concurred.***

**National Highway Transportation Safety Administration Grants.** The Department requested \$5.1 million, \$8.6 million less than enacted from the National Highway Transportation Safety Administration for FY 2011. The request is being revised to reflect the actual federal award. Major changes include \$5.8 million less for impaired driving prevention programs, \$1.2 million less for traffic safety programs and \$0.5 million less for the racial profiling prohibition program.

*The Governor recommended \$5.9 million more than requested to reflect actual awards for impaired driving prevention. These funds were inadvertently excluded from the request. Subsequent to his submission, the Governor requested an amendment to add \$1.1 million to reflect anticipated awards and expenditures for these grants. **The Assembly concurred.***

**Transit CMAQ.** The Department requested \$4.1 million, which is \$3.1 million more than enacted from federal funds for Congestion Mitigation and Air Quality projects. The Department allocates these funds to state agencies and municipalities for programs that reduce toxic emissions through traffic reduction or new technologies. The request reflects an expansion of the federal program as well as the anticipated award for FY 2011. *The Governor recommended funding as requested. **The Assembly concurred.***

**Fixed Guideway/Commuter Rail.** The Department requested \$27.2 million, or \$1.2 million more from federal transit funds for the Fixed Guideway Commuter Rail project, which will extend commuter rail service along Amtrak's northeast corridor south of Providence. Service is expected to operate between Providence and North Kingstown, with stops at T.F. Green Airport and the Wickford Junction. The Department noted the request is being increased to reflect the anticipated award. The Department's revised request is consistent with its FY 2012 through FY 2016 capital budget request. This project is explained in the Capital Budget Section of this analysis.

*The Governor recommended \$0.8 million more than enacted to reflect revised expenditures consistent with the current award from the Federal Transit Administration, as well as a new grant that was excluded from the Department's request. **The Assembly concurred.***

**Winter Maintenance Operations.** Excluding salaries and benefits, the Department requested \$12.5 million in operating expenses related to the winter maintenance program for FY 2011, \$3.5 million more than enacted. Funding would be used to purchase additional salt, sand and liquid de-icers. The average annual cost for winter maintenance operations from FY 2006 through FY 2010 was \$8.7 million and the request is \$3.8 million above this average.

*The Governor recommended \$10.8 million more than enacted and \$7.2 million more than requested for winter maintenance. The Governor's budget recommendations include the use of \$12.6 million of general revenue to pay a portion of the Department's general obligation bond debt service, which is currently funded with gasoline tax proceeds and shown in the Department of Administration's budget. The recommendation would make the same amount of gasoline tax proceeds available for use by the Department for winter maintenance expenses, which were higher than budgeted due to the severe winter experienced in FY 2011. Including salaries and benefits, the Department projected a deficit of \$12.6 million in the current year. The Governor's proposal would allow the Department to fully fund remaining winter maintenance operations, but would reduce available general revenues by \$12.6 million. Through the end of February, the Department had spent \$18.1 million for winter maintenance activities; the recommendation is based on projected expenditures of \$21.5 million.*

**Actual winter maintenance expenditures were \$18.1 million, which was lower than the \$21.5 million anticipated in the Governor's revised budget. This is reflected by a \$3.4 million reduction in the Department's gasoline tax expenditures. That same amount of funding was also not used for debt service expenditures, which increased available general revenues by \$3.4 million.**

**Interstate 195 Relocation Land Sales.** The Department has removed its request for expenditures of revenues from the sale of land made available from the relocation of Interstate 195. The enacted budget includes \$16.2 million of revenue; however, the Department is projecting those land sales will take place in FY 2012. Revenue derived from these sales are used to fund the I-195 relocation project. This project is described in greater detail in the Capital Budget Section of this analysis. *The Governor recommended funding as requested. **The Assembly concurred.***

**Maintenance Operations.** The Department requested \$7.6 million from gasoline tax proceeds for maintenance operations, excluding activities associated with winter maintenance. These include activities such as trash and debris removal, landscaping, sand removal, graffiti removal and catch basin cleaning. The request is \$2.3 million more than enacted to reflect updated projections for FY 2011. The major increase in the request is for repairs to maintenance vehicles and equipment. The Department noted the increase is attributed to aging vehicles and equipment. Repair costs have increased as the equipment and vehicles reach their useful life, similar to the expenses for vehicle maintenance previously mentioned in this analysis.

*The Governor recommended \$1.3 million more than enacted and \$1.0 million less than requested for maintenance operations. The recommendation reduces funding for vehicle purchases based on projected available gasoline tax proceeds. **The Assembly concurred.***

**Rhode Island Capital Plan Fund Projects.** The Department requested \$0.8 million more than enacted from Rhode Island Capital Plan funds for five ongoing projects at the Department. Changes include \$0.7 million more to complete a construction project for the Rhode Island Public Transit Authority, \$0.5 million more for improvements to salt storage and maintenance facilities, offset by \$0.3 million of savings for the East Providence maintenance facility. The request reflects actual expenditures and a revised construction schedule for the maintenance facilities. *The Governor recommended \$0.3 million more than enacted to reflect various adjustments to the Department's capital plan. **The Assembly concurred.***

**All Other Operating.** The Department requested \$1.6 million less than enacted from all sources for all other operating costs. This includes \$0.2 million less from federal funds and \$1.4 million less from the state's capital infrastructure bank. These funds are traditionally used to purchase capital equipment and have been reduced to reflect availability. Federal fund expenditures are being reduced to reflect lower costs for operating expenses such as office supplies and building maintenance.

*The Governor recommended \$9.4 million more than enacted and \$11.1 million more than requested from gasoline tax proceeds. The recommendation reflects two technical changes to the Department's budget. This includes the addition of \$6.3 million to account for the removal of the gasoline tax offset account, as well as \$0.7 million more to reflect a revised amount of gasoline tax proceeds to be transferred to the Rhode Island Public Transit Authority. **The Assembly concurred.***

