
Section V

FY 2015

Revised Budget

**FY 2015 Revised Budget
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FY 2015 Final Budget

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|---------------------|--------------------|--------------------|-------------------|
| Expenditures by Function* | | | | |
| General Government | \$ 1,456.8 | \$ 1,513.4 | \$ 1,511.8 | \$ 1,518.4 |
| Human Services | 3,335.3 | 3,743.1 | 3,867.2 | 3,720.4 |
| Education | 2,287.4 | 2,360.9 | 2,354.0 | 2,351.8 |
| Public Safety | 490.5 | 528.8 | 540.7 | 534.5 |
| Natural Resources | 83.9 | 108.8 | 117.8 | 116.6 |
| Transportation | 401.5 | 525.1 | 447.9 | 489.5 |
| Total | \$ 8,055.4 | \$ 8,780.2 | \$ 8,839.5 | \$ 8,731.2 |
| Expenditures by Category* | | | | |
| Salaries and Benefits | \$ 1,541.5 | \$ 1,581.2 | \$ 1,604.0 | \$ 1,603.9 |
| Contracted Services | 302.3 | 280.9 | 340.4 | 341.9 |
| Subtotal | \$ 1,843.8 | \$ 1,862.1 | \$ 1,944.4 | \$ 1,945.8 |
| Other State Operations | 795.9 | 794.4 | 799.6 | 805.6 |
| Aid to Local Units of Government | 1,150.2 | 1,205.2 | 1,198.2 | 1,197.7 |
| Assistance, Grants, and Benefits | 3,614.5 | 4,069.2 | 4,112.9 | 3,971.9 |
| Capital | 246.5 | 412.5 | 361.2 | 386.4 |
| Capital Debt Service | 218.8 | 279.0 | 248.7 | 247.5 |
| Operating Transfers | 185.9 | 157.8 | 174.6 | 176.3 |
| Total | \$ 8,055.4 | \$ 8,780.2 | \$ 8,839.5 | \$ 8,731.2 |
| Sources of Funds* | | | | |
| General Revenue | \$ 3,336.4 | \$ 3,445.2 | \$ 3,488.4 | \$ 3,476.6 |
| Federal Aid | 2,676.2 | 3,086.5 | 3,140.5 | 3,051.2 |
| Restricted Receipts | 222.1 | 283.1 | 278.2 | 283.6 |
| Other | 1,820.7 | 1,965.4 | 1,932.4 | 1,919.7 |
| Total | \$ 8,055.4 | \$ 8,780.2 | \$ 8,839.5 | \$ 8,731.2 |
| FTE Authorization | 15,076.4 | 15,086.0 | 15,100.7 | 15,100.7 |
| FTE Average | 13,908.8 | | | |

**Data in millions*

Summary

The Governor's revised budget recommendations for FY 2015, along with her recommendations for FY 2016, are contained in 2015-H 5900, introduced on March 13, 2015. The House adopted the budget on June 16 and the Senate on June 23; the Governor signed it into law on June 30.

The Governor recommended total revised expenditures for FY 2015 of \$8,839.5 million, which is \$59.3 million or 0.7 percent more than enacted by the 2014 Assembly. Total expenditures would increase \$784.0 million or 9.7 percent over reported FY 2014 expenditures.

Recommended general revenue expenditures are \$43.2 million or 1.3 percent more than the FY 2015 budget adopted by the 2014 Assembly and \$152.0 million or 4.6 percent more than actual FY 2014 expenditures. Expenditures recommended from federal funds are \$54.0 million more than enacted and \$464.3 million more than FY 2014. Expenditures from restricted receipts are \$4.8 million less than enacted and \$56.1 million more than FY 2014. Those from other funds, including the gas tax, Rhode Island Capital Plan funds and unemployment trust funds, are \$33.1 million or 1.7 percent less than enacted and \$111.7 million more than FY 2014.

| FY 2015 Revised | General | | | | |
|------------------------------|-------------------|-------------------|-----------------|-------------------|-------------------|
| | Revenue | Federal | Restricted | Other | All Funds |
| FY 2014 Final | \$ 3,352.4 | \$ 2,930.0 | \$ 278.7 | \$ 1,909.1 | \$ 8,470.2 |
| FY 2014 Actual | 3,336.4 | 2,676.2 | 222.1 | 1,820.7 | 8,055.4 |
| Difference | \$ (16.0) | \$ (253.8) | \$ (56.6) | \$ (88.4) | \$ (414.8) |
| FY 2015 Enacted | \$ 3,445.2 | \$ 3,086.5 | \$ 283.1 | \$ 1,965.4 | \$ 8,780.2 |
| Governor's FY 2015 Revised | 3,488.4 | 3,140.5 | 278.2 | 1,932.4 | 8,839.5 |
| Governor's Change to Enacted | \$ 43.2 | \$ 54.0 | \$ (4.8) | \$ (33.1) | \$ 59.3 |
| Percent Change | 1.3% | 1.7% | -1.7% | -1.7% | 0.7% |
| Assembly | \$ 3,476.6 | \$ 3,051.2 | \$ 283.6 | \$ 1,919.7 | \$ 8,731.2 |
| Change to Enacted | 31.5 | (35.3) | 0.6 | (45.7) | (49.0) |
| Percent Change | 0.9% | -1.1% | 0.2% | -2.3% | -0.6% |
| Change to Governor | \$ (11.8) | \$ (89.3) | \$ 5.4 | \$ (12.7) | \$ (108.3) |
| Change to FY 2014 | \$ 140.2 | \$ 375.0 | \$ 61.6 | \$ 99.0 | \$ 675.7 |
| Percent Change to FY 2014 | 4.2% | 14.0% | 27.7% | 5.4% | 8.4% |

The Assembly's budget decreased general revenue spending recommended by the Governor by \$11.8 million, which is \$31.5 million more than originally enacted. Final enacted expenditures from all sources are \$108.3 million less than recommended primarily reflecting the revised estimate of the federally funded extension of Medical Assistance benefits to low income adults without dependent children.

The FY 2014 final budget projected \$59.2 million available for FY 2015 and used for that budget. The State Controller finalized the closing statement on December 29, 2014, and it showed a surplus of \$67.8 million, or \$8.6 million more.

| FY 2014 Closing | | Enacted | Actual | Variance |
|-----------------|---------------------------------------|----------------------|----------------------|----------------------|
| <i>Open:</i> | Free Surplus | \$ 104,119,715 | \$ 104,119,715 | \$ - |
| <i>Plus:</i> | Reappropriated Surplus | 7,052,524 | 7,052,524 | - |
| <i>Equals:</i> | Total Surplus | 111,172,239 | 111,172,239 | - |
| <i>Plus:</i> | Revenues | 3,416,041,280 | 3,430,262,416 | 14,221,136 |
| <i>Minus:</i> | Transfer to Budget Stabilization Fund | (105,604,830) | (106,031,464) | (426,634) |
| <i>Equals:</i> | Total Available | 3,421,608,689 | 3,435,403,191 | 13,794,502 |
| <i>Minus:</i> | Expenditures | (3,352,398,560) | (3,336,423,288) | 15,975,272 |
| <i>Minus:</i> | Transfers to Fleet/IT | (10,000,000) | (10,000,000) | - |
| <i>Equals:</i> | Closing Surplus | \$ 59,210,129 | \$ 88,979,902 | \$ 29,769,773 |
| <i>Minus:</i> | Reappropriations | - | (7,378,665) | (7,378,665) |
| <i>Minus:</i> | Excess Revenues to Retirement Fund | - | (13,794,502) | (13,794,502) |
| <i>Equals:</i> | Free Surplus | \$ 59,210,129 | \$ 67,806,736 | \$ 8,596,607 |

Revenues were \$14.2 million more than estimated. Current law requires final revenues above estimates be transferred to the Employees' Retirement System to pay down unfunded liability. That amounts to \$13.8 million after accounting for the rainy day transfer. Expenditures were \$16.0 million less than

enacted; \$7.4 million must be reappropriated into FY 2015. The total free surplus is \$8.6 million more than the \$59.2 million anticipated in June 2014.

Closing expenses were lower than enacted primarily from Medicaid caseload savings and savings from personnel. There were areas of overspending that reduced the impact of the savings. Many agencies projected overspending in the first quarter some of which related to the inability to absorb negotiated raises announced months after Governor Chafee submitted his budget, for which the Assembly did not explicitly add funding. There were additional areas of concern in certain agencies beyond the cost-of-living adjustment and increased caseload expense estimated in November leading to shortfall approaching \$30 million. The Governor's revised budget resolved almost half the shortfall by proposing legislation to not transfer the FY 2014 excess revenues to the retirement system. Other changes include lower education aid and debt costs than initially projected and savings from an adjustment to medical benefit costs statewide.

The Assembly did adopt legislation to end the practice of transferring excess revenues to the Retirement System. It also further reduced expenditures consistent with the May Caseload estimates and added funding to account for overspending in some human services agencies, primarily services for developmentally disabled adults because of unbudgeted rate increases.

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

| | Enacted | Final | Difference |
|------------------------------------|-------------------------|-------------------------|-----------------------|
| Opening Surplus | | | |
| Free Surplus | \$ 59,210,129 | \$ 67,806,737 | \$ 8,596,608 |
| Reappropriated Surplus | - | 7,378,665 | 7,378,665 |
| Subtotal | \$ 59,210,129 | \$ 75,185,402 | \$ 15,975,273 |
| Revenues | 3,493,103,389 | 3,493,103,389 | - |
| November Revenue Conference | - | 15,796,611 | 15,796,611 |
| Governor Changes | - | 15,122,785 | 15,122,785 |
| Assembly Changes | - | 106,943,805 | 106,943,805 |
| Total Revenues | 3,493,103,389 | 3,630,966,590 | 137,863,201 |
| Budget Reserve Fund | (106,569,406) | (110,963,200) | (4,393,794) |
| Total Available Resources | \$ 3,445,744,112 | \$ 3,595,188,792 | \$ 149,444,680 |
| Expenditures | 3,445,169,968 | 3,445,169,968 | - |
| Reappropriation | - | 7,378,665 | 7,378,665 |
| November Caseload Conference | - | 37,048,209 | 37,048,209 |
| Governor Changes | - | (1,215,207) | (1,215,207) |
| Assembly Changes | - | (11,758,264) | (11,758,264) |
| Total Expenditures | \$ 3,445,169,968 | \$ 3,476,623,371 | \$ 31,453,403 |
| Total Surplus | \$ 574,144 | \$ 118,565,420 | \$ 117,991,276 |
| Rainy Day Fund | 177,615,676 | 179,591,476 | 1,975,800 |
| <i>Operating Surplus/(Deficit)</i> | <i>\$ (105,995,262)</i> | <i>\$ 7,602,220</i> | <i>\$ 113,597,482</i> |

The revised budget as recommended by the Governor would leave a \$3.1 million surplus for FY 2016. The general revenue surplus statement for FY 2016 shows an ending surplus of \$0.6 million and is presented as part of the overview of her FY 2016 budget recommendations in that section of this publication. The final FY 2015 budget has a \$118.6 million surplus; the FY 2016 enacted budget has a \$0.5 million ending surplus.

Department of Administration

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 2,608,697 | \$ 2,502,964 | \$ 3,241,411 | \$ 3,241,411 |
| Accounts & Control | 3,733,014 | 3,973,748 | 3,826,318 | 3,826,318 |
| Office of Management & Budget | 3,536,842 | 4,079,510 | 4,250,688 | 4,250,688 |
| Purchasing | 3,081,730 | 2,979,452 | 2,897,538 | 2,897,538 |
| Auditing | 1,336,731 | 1,434,565 | 1,391,916 | 1,391,916 |
| Human Resources | 10,439,178 | 10,606,059 | 10,122,167 | 10,122,167 |
| Personnel Appeal Board | 68,511 | 75,216 | 119,071 | 119,071 |
| General | 49,615,756 | 60,490,846 | 56,351,624 | 54,253,402 |
| Debt Service | 189,421,726 | 219,262,055 | 194,394,238 | 193,214,238 |
| Legal Services | 2,389,419 | 2,039,872 | 2,143,176 | 2,143,176 |
| Facilities Management | 36,351,383 | 35,730,262 | 38,083,786 | 38,965,311 |
| Capital Projects and Prop. Mgt. | 1,324,739 | 1,252,875 | 1,268,795 | 1,268,795 |
| Information Technology | 31,751,696 | 33,809,293 | 42,380,480 | 43,840,084 |
| Library Programs | 2,112,021 | 2,066,684 | 2,136,544 | 2,136,544 |
| Planning | 14,477,628 | 20,891,914 | 28,027,643 | 28,027,643 |
| Energy Resources | 10,279,806 | 5,740,201 | 10,839,223 | 10,839,223 |
| Construction Permitting, Approvals & Licensing | 2,618,051 | 2,823,428 | 2,772,832 | 2,772,832 |
| Statewide Personnel Adjustments | - | (8,285,691) | - | - |
| Rhode Island Health Benefits Exchange | 47,348,145 | 23,433,222 | 52,502,050 | 52,502,050 |
| Diversity, Equity & Opportunity | - | 859,481 | 974,210 | 974,210 |
| Total | \$ 412,495,073 | \$ 425,765,956 | \$ 457,723,710 | \$ 456,786,617 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 70,038,296 | \$ 66,259,497 | \$ 71,801,513 | \$ 71,801,513 |
| Contracted Services | 51,901,666 | 25,630,659 | 58,163,451 | 58,163,451 |
| Subtotal | \$ 121,939,962 | \$ 91,890,156 | \$ 129,964,964 | \$ 129,964,964 |
| Other State Operations | 38,804,414 | 34,078,453 | 35,202,841 | 36,084,366 |
| Aid to Local Units of Government | 10,545,470 | 11,104,987 | 11,104,987 | 11,104,987 |
| Assistance, Grants, and Benefits | 23,747,192 | 26,720,782 | 38,584,190 | 38,573,968 |
| Capital | 20,959,293 | 36,139,009 | 41,059,875 | 40,431,479 |
| Capital Debt Service | 160,770,045 | 219,162,055 | 194,294,238 | 193,114,238 |
| Operating Transfers | 35,728,697 | 6,670,514 | 7,512,615 | 7,512,615 |
| Total | \$ 412,495,073 | \$ 425,765,956 | \$ 457,723,710 | \$ 456,786,617 |
| Sources of Funds | | | | |
| General Revenue | \$ 259,268,901 | \$ 268,843,237 | \$ 250,382,004 | \$ 250,073,307 |
| Federal Aid | 72,702,362 | 51,493,455 | 89,252,942 | 89,252,942 |
| Restricted Receipts | 15,899,348 | 36,398,746 | 31,970,438 | 33,430,042 |
| Other | 64,624,462 | 69,030,518 | 86,118,326 | 84,030,326 |
| Total | \$ 412,495,073 | \$ 425,765,956 | \$ 457,723,710 | \$ 456,786,617 |
| FTE Authorization | 720.7 | 710.7 | 710.7 | 710.7 |
| FTE Average | 651.7 | | | |

FY 2015 Revised Request. The Department requested FY 2015 revised expenditures totaling \$502.9 million from all funds; \$77.1 million more than enacted, including \$6.1 million from general revenues. The changes from general revenues include the discretionary reappropriation of \$1.6 million, \$0.6 million of which is for the I-195 Commission, a distribution of \$3.4 million in statewide medical benefit savings and adding \$1.3 million for various items primarily in Facilities Management. The request includes \$44.9 million more from federal funds of which \$38.0 million is for HealthSource RI, and increases of \$10.4 million from restricted receipts and \$15.6 million from other funds primarily Rhode Island Capital Plan funds.

*The Governor recommended expenditures totaling \$457.7 million, including \$250.4 million from general revenues. This is \$45.2 million less than requested; including debt service savings of \$23.3 million and \$18.0 million less from Rhode Island Capital Plan funds. She subsequently requested several amendments revising capital projects to reflect further delays or savings. **The Assembly concurred and provided an additional \$2.3 million from all funds. This includes \$0.9 million from general revenues for snow removal costs and \$1.5 million from the Information Technology Investment Fund for the Judiciary's case management system.***

Staffing Authorization. Consistent with the authorized level, the Department requested staffing of 710.7 full-time equivalent positions. This includes four new positions, two each for the Office of Diversity, Equity and Opportunity, and the Division of Human Resources. The request also reflects a number of transfers within department functions. The 2014 Assembly concurred with the Governor's recommendation to eliminate 8.0 unidentified positions in the Department. The Department should have adjusted its budget accordingly in order to reflect its priority. Instead, the request further increases the unidentified positions by four positions, without identifying where the potential impacts might be. *The Governor recommended the authorized level of 710.7 full-time equivalent positions; she did not recommend new positions. **The Assembly concurred.***

Distributed Statewide Medical Benefit Savings. The revised request reflects the distribution of \$8.3 million from all funds, of which \$3.4 million is from general revenues in statewide medical benefit savings, which was included in the Department of Administration for later distribution. The savings are now reflected in agency budgets. The general revenue amount allocated to the Department is \$0.2 million. *The Governor concurred. **The Assembly concurred.***

I-195 Redevelopment District Commission. The Governor reappropriated \$0.6 million of the \$1.2 million included in the FY 2014 budget to support the I-195 Redevelopment District Commission's operations. The FY 2015 enacted budget includes \$0.3 million for the Commission's operating costs. *The Governor included the reappropriation. **The Assembly concurred.***

Slater Technology Fund Phase-Out. The Department of Administration's request includes the enacted amount of \$150,000 from general revenues for the Slater Technology Fund, which is a state-backed venture capital fund that invests in new ventures. The state was awarded a total of \$13.2 million as part of the federal State Small Business Credit Initiative, \$9.0 million of which was allocated to the Slater Technology Fund. Provided that returns on investments are received, the fund would eventually be self-sustaining.

The Slater Centers for Excellence was created in 1997; however, the Governor issued an executive order in 2005 to merge all the Centers into the Slater Technology Fund. The request brings funding to date to \$46.3 million.

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

Chafee Center at Bryant. The request includes the enacted amount of \$126,200 for the Chafee Center at Bryant University, which helps local companies initiate and/or develop international trade opportunities. *The Governor recommended \$376,200 from general revenues, \$250,000 more than enacted.* **The Assembly concurred.**

Center to Advance Minority Participation in Construction. The Department requested the enacted amount of \$10,222 from general revenues for a community service grant to the Center to Advance Minority Participation in Construction to support minority participation in the construction industry. The Department did not report expenditures for this in FY 2014. The Commerce Corporation indicated that it was unable to reach the Center on numerous occasions. *The Governor recommended funding as requested.* **The Assembly eliminated funding for this grant.**

HealthSource RI

Contracts. Through December 2014, HealthSource RI has received a total of \$146.6 million in federal funding. Of this amount, \$75.9 million has been spent, resulting in a surplus of \$70.7 million. The request assumes use of \$61.4 million in FY 2015 and the remaining \$9.2 million in FY 2016. Of the \$61.4 million requested in FY 2015, \$58.1 million or 94.7 percent is for consultant services for the contact center, the Exchange's share of the Unified Health Infrastructure Project and other contractual costs. This reflects an increase of \$39.1 million from the \$19.0 million in the enacted budget. *The Governor recommended \$50.4 million for contracted services, \$7.8 million less than requested to reflect anticipated expenditures. Information obtained from the state's accounting system shows expenditures of \$19.0 million through March 25, 2015.* **The Assembly concurred.**

Technology Services. The Department requested expenditures of \$26.5 million, \$18.4 million more than enacted from federal funds for information technology related services to be provided by Deloitte, KPMG and CSG Consultants Inc. for several technology projects. The request includes \$24.9 million for the establishment of the Unified Health Infrastructure Project, a web-based system to be used by the general public to apply for state programs online and to buy health insurance. Deloitte Consulting is developing a premium billing module to facilitate the invoicing, collections, and customer service needs related to monthly premium payments and disbursement of payments to participating insurance carriers. Of the \$24.9 million, \$5.6 million is included for operations and maintenance. The request also includes \$1.6 million for the all payer claims database and for independent verification and validation services. *The Governor recommended \$5.0 million less than requested.* **The Assembly concurred.**

Contact Center and Small Business Program. The request includes \$5.1 million from federal funds in expenditures related to the contact center, which provides customer service as well as handles incoming calls. The request is \$2.8 million more than enacted, including new expenditures of \$1.5 million to provide specialized support for the small business program to increase outreach and enrollment efforts and \$1.3 million for additional center customization needs within the contract. The original contract cost is \$24.0 million and is effective through December 31, 2015, with two one-year renewal options. Pursuant to the contract, the state has the option to convert a portion of the fees to a cost-per contact. HealthSource RI indicated that this option is being evaluated. *The Governor recommended \$1.3 million less than requested. HealthSource RI indicated that the adjustment to the request may be reallocated to other information technology projects.* **The Assembly concurred.**

Communication, Media and Training. The request includes \$9.3 million, \$7.4 million more than enacted from federal funds for communications and media, print, outreach, as well as training services for HealthSource RI. HealthSource RI also contracted with the Rhode Island Health Center Associations to provide one-on-one, face-to-face application and enrollment assistance to Rhode Islanders. These expenditures account for 15.2 percent of the revised budget request. The Office attributed the increase to a delay in signing original planned outreach contracts as well as obtaining additional federal funds.

Reported expenditures for FY 2014 totaled \$3.0 million, \$4.7 million below the final appropriation. *The Governor recommended \$4.0 million less than requested.* **The Assembly concurred.**

Data, Analytics and Other Services. The request includes \$17.3 million from federal funds, \$10.5 million more than enacted for all other contractual services, including data, analytical, legal, actuarial and audit services. This includes \$6.9 million for services to be provided by the Wakely Consulting Group for the development of the Exchange's business process, developing a financial sustainability model and assisting HealthSource RI staff with health plan certification and qualification. It includes \$4.0 million for data and analytical services, for which HealthSource RI will hire a contractor to help design and implement a data analysis system that will fully facilitate federal and state reporting. The request also includes \$2.8 million for Faulkner Consultant Group to provide technology support, financial analysis and technical writing. Expenditures for all other services are \$3.5 million, including \$1.0 million to enhance the Exchange's website, \$0.7 million to obtain outside legal services and \$0.5 million for audit services, including an independent financial statement audit of the Trust Fund. *The Governor recommended \$2.6 million more than requested.* **The Assembly concurred.**

Salaries and Benefits. The Department included \$2.4 million from federal funds to support HealthSource RI's 15.0 full-time positions. The request includes medical benefit savings, the cost-of-living adjustment and benefit rate changes consistent with the FY 2015 revised planning values. The request is \$1.0 million less than enacted to primarily reflect removal of funds for positions that were not authorized in the enacted budget. The request assumes \$0.1 million less in turnover savings, for which the enacted budget included \$0.2 million.

Of the authorized 15.0 full-time positions, nine are in the Department of Administration and six appear in the Office of the Governor. By definition, all positions in the Office of the Governor are unclassified. These appear to be included to preserve the unclassified status of the positions. All positions are classified unless specified in the law. There is no statutory authority for HealthSource RI, therefore no authority for the positions to be unclassified.

The Governor recommended salary and benefit costs of \$1.5 million from federal funds, \$0.9 million less than requested to primarily reflect additional turnover savings. This also appears to assume that there will be a change in the allocation of costs between the components shared with the Executive Office of Health and Human Services, although no adjustment has been made to that budget. **The Assembly concurred.**

Leased Space and Other Operations. The revised request includes \$0.9 million from federal funds for operating costs for HealthSource RI. This is \$0.1 million less than enacted, to primarily adjust costs for rental space for which the enacted budget included \$0.6 million; however, the space that was obtained cost less than the amount budgeted. HealthSource RI signed a seven-month lease, effective June 1, 2014. It has four one-year renewal options. Per the lease agreement, monthly rent for year two through year five range from \$12,915 to \$14,219 and it also assumes an annual amount of \$90,000 for parking spaces. All other operating expenses are \$0.6 million, including \$0.3 million for printing and the remaining \$0.3 million is for postage, travel, insurance and office supplies.

The Governor recommended \$0.3 million less than requested. This appears to assume that there will be a change in the allocation of costs between the components shared with the Executive Office of Health and Human Services, although no adjustment has been made to that budget. **The Assembly concurred.**

Office of Energy Resources

Regional Greenhouse Gas Initiative. The Department requested expenditures of \$9.0 million or \$4.8 million more than enacted from the Regional Greenhouse Gas Initiative restricted receipt fund. The

receipts are derived from the sale of carbon emission credits through an auction process. To date, 26 regional auctions have been held for a total of \$1,935.0 million. Rhode Island's share of that is \$35.7 million. The state was allocated just over 2.6 million tons of emission allowances. These allowances can be sold to energy producers in the state to offset the emissions they produce. The proceeds are to be used to invest in projects that reduce long-term energy demands and costs. The Office reported that a staffing shortage prevented it from completing the 2012 Allocation Plan, therefore expenditures for FY 2013 could not be made. At the end of FY 2014, the fund balance was \$15.9 million. The FY 2015 and FY 2016 requests reflect the Office's intent to disburse prior grants for various projects. Information obtained from the state's accounting system showed expenditures totaling \$0.5 million as of December 11, 2014.

The 2014 Assembly adopted legislation to allow the Department of Environmental Management and the Office to use up to 10.0 percent or \$0.3 million, whichever is greater of the auction proceeds for administrative costs. The request includes \$0.3 million for operations, \$0.1 million more than enacted to primarily reflect more staff time being allocated to the initiative. *The Governor recommended funding as requested. The Assembly concurred.*

All Other Salaries and Benefits. The Department requested \$1.1 million from federal and restricted sources to fund all other salary and benefit costs in the Office of Energy Resources, \$13,045 less than enacted. However, adjusting for turnover savings of \$37,869 included in the request for which the enacted budget did not assume any, the request is \$24,824 more than enacted to reflect the cost-of-living adjustment, as well as funding for two interns. It also includes medical benefit savings and benefit rate changes consistent with FY 2015 revised planning values. *The Governor recommended funding as requested. The Assembly concurred.*

All Other Projects and Operations. The Department requested \$0.7 million from federal and restricted sources for all other energy related projects and operating costs. This is \$0.3 million more than enacted, to primarily reflect restricted receipts the Office received from the Attorney General's Office from a settlement. The funds will be used to support various projects including air pollution mitigation. *The Governor recommended funding as requested. The Assembly concurred.*

Debt Service

38 Studios Debt Service. The Department requested the enacted amount of \$12.3 million for debt service relating to 38 Studios. Subsequent to the enactment of the budget, the Commerce Corporation received a settlement of \$4.4 million. The net settlement of \$3.2 million was deposited with the trustee. Additionally, the Corporation transferred all funds available in the program reserve fund, which was \$0.9 million. As of October 31, 2014, the Capital Reserve Fund had a balance of \$4.2 million, which can be used to reduce the state's debt service contribution by a like amount. *The Governor recommended \$3.7 million less than enacted to reflect use of settlement proceeds that the Corporation received. The Budget also includes \$12.5 million in FY 2016. The Assembly concurred.*

Historic Structures Tax Credit. The request includes the enacted amount of \$31.7 million from general revenues to fund debt service costs for historic tax credits, assuming issuance of \$75.0 million in new bonds in FY 2014 to cover expected credits. The issuance was delayed due to available funds in the Trust Fund from the initial \$150.0 million issuance. The debt comes from the 2008 Assembly's legislation to significantly modify the program. It required upfront processing fees, placed a moratorium on new projects, reduced the overall effective credit from 27.75 percent to 22.0 percent, and authorized borrowing sufficient funds to cash out all credits. The 2013 Assembly adopted legislation to allow new projects to replace those projects that are not progressing and developed new requirements and standards. As of October 31, 2014, the Division of Taxation had conditionally approved projects totaling \$49.9

million. The Historical Preservation and Heritage Commission has reviewed and provided Phase II approval for 32 projects totaling \$42.3 million.

*The Governor recommended \$21.4 million in FY 2015. This includes a savings of \$10.3 million to reflect a delay in issuance based on project completion and available funds in the Trust Fund. **The Assembly concurred.***

Convention Center Authority. The revised request includes the enacted amount of \$23.0 million from general revenues for debt service for the Convention Center Authority. Under the terms of the lease agreement between the state and the Authority, the minimum rentals payable by the state in any fiscal year are equal to the gross debt service costs in that year; the state would be responsible for covering any operating shortfalls and recoups any operating profits. *The Authority is in the process of refunding a portion of its outstanding debt, which would result in estimated savings of \$3.5 million in the current year. The Governor included \$2.0 million in savings. **The Assembly concurred.***

All Other Debt. The Department requested \$150.8 million from all funds for all other debt service expenditures. This includes \$99.5 million from general revenues, \$1.5 million less than enacted to reflect savings from general obligation bond projects. The request includes the enacted amount of \$33.3 million from Certificates of Participation for technology and energy conservation related projects and \$49.7 million for transportation related debt, of which \$1.8 million is for the Public Transit Authority. Other debt service costs are \$7.4 million, including \$3.4 million for required payments under the Fidelity Job Rent Credits agreement. Under the incentive based agreement between the state and Fidelity, the state provides job rent credits for each full-time equivalent employee in excess of a 1,000 employee base.

*The Governor included \$7.3 million less than requested, primarily from general revenues to reflect debt service savings. This appears to be consistent with debt service savings that the Budget Office projected in November 2014. Subsequently, the Budget Office indicated that the debt service schedule for the School for the Deaf requires that the \$1.2 million related to the principal payment budgeted in FY 2015 would be made in FY 2016. **The Assembly concurred and adjusted expenditures accordingly.***

Facilities Management

Utilities. The Department projected utility costs of \$19.2 million from all funds for FY 2015, including \$16.1 million from general revenues at state buildings under its jurisdiction, including the Pastore Campus. The projection is \$1.2 million more than enacted and is 7.2 percent or \$1.3 million more than FY 2014 reported expenditures, adjusting for \$0.5 million in expenditure credit that the Department received from the Providence Water Supply Board.

Compared to the enacted budget, the request includes \$0.6 million more for electricity to reflect a rate increase implemented by National Grid in January 2014, for which funding was not included in the enacted budget. In November 2014, National Grid proposed a 23.6 percent rate increase that would be in effect from January 1, 2015, through the end of June. Based on FY 2014 reported expenditures, the impact of the rate increase to the Department would be \$417,791 from all funds, including \$375,348 from general revenues. The Public Utilities Commission approved the rate increase; however, the increase is spread over 12 months instead of 6 months. The revised request does not include funding for this, as the budget was submitted prior to the proposed increase.

The request includes \$0.6 million less for oil, which the Department indicated is due to the Pastore Center power plant having sufficient supplies. Also, the decrease in oil consumption is negated by the Zambarano power plant being operated on woodchips, for which the Department included \$0.4 million in expenditures; \$0.6 million more for natural gas, which is \$0.4 million or 3.5 percent more than FY 2014

reported expenditures, and \$0.3 million more for water to reflect anticipated consumption as well as a 16.9 percent rate increase that took effect in November 2013.

*The Governor recommended \$0.8 million more than requested; all but \$51,934 is from general revenues to reflect funding for the rate increases. **The Assembly concurred.***

Building Maintenance and Snow Removal. The Department requested \$1.0 million more than enacted, including \$0.9 million from general revenues for building maintenance and snow removal expenditures. This includes \$0.7 million more for building maintenance for which the enacted budget included \$1.4 million. The Division is responsible for 140 state facilities including 19 state buildings and receives maintenance requests from several agencies for painting and repairs to elevators, leaking roofs and heating, ventilating and air conditioning systems. The request is based on reported expenditures for FY 2014, for which the Department incurred a deficit of \$0.7 million. The request includes \$0.4 million for snow plowing expenses, \$0.3 million more than enacted based on reported expenditures for FY 2014, for which the Department incurred a deficit of \$0.3 million. Due to the severity of last winter, the Department incurred more costs for snow removal and it indicated that there were several buildings that experienced heating issues.

The Department's first quarter report showed a projected general revenue deficit of \$1.3 million. It subsequently submitted a corrective action plan to eliminate the deficit. The plan lowers building maintenance and snow removal expenses by \$0.4 million of which \$0.3 million is for snow removal. The Department does not control this expenditure. If it snows, the roads under the jurisdiction of Facilities Management must be plowed.

*The Governor concurred with the corrective action plan and further reduced building maintenance expenditures by \$0.1 million. The recommendation includes a total of \$70,548 from all funds, including \$66,970 for snow removal. Expenditures through June totaled \$1.0 million, \$0.9 million above the recommended budget. The Department indicated that it is working with the Federal Emergency Management Agency to obtain a share of the snow removal costs associated with Blizzard Juno; however, the reimbursement is not likely to be received until FY 2016. **The Assembly provided an additional \$0.9 million from general revenues to reflect actual snow removal expenditures.***

Other Facilities Operations. The Department requested \$5.9 million from all sources of funds for all other expenditures for the Division. Reported expenditures for these items were \$6.0 million in FY 2014. Expenditures for the operations of the central power plant account for more than 45.0 percent of the request and is projected to be \$0.1 million less than enacted. The contract for the operations of the power plant has two components: the direct labor paid, which is a fixed amount and consumables, which depends on repair costs. The request includes \$0.1 million in savings for janitorial services. The Department is in the process of preparing bidding documents for janitorial services.

The request includes \$151,629 for landscaping and cleaning services at the State House and Station Park. It should be noted that the enacted budget includes the Department of Corrections' constrained initiative to eliminate funding for landscaping and included a savings of \$231,386. The Department of Administration now assumes responsibility for the State House and Station Park and requested funding for these expenses. The Department of Corrections submitted a revised budget requesting \$0.1 million for landscaping of Waterplace Park. *The Governor recommended funding as requested. **The Assembly concurred.***

Information Technology

Electronic Permitting System. The Governor reappropriated \$0.5 million of the \$0.6 million provided for the purchase or lease and operation of a web-accessible plan review management and inspection

software system, which would create a standardized system available to the State Building Code Commission and all municipalities and fire districts. A vendor has been selected for the development of the system and the Department is in the process of finalizing the contract with the vendor. The Department hopes to have phase I completed by the fall of 2015. The FY 2015 enacted budget includes \$0.3 million for development of the system.

The Department's first quarter report showed a projected general revenue deficit of \$1.3 million. It subsequently submitted a corrective action plan to eliminate the deficit. The plan assumes shifting \$0.3 million of general revenue expenditures to the Information Technology Investment Fund, which had a cash balance of \$4.9 million as of June 30, 2014. The Information Technology Investment Fund Committee would have to approve this expense. *The Governor recommended funding consistent with the Department's corrective action plan.* **The Assembly concurred.**

RI Financial Accounting System Operations. The Department requested expenditures of \$1.7 million from general revenues for operational expenditures of the state's financial accounting network system, which involves installation of a series of modules for each particular service forming an integrated system. This is \$41,219 more than enacted which includes \$24,676 for salaries and benefits to primarily reflect the cost-of-living adjustment for 3.5 full-time equivalent positions that support the system. Operating costs are \$16,543 more than enacted, primarily for cable, data and sonnet lines, and software and hardware contracts. Excluding salary and benefit costs, the request is \$0.1 million more than FY 2014 reported expenditures.

The Governor concurred, with the exception of providing \$1,098 less general revenues to reflect additional statewide medical benefit savings. **The Assembly concurred.**

Information Technology Investment Fund. The Department's request includes a total of \$8.2 million from all funds from the Information Technology Investment Fund, \$5.1 million more than enacted. This fund was created by the 2011 Assembly for acquiring information technology improvements, including, but not limited to, hardware, software, and ongoing maintenance. The 2012 Assembly transferred \$9.0 million into the fund and the 2014 Assembly adopted legislation to transfer an amount of not less than \$10.0 million from tobacco bond refinancing proceeds into the fund and it also adopted legislation to transfer 10.0 percent of the \$1.00 monthly surcharge on wireless and land lines into the fund, effective July 1, 2015, which is estimated to generate \$1.5 million annually.

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

Of the \$8.1 million requested, \$6.5 million is for projects under the purview of the Office of Digital Excellence: \$3.0 million is to replace the payroll system, \$0.5 million is for first year funding to replace the budgeting system, \$1.5 million is for a content management system, which the Department indicated would create a common platform for workflow, storage, and distributed publishing of content for websites and applications. It also includes \$250,000 for the electronic permitting system and \$0.5 million to digitize records for the Department of Environmental Management. The Department projected a FY 2015 ending balance of \$10.8 million from the Fund.

The Governor recommended expenditures of \$12.6 million in FY 2015, \$4.4 million more than requested for the Unified Health Infrastructure Project. The recommendation assumes that \$6.4 million in bond premiums that were deposited into the Rhode Island Capital Plan Fund in FY 2015 will be transferred into the Fund before June 30, 2015 to support the Unified Health Infrastructure Project. Under current

law, a total of \$26.3 million from refinancing of tobacco bonds would be deposited into the Fund; the Governor proposed less transfer limiting that to approximately \$7.3 million.

The Assembly did not concur with the Governor's proposals, resulting in net additional resources of \$12.6 million. The Assembly authorized \$1.5 million in FY 2015 to be used for the Judiciary's case management system.

All Other Operations. The Department requested revised expenditures of \$5.4 million from all funds for the Division of Information Technology, \$0.9 million less than enacted. This includes the removal of \$1.0 million due to overstated information technology costs for the Department of Transportation. Accounting for this adjustment, the request is \$0.1 million more than enacted, including \$20,922 from general revenues.

The request includes savings of \$0.1 million for equipment maintenance and \$0.3 million due to the elimination of leasing costs for printers at the data center. The Department indicated that equipment totaling \$1.8 million was purchased for the Division of Information Technology's mailroom based on Deloitte's recommendation for increased utilization relating to the Unified Health Infrastructure Project. This includes a barcode sorter and two automated mail inserters. The equipment was funded with federal funds by the Office of Health and Human Services. The request reflects increases of \$0.1 million for various software maintenance, \$0.1 million for internet services provided by Cox Communications and \$0.1 million for staff training. The request is \$0.7 million more from all funds, including \$0.3 million more from general revenues than FY 2014 reported expenditures. *The Governor recommended funding as requested. The Assembly concurred.*

Human Resources

Personnel Redesign Study. The Governor reappropriated \$280,000 of the \$0.5 million included in the FY 2014 budget to obtain outside services to redesign the state's personnel classification and compensation system.

In addition to the reappropriation of \$280,000, the revised request includes \$220,000 for total funding of \$0.5 million. The goals of the study are to increase the state's ability to attract and maintain a high quality workforce and increase flexibility within the classification and compensation systems. The total cost of the study is \$834,275; however, the funding included in FY 2015 and FY 2016 totaled \$1.0 million. The Department indicated that the \$0.2 million or 20.0 percent requested above the contract cost is for potential change orders. *The Governor recommended funding as requested. The Assembly concurred.*

Medical Related Cost Shifts. The Department's revised budget reflects shifting current general revenue expenditures of \$0.2 million for costs related to employee health benefits to the Health Insurance Internal Service Fund. Shifting the costs to the internal service fund would allow the Department to spread costs over all budget funds, saving general revenues. This eliminates the need for a direct appropriation and the costs would now be reflected in the working rates for medical benefit costs. The enacted budget includes \$76,580 for the Worksite Wellness Program and \$130,000 for contractual services provided by Hewitt Associates, which performs employee health benefit analyses on an as-needed basis and contractual costs for audits of medical and pharmacy claims.

Staff estimated that the fiscal impact is that total costs of health benefits would grow by 0.1 percent. Based on the revised planning values for FY 2015, the annual impact for a family plan would be \$24 and for an individual plan would be \$8. The employee would be responsible for 15.0 percent to 25.0 percent of the cost and the state would be responsible for 85.0 percent to 75.0 percent.

*The Governor recommended funding as requested. **The Assembly concurred.***

Human Resources Reorganization. The request includes \$10.1 million from all funds, including \$7.6 million from general revenues to fund 103.0 full-time positions in the Division of Human Resources. This is \$8,045 less than enacted, including \$173,256 more from general revenues to primarily fund two new administrative positions to support the reorganization of the division. The request includes the cost-of-living adjustment as well as benefit rates consistent with revised Budget Office planning values. It assumes \$0.7 million in turnover savings for which the enacted budget includes \$0.3 million.

In 2013, a comprehensive personnel study found that the current structure, organization and staffing of the Division of Human Resources is not sufficient to support the state's need. The recruiting process is highly paper-based, job classification structures do not reflect qualifications to deliver the services, and the compensation structures are non-competitive. The study included a total of 16 recommendations including restructuring the division, to be headed by a new chief of human resources that will be dedicated to establishing strategic direction and developing policies. The Department filled that position in December 2013.

As the Department moves to implement the recommendations from the study, its request reflects the reorganization of the Division of Human Resources and eliminates the current service center model. The current structure now includes the Office of Human Resources Site Operations and the Office of Employee Services, Payroll and Data. One of the two new positions requested will provide administrative support to the Office of Employee Services, Payroll, and Data.

The FY 2007 budget transferred positions as well as funding from various departments to centralized human resources functions. Prior to that, each agency handled its own human resources functions. According to the Fiscal Fitness documents, "consolidation will eliminate redundant activities, offer a broader, more in-depth level of expertise, implement a wider range of services and provide for the implementation of clear, consistent personnel policies across state service."

The reorganization established the Office of Labor Relations. It also merged the Offices of Employee Benefits and State Employees' Workers Compensation. The reorganization includes merging the chief of employee benefits and chief of workers' compensation into a new deputy personnel administrator.

*The Governor recommended \$9.9 million from all funds, \$0.3 million less than requested. This includes additional turnover and statewide medical benefit savings. The Governor recommended that the existing human resources' structure remain in place for FY 2015. **The Assembly concurred.***

All Other Operations. The Department requested \$0.3 million from all funds, including \$0.2 million from general revenues for all other operating expenses for the Division of Human Resources. This is \$3,949 more than enacted from all sources, including \$2,739 from general revenues. It includes minor adjustments for mileage reimbursement, printing and office supplies to reflect anticipated expenditures. The general revenue request is \$13,379 more than FY 2014 reported expenditures. *The Governor concurred and provided an additional \$11,786 for various office supplies. **The Assembly concurred.***

Planning

Housing Shelter Grants. The Governor reappropriated \$223,218 of the \$750,000 from general revenues appropriated in FY 2014 to provide rental housing subsidies for eligible homeless individuals and families. Currently five agencies provide housing and shelter related services under this program: Crossroads, House of Hope, The Providence Center, Riverwood Mental Health Services and the Amos House. The 2014 Assembly increased the real estate conveyance fee from \$2.00 to \$2.30 per \$500 for the purchase of property conveyed for more than \$100 to create a permanent stream of funding

for shelter operations, lead abatement and rental housing subsidies. The enacted budget includes \$750,000 from this fund to continue to provide rental housing subsidies. *The Governor recommended funding as requested.* **The Assembly concurred.**

Community Development Block Grant Adjustments. The request includes \$7.3 million from federal funds, \$2.8 million more than enacted for various community development block grants. Annually, the grant awards are received from the federal government and prior years' remaining funds are carried forward for expenditures; the grants are also adjusted based on available balances of the block grant awards unspent by the Department. Due to the timing of payments, grant funds often overlap fiscal years. Reported expenditures in FY 2014 were \$3.6 million or 49.6 percent of the final appropriation.

Of the requested amount, \$7.0 million is for grants to various municipalities and \$0.3 million is for administration of the program. This includes \$0.2 million for salaries and benefits for approximately two full-time equivalent positions, which is \$44,755 more than enacted to reflect the cost-of-living adjustment as well as staffing costs currently allocated to the program. Consistent with the enacted budget, the request includes \$34,740 for operating costs.

The Governor concurred, with the exception of providing \$29,883 less federal funds to reflect additional turnover savings. **The Assembly concurred.**

Disaster Recovery Grants. The request includes federal fund expenditures of \$6.3 million, \$1.4 million more than enacted to reflect anticipated expenditures for the Disaster Recovery Assistance program. The request includes \$2.5 million or \$0.1 million more than enacted for Hurricane Sandy related projects and \$3.8 million or \$1.4 million more than enacted to support infrastructure that was impacted by the 2010 flood. The Community Development Block Grant Disaster Recovery Assistance is authorized under Title I of the Housing and Community Development Act of 1974, as amended.

The Governor concurred and provided an additional \$2.0 million from federal funds to reflect anticipated expenditures. **The Assembly concurred.**

Sustainable Communities Grant (RhodeMAP RI). The Department requested revised expenditures of \$0.8 million, \$0.4 million more than enacted to reflect federal funds carried forward from FY 2014 from the Department of Housing and Urban Development for the Sustainable Communities Regional Planning Cooperative program. In 2011, the state was awarded \$1.9 million for a three-year grant to develop a sustainable plan for the state. The program supports planning efforts that integrate housing, land use, economic and workforce development, transportation, and infrastructure investments. In FY 2013, Fourth Economy completed the economic data analysis, which focused on the areas of the state's business climate and regulatory environment. In FY 2014, the state entered into a contract with Horsley Witten to provide planning consulting services for the development of the plan. The State Planning Commission adopted the economic development plan on December 11, 2014.

Of the \$0.8 million requested, \$0.6 million is included for contractual services and \$0.2 million is for salaries and benefits for administration of the plan. Of the total grant award, \$1.4 million has been spent through December 11, 2014. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Planning Programs and Operations. The Department requested \$8.3 million from all funds, \$0.7 million more than enacted for all other programs and operating costs for the Division of Planning. This includes \$12,750 more general revenues for insurance for the Water Resources Board Corporate members. Projected expenditures from other funds reflect a reduction of \$0.2 million from the enacted amount of \$1.9 million, which are reimbursed by the Federal Highway Administration through the Department of Transportation for planning related projects. The Transportation Advisory Committee

advises the State Planning Council on transportation planning and encourages public participation in the process. The Committee also reviews and provides input into the transportation planning documents that are the responsibility of the State Planning Council including the Ground Transportation Plan and Transportation Improvement Program.

The request includes the enacted amount of \$3.4 million from restricted receipts for the Lead Hazard Reduction program, rental housing subsidies and shelter operations.

*The Governor concurred, with the exception of providing \$0.1 million less from federal funds to reflect anticipated expenditures. **The Assembly concurred.***

Overhead Items

Office of Diversity, Equity & Opportunity. The revised budget includes \$1.1 million from all funds for the Office of Diversity, Equity and Opportunity. This is \$267,090 more than enacted; all but \$2,987 is from general revenues. In May 2013, Governor Chafee issued Executive Order 13-05 entitled "Promotion of Diversity, Equal Opportunity and Minority Business Enterprises in Rhode Island." The Executive Order required that the Department of Administration review all divisions and offices within the Department that are charged with facilitating equal opportunity employment and to make recommendations to improve collaboration between these offices. As part of the FY 2015 budget request, existing staff of 7.0 full-time positions and funding of \$0.9 million were transferred from the Division of Purchasing's Minority Business Enterprise Office and the Division of Human Resources' Outreach and Diversity Office. Additionally, the Department requested funding for three new positions. The Assembly did not concur and provided staffing at the existing level.

The revised budget includes an additional \$0.2 million to fund two new positions and \$64,960 to the Commerce Corporation for use of its staff that helped to implement the program. Of the authorized seven positions, one was vacant as of the pay period ending November 29. All other operating costs are \$24,586 more than enacted, including \$10,000 to obtain outside services to review the operations of the Minority Business Enterprise and \$15,000 for educational and training costs.

The Department's corrective action plan includes \$33,460 in additional turnover savings by maintaining the implementation aide position vacant for the entire fiscal year. *The Governor concurred with the Department's corrective action plan and assumed additional savings of \$53,940 from turnover and statewide medical benefits. **The Assembly concurred.***

All Other Salaries and Benefits. Excluding the items previously mentioned, the Department requested \$58.3 million from all sources of funds, including \$44.8 million from general revenues for all other salary and benefit costs for 576.7 full-time equivalent positions. This is \$0.3 million more than enacted, primarily from general revenues. Adjusting for the allocation of \$0.2 million in statewide medical benefit savings, the request is \$0.6 million more than enacted. It includes \$0.9 million from all funds for the cost-of-living adjustment, including \$0.6 million from general revenues; \$67,600 more for overtime, primarily in Facilities Management and benefit rates consistent with the FY 2015 revised planning values. It also shifts personnel costs of \$61,374 for the Federal Grants Management Office within the Office of Management and Budget from restricted receipts to general revenues. The receipts were derived from the 0.5 percent assessment on American Recovery and Reinvestment Act funded projects. The request assumes \$2.6 million in turnover savings, \$0.6 million more than enacted.

*The Governor recommended \$57.3 million for all other salaries and benefit costs. This is \$0.7 million less than enacted and is \$1.0 million less than requested, including \$0.9 million from general revenues for additional turnover and statewide medical benefit savings. **The Assembly concurred.***

Labor Contract Negotiations. The Department requested a total of \$49,813 from general revenues, including \$24,660 in FY 2015 for continued negotiations with unresolved contractual issues. In April 2014, the Administration reached agreements with its largest unions. The Department indicated that it is utilizing Adler, Pollack and Sheehan for the State Police negotiation. Another firm is being utilized for final signoff of the agreements that were reached in April. It should be noted that outside legal cost for the Rhode Island Brotherhood of Correctional Officers negotiations are not reflected in the request. Reported expenditures were \$0.1 million in FY 2013 and \$0.4 million in FY 2014, \$62,101 above the final appropriation.

*The Governor recommended \$173,000 more than requested. This includes \$75,000 for state employee contracts and \$98,000 for State Police. These additional costs do not include the negotiations relating to the Rhode Island Brotherhood of Correctional Officers. **The Assembly concurred.***

Rhode Island Ready Project. Consistent with the current service estimate, the request reflects the removal of \$75,000 for the Rhode Island Ready Project, an initiative developed by the administration to enhance collaborative efforts between the Commerce Corporation, state agencies, such as the Department of Environmental Management, and cities and towns to increase the probability of business attraction, expansion and growth. The project is also intended to reduce time and increase the predictability of getting land developed, buildings constructed and operations up and running. The initial demonstration project will target eight to ten parcels in urban, suburban and rural areas of the state.

It appears that this initiative is not moving forward. *The revised budget removes the funds to reflect that the initiative is not moving forward. **The Assembly concurred.***

All Other Operations. The Department requested \$6.9 million from all funds, including \$1.4 million from general revenues for all other operating expenses. This is \$147,563 more than enacted, including \$20,553 from general revenues, of which \$25,000 is for the Division of Purchasing to obtain outside legal services to examine the Division's procedures and regulations. The Department indicated that the examination is needed in order to reduce the number of protests, reissuing procurements, cancellations and change orders. The Division started this initiative in FY 2014 and reported expenditures were \$93,976. The FY 2016 request also includes \$25,000 from general revenues.

*The Governor recommended \$0.1 million more than requested to primarily reflect outside legal costs for the Office of Regulatory Reform to assist with review and recommendations of regulations and general laws. **The Assembly concurred.***

Capital - Harrington Hall Renovations. The Department requested revised expenditures of \$2.3 million from Rhode Island Capital Plan funds to renovate Harrington Hall. The renovations will include updating the heating, ventilation and air conditioning system, painting and a new kitchen. The building was built in 1936, has a total square footage of 22,071 and is used as a homeless shelter for men. The shelter occupies a former gymnasium and has an 88-bed capacity with two bathrooms and three showers.

The request is \$0.9 million more than enacted and is \$0.7 million more than the approved plan, adjusting for the automatic reappropriation of \$0.2 million. The Department indicated that the project cost increase is attributed to code requirements, based on architectural and engineering services it obtained in November 2013. The project increase is due to additional restrooms, a new laundry room and equipment needed for the kitchen. The cost increase is also due to addressing Americans with Disabilities Act requirements, which the Department indicated might be partially funded by the Governor's Commission on Disabilities.

The Governor recommended total capital expenditures of \$3.4 million. The FY 2015 recommendation is \$1.6 million less than requested, to reflect a shift of funds to FY 2016. She subsequently requested an

amendment to provide an additional \$225,000 in FY 2015 to reflect actual expenditures. The Assembly concurred.

Capital – Pastore Cottages Restoration. The Department requested expenditures of \$2.3 million from Rhode Island Capital Plan funds to renovate three four-bedroom cottages at the Pastore Center for office space. The Department noted that an agreement with the Historical Preservation and Heritage Commission requires that the cottages be preserved for their historic significance. One of the cottages is currently occupied by the Governor’s Commission on Disabilities and the remaining two cottages will be occupied by the Department of Children, Youth and Families.

The request is \$1.5 million more than enacted and is \$0.9 million more than the approved plan, adjusting for the automatic reappropriation of \$0.6 million. The Department noted that the increase in the total project cost is due to the bids it received. However, it should be noted that the scope of the project was also revised to remove all of the cottages from the current steam system to their own mechanical systems. The project will also address accessibility upgrades. *The Governor recommended a total project cost of \$2.1 million, including \$2.0 million in FY 2015. The recommendation is \$0.3 million less than requested. The Assembly concurred.*

All Other Capital Projects. The Department requested \$41.1 million from Rhode Island Capital Plan funds for a total of 34 projects. This is \$10.8 million more than enacted and is \$0.7 million more than the approved plan, adjusting for reappropriations for several projects. *The Governor recommended total expenditures of \$25.0 million, \$5.4 million less than enacted, which is \$16.2 million less than requested. Subsequently, she requested several amendments to reflect revised project costs or delays. The Assembly provided total project costs of \$22.7 million essentially as recommended. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

Department of Business Regulation

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|---|----------------------|----------------------|----------------------|----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 1,220,052 | \$ 1,234,949 | \$ 1,189,523 | \$ 1,189,523 |
| Banking Regulation | 1,495,464 | 1,564,260 | 1,660,454 | 1,660,454 |
| Securities Regulation | 830,288 | 1,013,151 | 929,761 | 929,761 |
| Commercial Licensing, Racing & Athletics | 1,043,749 | 1,170,059 | 1,192,450 | 1,192,450 |
| Insurance Regulation | 4,858,147 | 5,177,250 | 5,621,771 | 5,621,771 |
| Office of the Health Insurance Commissioner | 2,543,384 | 2,539,472 | 2,941,922 | 2,941,922 |
| Board of Accountancy | 5,037 | 16,654 | 16,654 | 16,654 |
| Boards for Design Professionals | 253,105 | 260,635 | 264,810 | 264,810 |
| Total | \$ 12,249,226 | \$ 12,976,430 | \$ 13,817,345 | \$ 13,817,345 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 9,474,527 | \$ 10,486,304 | \$ 10,485,578 | \$ 10,485,578 |
| Contracted Services | 364,027 | 1,965,260 | 2,750,985 | 2,750,985 |
| Subtotal | \$ 9,838,554 | \$ 12,451,564 | \$ 13,236,563 | \$ 13,236,563 |
| Other State Operations | 2,385,638 | 431,128 | 487,044 | 487,044 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grant, and Benefits | - | 80,000 | 80,000 | 80,000 |
| Capital | 25,034 | 13,738 | 13,738 | 13,738 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 12,249,226 | \$ 12,976,430 | \$ 13,817,345 | \$ 13,817,345 |
| Sources of Funds | | | | |
| General Revenue | \$ 8,526,389 | \$ 9,013,477 | \$ 8,802,653 | \$ 8,802,653 |
| Federal Aid | 2,038,842 | 2,021,830 | 2,469,508 | 2,469,508 |
| Restricted Receipts | 1,683,995 | 1,941,123 | 2,545,184 | 2,545,184 |
| Other | - | - | - | - |
| Total | \$ 12,249,226 | \$ 12,976,430 | \$ 13,817,345 | \$ 13,817,345 |
| FTE Authorization | 94.0 | 94.0 | 98.0 | 98.0 |
| FTE Average | 82.4 | | | |

FY 2015 Revised Request. The Department requested \$1.1 million more than enacted from all fund sources, including \$31,136 less from general revenues and increases of \$0.6 million each from federal funds and restricted receipts. It requested 97.0 full-time equivalent positions, 3.0 more than the authorized level.

The Governor recommended \$0.3 million less than requested from all funds and staffing of 98.0 full-time equivalent positions. This includes \$0.2 million less from general revenues to primarily reflect additional

turnover and statewide medical benefit savings. *The recommendation restores 4.0 positions but does not fund them.* **The Assembly concurred.**

Executive Office of Commerce. The 2013 Assembly adopted several pieces of legislation pertaining to economic development. One of which created the Executive Office of Commerce to be administered by a secretary of commerce, effective February 1, 2015. The Office will oversee and will serve as the lead agency of the Executive Branch for managing the promotion of commerce and the state's economy. Pursuant to 2013-H 6063, Substitute B, on or about February 1, 2015, the Executive Office of Commerce will have powers to operate functions from the Department of Business Regulation and, subsequently, various functions from the Department of Administration. *The Governor's budget maintains the Department of Business Regulation as a stand-alone department.* **The Assembly concurred.**

Actuarial Services for Rate Review Filings. The Department requested revised expenditures of \$1.5 million from restricted receipts, \$0.6 million more than enacted for the costs of actuaries for Insurance regulation. The Department renewed its contract with Deloitte Consulting, Dewesse Consulting, Milliman USA, and Oliver Wyman Actuarial. The Department also contracted with a fifth firm, Merlinos Associates due to the increased number of rate filings. The contract includes a 5.0 percent inflator each year and is in effect through June 30, 2015. The Department indicated that the increase in expenditures is due to more complex rate filings, primarily for long-term care and lender place insurance contracts.

Budgeted actuarial costs have historically exceeded actual expenditures. The request is \$0.6 million more than FY 2014 reported expenditures and expenses through the first quarter of the fiscal year totaled \$0.1 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

Office of the Health Insurance Commissioner - Staffing. The Office of the Health Insurance Commissioner requested revised expenditures of \$1.9 million to fund 13.0 full-time equivalent positions. This is \$0.3 million more than enacted, primarily from federal funds to reflect the restoration of \$0.1 million in turnover savings that the enacted budget assumed and \$0.1 million that was previously funded by the Health Benefits Exchange to support 1.2 full-time equivalent positions reviewing health insurance rates. The Exchange positions subsequently became vacant and the revised request assumes that 1.0 position would be funded with federal Rate Review funds. The general revenue request is \$10,503 more than enacted. This reflects the cost-of-living-adjustment as well as funding to upgrade a vacant administrative officer position to a principal policy associate. As of the pay period ending November 1, 2014, the Office had two positions vacant.

The Governor recommended \$0.1 million more than enacted and the authorized level of positions. The recommendation is \$0.2 million less than requested primarily to reflect turnover savings not included in the request. **The Assembly concurred.**

Office of the Health Insurance Commissioner - Operations. The Office of the Health Insurance Commissioner requested \$0.3 million more than enacted primarily from federal funds to improve rate review transparencies by developing a consumer-oriented website that publishes health pricing data. The request also includes a reduction of \$11,099 from general revenues or 84.0 percent of the enacted amount to offset the increase in salaries and benefits for the position upgrade. FY 2014 reported general revenue expenditures were \$12,999 or \$909 below the final appropriation. Despite including it in the request, the Office indicated that the reduction was unattainable.

The Governor recommended \$38,625 more federal funds than requested to reflect funding for the State Innovation Model grant, which will be used to support the development and testing of state-based models for multi-payer medical claim payments. This initiative involves several other state agencies. **The Assembly concurred.**

All Other Staffing. The Department requested revised expenditures of \$8.9 million for all other salary and benefit costs. This is \$34,131 less than enacted including \$31,240 from general revenues and \$2,891 from restricted receipts to reflect revised estimates for staff efforts that are billable directly to the industries the Department regulates. The request includes medical benefit savings, step increases for several positions as well as the cost-of-living-adjustment. It assumes \$0.1 million more in turnover savings for which the enacted budget included \$0.5 million. The request appears to understate benefit costs by \$27,658 from all funds, including \$25,952 from general revenues.

The request includes 3.0 more full-time equivalent positions than the authorized level of 81.0. This reflects the elimination of a vacant licensing aide position and the restoration of 4.0 positions for which no funding is requested. The Department's full-time equivalent positions have been reduced in the last several years due to the number of vacancies. The 2014 Assembly concurred with the Governor's recommendation to eliminate 4.0 unidentified vacancies in the Department. It should be noted that the Department had 5.0 positions vacant as of the pay period ending November 1, 2014.

*The Governor recommended \$70,854 less than requested from all funds, including \$135,056 from general revenues. This includes \$25,019 to fund retiree health insurance at the correct rate. The recommendation includes \$28,341 for the statewide medical benefit savings and \$0.1 million more in turnover savings. It also includes a shift of \$64,202 from general revenues for salary and benefit costs to available restricted receipts. The recommendation restores 4.0 positions but does not fund them. **The Assembly concurred.***

All Other Operations. The Department requested \$700 more from general revenues for all other operating costs, for which the enacted budget included \$0.6 million from all sources including \$0.2 million from general revenues. The increase primarily relates to the operations of the Real Estate Appraisers Board and includes \$500 for postage and \$200 for telephone expenses. The revised request of \$226,135 is \$13,190 more than FY 2014 reported expenditures. *The Governor recommended the general revenue increase; however, provided \$13,000 less from restricted receipts to reflect anticipated receipts from banking reimbursements. **The Assembly concurred.***

Executive Office of Commerce

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|---------------------|--------------------|--------------------|-------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ - | \$ - | \$ 315,644 | \$ 201,314 |
| Contracted Services | - | - | - | - |
| Subtotal | \$ - | \$ - | \$ 315,644 | \$ 201,314 |
| Other State Operations | - | - | 15,000 | 15,000 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | - | - | - |
| Capital | - | - | 5,000 | 5,000 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ - | \$ - | \$ 335,644 | \$ 221,314 |
| Sources of Funds | | | | |
| General Revenue | \$ - | \$ - | \$ 335,644 | \$ 221,314 |
| Federal Aid | - | - | - | - |
| Restricted Receipts | - | - | - | - |
| Other | - | - | - | - |
| Total | \$ - | \$ - | \$ 335,644 | \$ 221,314 |
| FTE Authorization | - | - | 5.0 | 5.0 |
| FTE Average | - | - | | |

FY 2015 Revised Request. The 2013 Assembly adopted several pieces of legislation pertaining to economic development. One of which created the Executive Office of Commerce to be administered by a secretary of commerce, effective February 1, 2015. The Office will oversee and will serve as the lead agency of the Executive Branch for managing the promotion of commerce and the state's economy. Pursuant to 2013-H 6063, Substitute B, on or about February 1, 2015, the Executive Office of Commerce will have powers to operate functions from the Department of Business Regulation and, subsequently, various functions from the Department of Administration.

The Governor recommended general revenue expenditures of \$0.3 million and staffing authorization of 5.0 full-time equivalent positions for FY 2015. The recommendation does not transition Department of Business Regulation functions, leaving it as a stand-alone department. The transfer of the Rhode Island Film and Television Office and the Office of Housing and Community Development from the Department of Administration are reflected in the FY 2016 budget.

The Assembly provided \$0.1 million less to reflect turnover savings.

Department of Labor and Training

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 697,641 | \$ 2,437,211 | \$ 1,468,181 | \$ 2,468,181 |
| Workforce Development Services | 28,651,030 | 34,761,176 | 45,160,030 | 45,160,030 |
| Workforce Regulation and Safety | 3,004,733 | 2,720,916 | 2,794,384 | 2,794,384 |
| Income Support | 470,573,459 | 462,320,667 | 429,122,385 | 429,258,109 |
| Injured Workers Services | 8,035,081 | 8,951,372 | 8,645,481 | 8,645,481 |
| Labor Relations Board | 386,646 | 388,648 | 381,690 | 381,690 |
| Total | \$ 511,348,590 | \$ 511,579,990 | \$ 487,572,151 | \$ 488,707,875 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 37,703,771 | \$ 38,105,588 | \$ 39,556,657 | \$ 39,556,657 |
| Contracted Services | 4,119,978 | 4,364,433 | 9,122,223 | 9,122,223 |
| Subtotal | \$ 41,823,749 | \$ 42,470,021 | \$ 48,678,880 | \$ 48,678,880 |
| Other State Operations | 4,591,947 | 4,898,680 | 4,617,835 | 4,617,835 |
| Aid to Local Units of Government | 9,664 | - | - | - |
| Assistance, Grants, and Benefits | 433,828,590 | 428,486,982 | 396,047,536 | 396,183,260 |
| Capital | 249,619 | 2,052,638 | 3,623,043 | 4,623,043 |
| Capital Debt Service | 3,024,016 | 5,000,000 | 2,300,000 | 2,300,000 |
| Operating Transfers | 27,821,005 | 28,671,669 | 32,304,857 | 32,304,857 |
| Total | \$ 511,348,590 | \$ 511,579,990 | \$ 487,572,151 | \$ 488,707,875 |
| Sources of Funds | | | | |
| General Revenue | \$ 8,027,721 | \$ 8,669,103 | \$ 9,013,937 | \$ 8,718,217 |
| Federal Aid | 72,019,823 | 42,183,672 | 51,450,837 | 51,882,281 |
| Restricted Receipts | 36,675,422 | 41,540,583 | 51,418,162 | 51,418,162 |
| Other | 394,625,624 | 419,186,632 | 375,689,215 | 376,689,215 |
| Total | \$ 511,348,590 | \$ 511,579,990 | \$ 487,572,151 | \$ 488,707,875 |
| FTE Authorization | 410.0 | 410.0 | 410.0 | 410.0 |
| FTE Average | 383.2 | | | |

FY 2015 Revised Request. The Department of Labor and Training requested \$489.9 million from all fund sources, which is \$21.7 million less than enacted. This includes \$0.4 million more from general revenues reappropriated by the Governor, increases of \$9.9 million from restricted receipts and \$9.3 million from federal funds, and \$41.3 million less from other funds, primarily for unemployment insurance benefits.

The Governor recommended \$2.4 million less than requested, including \$94,240 less from general revenues. Reductions to the request include \$2.2 million from Rhode Island Capital Plan funds for two projects and adjustments to personnel and operating expenses. The Governor subsequently requested an amendment to increase funds for the roof replacement project. The Assembly concurred and added \$0.1 million from all sources, which includes \$0.3 million less from general revenues and \$0.4 million more from federal sources.

Reappropriation - New Job Development Programs. The Department requested \$1.6 million from general revenues, including the enacted level of \$1.1 million and the Governor's reappropriation of \$0.5 million for new employment and support programs. This is for four existing programs included in the enacted budget and adds one program. The Department spent \$295,165 in FY 2014 for these programs; it appears \$265,305 was spent for work immersion, \$20,126 for Back to Work Rhode Island and \$9,664 for child care. In February, it released a review of the Back to Work Rhode Island program that included utilization information.

The Department requested \$1.2 million for a 10-week work immersion program reimbursing employers a portion of the cost to train an individual and \$0.1 million for a non-trade apprenticeship program with grants to be awarded by the Governor's Workforce Board. It includes \$0.1 million for the subsidized child care program through June 30, allowing certain low income parents in job readiness programs access to subsidized child care. It also includes \$0.2 million for 3.0 positions to administer the Back to Work Rhode Island pilot program through December 31, 2014, allowing individuals to continue collecting unemployment benefits while participating in on-the-job training activities for up to six weeks.

The request also adds \$0.1 million for the Self-Employment Assistance Program that provides training and information to individuals collecting unemployment benefits who are interested in becoming self-employed. The Department received a one-time grant that will be expended in FY 2015; since the Department determined the program has been successful, it requested general revenues to continue it.

Subsequently, the Department indicated it utilized \$0.4 million of general revenues allocated to these programs for the subsidized summer youth program, discussed separately.

*The Governor's recommendation includes \$1.6 million from general revenues; it does not make designations to each specific program. The recommendation is \$23,928 less than requested and includes reductions of \$16,595 for grants by including only the addition related to the reappropriation, \$6,806 to remove requested operating expenditures and \$527 for the proposed medical holiday. The Governor's intent was not clear regarding the utilization of these funds for the summer youth program. **The Assembly replaced the \$431,444 spent from general revenues for the summer youth program with federal Temporary Assistance to Needy Families block grant funds.***

Unemployment Insurance Benefits. The Department requested \$177.4 million from all sources for the payment of all unemployment insurance benefits, which includes \$175.9 million for the traditional 26 weeks of benefit payments, federal benefits of \$1.5 million related to the WorkShare program and \$34,000 for self-employment assistance benefits. This is \$32.6 million less than enacted, including \$0.9 million from federal funds and \$31.7 million from other funds, primarily the Employment Security Trust Fund. There have been both fewer individuals collecting benefits overall and lower total benefit payments per individual, primarily reflecting individuals finding employment before exhausting their 26 weeks of benefits. *The Governor recommended funding as requested. **The Assembly concurred.***

Loan Repayment. The Department requested \$26.3 million, or \$0.9 million more than enacted from Job Development funds for payments on the state's unemployment insurance loans. This includes \$2.7 million less towards interest to reflect the actual payment made in September 2014 and \$3.6 million more towards principal payments. The Department paid off the state's loan on November 5, 2014. *The Governor recommended funding as requested. **The Assembly concurred.***

Unemployment Insurance Legal Fees. The Department requested \$0.5 million from restricted receipts for legal fees related to unemployment insurance claims appeals, which is \$0.3 million more than enacted. The 2013 Assembly passed legislation to change the payment amounts and manner in which legal fees were paid to attorneys in unemployment insurance appeals, intended to reduce expenditures from the restricted receipt accounts to avoid the use of general revenues. Combined with other reductions, the

budget assumed total savings of \$0.4 million. The Department implemented the lower fees; however, expenditures remain higher than projected but there were sufficient restricted receipts to offset these expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

Unemployment Insurance Administration. The Department requested \$9.0 million, or \$5.3 million more than enacted, primarily from federal funds, for the administration and operations of the unemployment insurance program, excluding salaries and benefits. The enacted budget includes \$1.0 million for expenses related to the new benefit and tax programs being developed as part of a multistate project with two other states and \$0.8 million for other specific information technology and software upgrade projects. The revised request adds \$5.4 million from federal funds for these projects, mostly for the new benefit system from several FY 2014 delays. The request also includes \$2.0 million for all other traditional administrative expenses, a reduction of \$0.1 million for general operating costs, such as utilities, printing, and office supplies. *The Governor recommended funding as requested.* **The Assembly concurred.**

Police and Fire Relief Fund. The Department requested \$145,101 less from general revenues for police and fire benefits paid to surviving spouses of deceased police and firefighters and education benefits for spouses and children of deceased or disabled officers and firefighters, as well as the disabled worker. The request includes \$61,342 less for pension benefits and \$83,759 less for education benefits based on updated utilization trends through September 2014. *The Governor recommended funding as requested.* **The Assembly added \$135,724 for the anticipated payment of a one-time death benefit.**

Workforce Investment Act Grants and Operations. The request includes \$13.0 million, or \$4.4 million more than enacted from federal Workforce Investment Act funds to support employment initiatives oriented to youth, adults and dislocated workers, excluding salaries and benefits. The increase includes \$1.6 million for adult workers, \$1.3 million for both dislocated workers and youth programs, and \$0.2 million for field staff and programming. This reflects funds awarded in FY 2014 that were not spent and funds not yet awarded since the Department has three years to spend the annual award and all available funding is usually budgeted to allow for flexibility of spending even though it is not awarded. The request also adds \$0.1 million for one-time upgrades and renovations at the four *netWORKri* locations, including paint, furniture, new computers and other electronic equipment. *The Governor recommended funding as requested.* **The Assembly concurred.**

Governor's Workforce Board Grants and Operations. The Department requested \$4.6 million, or 58.6 percent more than enacted from restricted receipts to support initiatives of the Governor's Workforce Board and the Human Resource Investment Council, excluding salaries and benefits. This primarily reflects \$4.2 million in awards granted but not expended in FY 2014; the Board often budgets all funding available for grants in the current year, even if the grant is expected to span more than one fiscal year. It also includes \$0.4 million for one-time upgrades and renovations at the four *netWORKri* locations. The Board's funding is from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax. *The Governor recommended funding as requested.* **The Assembly concurred.**

Summer Employment Program. The enacted budget assumes use of \$0.6 million from federal Workforce Investment Act funds in lieu of federal Temporary Assistance to Needy Families block grant funds and \$0.9 million from the Job Development Fund for the subsidized summer employment program for youth between the ages of 14 and 24. The revised request adds \$0.1 million from federal Temporary Assistance to Needy Families block grant funds.

This program is funded from the Job Development Fund, some federal Workforce Investment Act funds and has utilized federal Temporary Assistance to Needy Families block grant funds for the past three fiscal years. The Department included \$0.1 million from the federal block grant; however, it was not until December that the Department indicated the \$0.6 million from federal Workforce Investment Act funds

cannot be used for this program. The Department utilized \$0.3 million from general revenues allocated to new job development programs, discussed earlier, for the remainder of the expenditures for the subsidized summer employment program. In January, the Department indicated the total had increased to \$431,444 as final bills came in; the expenditures changed the allocation for the work immersion program.

*The Governor recommended \$100,000 from federal block grant funds as requested. She also recommended \$1.6 million from general revenues for the new job development programs, discussed previously. Because she did not specify allocations for each component, it is unclear what the intent is; however, there appears to be sufficient funding for this program from that pool of money. **The Assembly replaced the \$431,444 spent from general revenues for this program with federal Temporary Assistance to Needy Families block grant funds.***

All Other Workforce Development Grants and Operations. The Department requested \$6.7 million or \$0.4 million more than enacted, primarily from federal funds for all other workforce development program grants and operations, excluding salaries and benefits. The request adds \$0.1 million for one-time facility upgrades and renovations at the four *netWORKri* locations, mostly offset by reductions for utility, lease, and security costs to more closely align with FY 2014 expenditures. The request includes \$1.8 million less for Trade Readjustment Act programs from reduced participation. The remainder of the \$2.3 million increase is for grants not expended in FY 2014, including both awards contracted but not spent and unawarded funds since the Department often budgets all funding available for grants in the current year, even if the grant is expected to span more than one fiscal year. These increases include \$1.3 million to serve more disabled adults in the *netWORKri* One-Stop Career Centers, \$0.5 million for a workforce data initiative to create a seamless education and workforce data infrastructure, \$0.4 million to help certain individuals access a career path, and small adjustments to the nine remaining grants. *The Governor recommended funding as requested. **The Assembly concurred.***

Temporary Disability Insurance Benefits. The Department requested \$173.0 million, or \$3.0 million more than enacted from the Temporary Disability Insurance Fund for benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. It should be noted that the Department spent \$159.4 million in FY 2014 for benefits, which reflects the second year of consecutive increased benefit payments. Although the economy is improving and employees feel more secure, thus no longer postponing treatment of health issues, benefit claims need to increase significantly for payments to approach \$173.0 million. *The Governor recommended funding as requested. **The Assembly concurred.***

Temporary Disability Insurance Administration. The Department requested \$0.1 million less than enacted from the Temporary Disability Insurance Fund for administration of the temporary disability insurance program, including salaries and benefits. This includes \$79,292 less for salaries and benefits from shifting 0.7 positions to other programs, increasing turnover savings, and adding \$139,272 for the cost-of-living adjustment; it also includes \$36,041 less for administration, primarily for various maintenance and utility costs. *The Governor recommended funding as requested. **The Assembly concurred.***

Temporary Caregiver Benefits. The Department requested \$8.5 million from temporary disability insurance funds for benefit payments for the new Temporary Caregiver program, which is \$11.5 million less than enacted. Although the number of applications was high, the amount of benefits utilized was much lower than anticipated in FY 2014 and the Department anticipates that trend to continue into FY 2015. The program began on January 1, 2014, and allows eligible claimants up to four weeks of benefits to care for a seriously ill child, spouse, domestic partner, parent, parent-in-law or grandparent, or to bond with a newborn child, new adopted child or new foster care child. The benefit rate is the same as temporary disability insurance benefits. *The Governor recommended funding as requested. **The Assembly concurred.***

Temporary Caregiver Administration. The Department requested \$0.2 million more from temporary disability insurance funds for administration of the Temporary Caregiver program. This includes \$0.3 million more from shifting 3.0 positions from other divisions, for a total of 10.0 positions, and \$26,031 for the cost-of-living adjustment. The Department based its original staffing request on other states' experiences, but after six months, assigned additional staff to the program. The request also includes \$98,086 less for administration, consistent with FY 2014 expenditures; however, the Department indicated that this is likely insufficient since the program was only operational for the final six months of FY 2014. *The Governor recommended funding as requested.* **The Assembly concurred.**

Workers' Compensation. The Department requested \$0.1 million less than enacted from workers' compensation restricted receipts for administration of the workers' compensation program, excluding salaries and benefits. The request includes \$0.6 million less for claims through the administration fund for second injuries, partially offset by increases of \$0.3 million for continued computer programming upgrades and information technology services for claims processing, \$0.1 million for contracted doctors and other medical professionals and services at the Donley Center, and \$0.1 million for all other operating expenses, including insurance and maintenance. Requested expenses are \$0.3 million above FY 2014 reported expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Improvements. The Department requested \$3.8 million or \$1.8 million more from all fund sources for the replacement of the roof on three of the buildings at the Center General Complex and ten asset protection projects. The request includes \$2.1 million for the roof project, which was delayed from FY 2014, including \$1.3 million from Rhode Island Capital Plan funds, \$0.3 million from both federal funds and temporary disability insurance funds and \$0.2 million from workers' compensation funds. The contract has been awarded and work is scheduled to begin as early as late November and be completed by May 2015. The request also includes \$0.2 million more for asset protection from adding two projects. Funding is essentially consistent with the Department's capital budget request.

The Governor recommended \$2.2 million less than requested, including reductions of \$1.3 million for the roof replacement project and \$0.9 million for asset protection, shifting expenditures to later years. The Governor subsequently requested an amendment to restore \$1.3 million from Rhode Island Capital Plan funds, including \$1.0 million for FY 2015 for the roof replacement project. **The Assembly concurred.** **These projects are discussed in greater detail in the Capital Budget section of this publication.**

Operating Transfers. Excluding items mentioned previously, the Department's revised request includes \$8.3 million for expenditures classified as "operating transfers," which is \$44,032 more than enacted. The changes include \$0.2 million more from Temporary Disability Insurance funds to support the employer tax unit in the Department of Revenue and \$0.2 million less for reimbursements to the three state institutions of higher education. These are shown for accounting purposes to reflect transfers of funds in and out of the state's general fund, out of the temporary disability insurance and employment security funds, and among state agencies. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Salaries and Benefits. The Department requested \$1.4 million more than enacted from all sources for all other salary and benefit expenses for the remaining 344.6 authorized positions. This includes increases of \$0.1 million from general revenues, \$1.4 million from restricted receipts and \$0.1 million from other funds, and a reduction of \$0.2 million from federal sources. The revised request includes the enacted level of positions, but shifts them among programs and funding sources.

The revised request includes shifting and filling a 0.5 position to central management and filling 1.0 Workforce Regulation and Safety position funded from general revenues; the enacted budget assumes the positions will be held vacant. The request utilizes restricted receipts carried forward from FY 2014 in lieu

of federal unemployment insurance funds and for employment services and the Governor's Workforce Board. The request also includes \$1.6 million from federal funds for expenses related to the multistate project to replace the unemployment insurance tax and benefit systems.

Based on the revised request, the cost-of-living increase is \$1.0 million, including \$93,717 from general revenues. The Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017 that includes 2.0 percent salary increases effective April 6, 2014 and October 5, 2014, offset by increased cost sharing measures for medical benefits.

*The Governor recommended \$128,432 less than requested, including \$62,312 less from general revenues, of which \$10,727 reflects additional statewide medical savings. Changes to the request include maintaining the workforce regulation and safety position vacant and additional turnover in the divisions of workers' compensation and workforce development. **The Assembly concurred.***

All Other Operations. The Department requested \$15,051 less than enacted from general revenues for all other operations. The changes reduce legal expenses for school teacher arbitration to the FY 2014 spent level, increase legal expenses for the Labor Relations Board based on year-to-date costs, and reduce various other expenses, such as postage, mileage and maintenance costs within the Workforce Regulation and Safety Division. *The Governor recommended \$8,000 less from general revenues for legal expenses for the Labor Relations Board to make expenditures consistent with FY 2013 and FY 2014. **The Assembly concurred.***

Department of Revenue

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Office of Director | \$ 1,047,014 | \$ 1,122,100 | \$ 1,114,066 | \$ 1,114,066 |
| Office of Revenue Analysis | 523,018 | 564,334 | 545,366 | 545,366 |
| Lottery Division | 318,238,182 | 342,306,302 | 330,592,118 | 330,592,118 |
| Division of Municipal Finance | 1,704,061 | 2,256,992 | 2,279,033 | 2,279,033 |
| Taxation | 20,317,626 | 22,098,570 | 21,956,569 | 23,354,069 |
| Registry of Motor Vehicles | 18,873,487 | 24,846,255 | 22,342,940 | 22,342,940 |
| State Aid | 61,583,867 | 67,020,089 | 67,249,646 | 67,249,646 |
| Total | \$ 422,287,255 | \$ 460,214,642 | \$ 446,079,738 | \$ 447,477,238 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 42,633,076 | \$ 45,081,072 | \$ 44,624,302 | \$ 44,624,302 |
| Contracted Services | 1,627,036 | 4,323,223 | 4,514,951 | 4,514,951 |
| Subtotal | \$ 44,260,112 | \$ 49,404,295 | \$ 49,139,253 | \$ 49,139,253 |
| Other State Operations | 315,418,874 | 340,044,958 | 327,071,842 | 327,071,842 |
| Aid to Local Units of Government | 61,689,580 | 67,150,629 | 67,378,685 | 67,378,685 |
| Assistance, Grants, and Benefits | 72,322 | 108,923 | 108,923 | 1,506,423 |
| Capital | 757,057 | 3,442,837 | 2,314,918 | 2,314,918 |
| Operating Transfers | 89,310 | 63,000 | 66,117 | 66,117 |
| Total | \$ 422,287,255 | \$ 460,214,642 | \$ 446,079,738 | \$ 447,477,238 |
| Sources of Funds | | | | |
| General Revenue | \$ 99,768,361 | \$ 107,798,690 | \$ 107,304,673 | \$ 107,304,673 |
| Federal Aid | 1,655,815 | 5,113,145 | 4,692,166 | 6,089,666 |
| Restricted Receipts | 1,696,101 | 4,000,819 | 2,309,433 | 2,309,433 |
| Other | 319,166,978 | 343,301,988 | 331,773,466 | 331,773,466 |
| Total | \$ 422,287,255 | \$ 460,214,642 | \$ 446,079,738 | \$ 447,477,238 |
| FTE Authorization | 492.0 | 505.0 | 505.0 | 505.0 |
| FTE Average | 461.0 | | | |

FY 2015 Revised Request. The Department of Revenue requested \$8.4 million more than enacted from all sources for FY 2015. This includes \$9,795 more from general revenues, \$0.9 million less from federal funds, \$1.6 million less from restricted receipts, and \$10.9 million more from other funds.

Subsequent to submission of its revised request, the Department submitted a corrective action plan with initiatives to reduce general revenue expenditures to offset \$7,857 of the requested increases. The corrective action items are discussed in the separate items, where appropriate. *The Governor recommended \$22.5 million less than requested, including \$0.5 million less from general revenues, \$0.5 million more from federal funds, \$49,443 less from restricted receipts, and \$22.4 million less from other funds. She subsequently requested an amendment to add \$1.4 million from federal funds for the Division of Taxation. The Assembly concurred.*

Staffing Authorization. The request includes 506.0 full-time equivalent positions, 1.0 more than the authorized level. This includes 14.0 new positions authorized by the 2014 Assembly for the Division of Taxation: 7.0 new revenue officer positions to assist in enhanced collections and compliance efforts and 7.0 new full-time positions for implementation of business tax restructuring and combined reporting effective January 1, 2015. The request also includes the restoration of 1.0 unidentified full-time equivalent position assumed allocated to other state agencies in the enacted budget; however, the Department did not identify the specific division to which the restored position would be assigned. As of November 29, 2014, the Department reported 473.1 filled positions, 31.9 less than authorized.

The Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017 that includes 2.0 percent salary increases effective April 6, 2014 and October 5, 2014, offset by increased cost sharing measures for medical benefits. Based on the revised request, the combined FY 2015 cost for the increases is \$1.4 million from all funds, of which \$1.0 million is from general revenues. *The Governor recommended the authorized level of 505.0 full-time equivalent positions.* **The Assembly concurred.**

Office of the Director

Staffing and Operations. The Department requested \$4,964 less than enacted from general revenues for salary and benefit expenses for the Office of the Director. The request reflects current planning values and statewide medical benefit savings and includes \$36,634 to fund the cost-of-living increases. It includes additional turnover savings consistent with current staffing. *The Governor recommended \$3,070 less than requested to reflect additional statewide medical benefit savings.* **The Assembly concurred.**

Office of Revenue Analysis

Staffing and Operations. The Department requested \$17,951 less than enacted from general revenues for salaries and benefits for the authorized 4.0 full-time equivalent positions in the Office of Revenue Analysis. The request includes \$17,002 to fund the cost-of-living increases and is consistent with current staffing, statewide medical benefit savings, and turnover savings associated with a leave of absence; the enacted budget assumed no turnover savings for the current year. *The Governor recommended \$1,017 less than requested to reflect additional statewide medical benefit savings.* **The Assembly concurred.**

Lottery Division

Commission Payments. The Department requested \$7.8 million more than enacted from Lottery funds for commission payments to reflect enacted estimates. The appropriations act historically includes language authorizing the Lottery to pay winning prize funds and commission payments to Twin River and Newport Grand casinos for the fiscal year. *The Governor recommended \$20.1 million less than requested, including \$5.0 million more for table game prizes and \$25.1 million less for traditional lottery prizes, to reflect the November 2014 Revenue Estimating Conference.* **The Assembly concurred.**

All Other Table Gaming Operations. The Department's request includes \$0.3 million more than enacted from Lottery funds for all other table gaming operations, including \$0.2 million more for salaries and benefits for 33.0 positions, reflective of current staffing, updated planning values, and statewide medical benefit savings. The request includes \$0.1 million to fund the cost-of-living increases. Also included is \$40,000 more than enacted for general office expenses, including telecommunications equipment and travel expenses.

The Governor recommended \$0.1 million more than requested, including \$30,548 less for salaries and benefits to reflect historical expenditures and additional statewide medical benefit savings and \$141,672

more for the State Police Gaming Enforcement unit, consistent with the actual unit costs. The recommendation excludes the additional funding for general expenses. **The Assembly concurred.**

Lottery Building Renovations. Consistent with the Department's capital budget request, the request includes \$0.3 million from Rhode Island Capital Plan funds for renovations to the Lottery headquarters building in Cranston, including repair of the parking lot and replacement of the HVAC system and carpet. The request shifts unspent funds from FY 2014 to the current year; the project is scheduled to be completed in FY 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Staffing and Operations. The Department requested \$2.3 million more than enacted from Lottery funds for all other Lottery Division operations. This includes \$0.1 million more for salaries and benefits for 51.0 full-time equivalent positions, including \$0.2 million to fund the cost-of-living increases and turnover savings associated with unanticipated vacancies in the current year. The request is consistent with updated planning values and statewide medical benefit savings. As of November 15, 2014, the Division reported 1.0 vacant position.

The Department also requested \$2.2 million more than enacted from Lottery funds for all other Division operations expenses. This includes \$1.8 million more for state reimbursement of qualified advertising expenses at Twin River Casino, consistent with changes enacted by the 2014 Assembly. Other changes included are \$10,000 more for payments to students performing the weekly winning numbers drawing, reflective of historical expenditures, and \$65,000 more to complete the purchase of new Lottery fleet vehicles. The Department reported that two vehicles ordered in FY 2014 were not delivered by June 30, 2014; the Division did not take possession until FY 2015, when the vehicles were entered into service.

The Governor recommended \$2.4 million less than requested, including \$0.2 million less for salaries and benefits, to reflect historical expenditures and additional statewide medical benefit savings. The recommendation includes \$1.8 million less for advertising reimbursements to Twin River, consistent with the casino's actual and anticipated expenditures, and does not include the requested funds for student payments, fleet purchases or other operations. **The Assembly concurred.**

Division of Municipal Finance

Central Coventry Fire District. The Department requested the enacted amount of \$0.3 million from general revenues for costs associated with state oversight of the Central Coventry Fire District under the Fiscal Stability Act, which provides the state with multiple mechanisms to oversee governmental bodies in significant financial distress, including appointment of an overseer, a budget commission, or a receiver. The 2014 Assembly expanded the Act to include fire districts. A receiver was appointed for the Central Coventry Fire District in May 2014. *The Governor recommended \$0.3 million more than requested to reflect actual expenditures for contracted legal services.* **The Assembly concurred.**

All Other Staffing and Operations. The Department requested \$0.2 million less than enacted from general revenues for Division of Municipal Finance staffing and operations. This includes \$188,262 less for salaries and benefits for 17.0 full-time equivalent positions. The request includes \$53,640 from general revenues to fund the cost-of-living increases. Excluding the cost-of-living increases, the request is consistent with current staffing, planning values, and statewide medical benefit savings and includes reimbursement funds from the Emergency Management Agency for one programming services officer position dedicated to that agency. The request includes turnover savings associated with holding 3.0 positions vacant until December 1, 2014, one more than assumed in the enacted budget. As of November 15, 2014, the Division reported 14.0 filled full-time positions.

Also included is \$8,601 less than enacted for operations expenditures. This includes \$22,500 less for legal services associated with municipal finance oversight and \$18,172 less for all office operations

consistent with historical expenditures. Requested reductions are offset by \$32,071 more for reimbursements to communities for financial and administrative advisors under the Fiscal Stability Act, reflective of an anticipated end to the Woonsocket Budget Commission and the establishment of a financial advisor position as of January 1, 2015.

The Department submitted a corrective action plan in November proposing the extension of two of the vacancies for one pay period, from December 1, 2014 to December 15, 2014, for savings of \$7,857. *The Governor recommended \$0.1 million less than requested, including \$0.1 million less for salaries and benefits, reflective of current vacancies and additional statewide medical benefit savings. She also recommended \$1,501 less to reflect actual costs for oversight in Woonsocket. The Assembly concurred.*

Local Aid

Reappropriation - Municipal Incentive Aid. The request includes \$166,126 reappropriated by the Governor, reflective of Coventry's proportional FY 2014 share of the Municipal Incentive Aid program total. For FY 2014, a municipality could receive funds if it had no locally administered pension plan, submitted an approved Funding Improvement Plan by June 1, 2013, or if its locally administered plan was not required to submit a Funding Improvement Plan. Coventry failed to meet eligibility requirements for its School Employees' pension plan. The 2014 Assembly revised the statute to allow a non-compliant municipality's allocation to be reappropriated to the following fiscal year to provide an opportunity for compliance. If Coventry failed to meet the FY 2014 and FY 2015 eligibility requirements for all three of its pension plans, the reappropriated funds and its FY 2015 allocation would have been distributed amongst the qualifying municipalities. It should be noted the reappropriation is \$140 more than Coventry's proportional share; the additional funds were apparently reappropriated in error. *The Governor recommended funding consistent with the reappropriation. The Assembly concurred.*

Property Tax Revaluation Reimbursements. The Department requested the enacted amount of \$0.6 million from general revenues to reimburse communities conducting scheduled property revaluations or statistical updates in FY 2016. The request reflects anticipated expenses for maximum allowable reimbursements for East Providence, Warren, and Warwick, which are scheduled to complete revaluations in FY 2015. Expenditures fluctuate annually; they were \$0.4 million in FY 2014, \$0.9 million in both FY 2013 and FY 2012, \$0.7 million in FY 2011, \$1.5 million in FY 2010, and \$1.0 million in FY 2009. *The Governor recommended \$63,291 more than requested for FY 2015 reimbursements to reflect actual contract expenses. The Assembly concurred.*

Division of Taxation

Combined Reporting. The Department requested the enacted amount of \$0.5 million from general revenues to implement business tax restructuring and combined reporting. This includes \$0.4 million to fill 7.0 full-time equivalent positions as of January 1, 2015. Also included is \$50,000 for staff training and \$50,000 for legal services associated with tax law changes enacted by the 2014 Assembly. As of December 2014, the Division reported that 1.0 of the 7.0 positions had been filled. The remaining positions, an implementation aide, a legal officer, and four revenue agents, would be posted after January 1, 2015.

The 2014 Assembly adopted several changes to business tax law, effective January 1, 2015. The changes include the implementation of combined reporting for business corporations tax filers and the elimination of the franchise tax. Additionally, the three-factor apportionment calculation method used by filers to determine net income and tax liability, which weighs property, sales, and payroll equally, is replaced by the "single sales" method, which uses only sales, determined by market-based sourcing, as of tax year 2015. *The Governor recommended funding as requested. The Assembly concurred.*

All Other Salaries and Benefits. The Department requested \$0.1 million more than enacted from all sources for salaries and benefits for 215.0 full-time equivalent positions for the Division of Taxation. This includes \$0.1 million less from general revenues, \$0.1 million more from federal funds, \$49,725 more from restricted receipts, and \$52,159 more from Temporary Disability Insurance funds. The request includes \$0.6 million to fund the cost-of-living increases, including \$0.5 million from general revenues, and assumes 7.5 percent or \$1.3 million in turnover savings, equivalent to 13.5 vacant positions. The request is reflective of the Department's anticipated timeline to fill vacant positions. The enacted budget assumes turnover savings of \$1.0 million, equivalent to 10.8 vacancies, assuming an average value of \$98,093 per position, including salary and benefits.

The 2014 Assembly authorized the creation of 7.0 new revenue officer positions associated with enhanced collection and compliance initiatives included in the enacted budget. As of December 6, 2014, the Division reported that of its total authorized 25.0 revenue officer positions, 6.0 were vacant. *The Governor recommended \$0.6 million less than requested from all funds, including \$0.4 million less from general revenues. The recommendation includes turnover and additional statewide medical benefit savings consistent with current staffing.* **The Assembly concurred.**

All Other Operations. The Department requested \$0.2 million less than enacted from all funds for all other Division of Taxation operations, including \$50,000 less from general revenues, to reflect termination of the Landmark and Westerly Hospital bankruptcy case. Also included is \$62,220 less from federal funds, \$25,835 less from restricted receipts, and \$0.1 million less from other funds, consistent with historical and anticipated expenditures for contracted services, printing, postage, and other expenses.

The Governor recommended \$0.6 million more than requested from all sources, including the requested reductions from general revenues, restricted receipts, and other funds. The recommendation adds \$580,000 from federal sources to reflect use of available Commercial Vehicles Information Systems grant funds to begin internally processing International Fuel Tax Agreement returns. She subsequently submitted an amendment requesting an additional \$1.4 million from federal funds for a grant program from the National Oceanic and Atmospheric Administration to provide financial assistance to fishermen affected by the 2013 Northeastern groundfish natural disaster. The funds were granted to the Department of Environmental Management, but distribution to tax filers was administered by the Division of Taxation in spring 2015. **The Assembly concurred.**

Division of Motor Vehicles

Salaries and Benefits. The Department requested \$15,850 more than enacted from all sources for Division of Motor Vehicles salaries and benefits, including \$3,851 more from general revenues and \$11,999 more from federal funds. The request includes \$383,132, of which \$381,706 is from general revenues, to fund the cost-of-living increases. The request includes \$1.2 million of turnover savings, equivalent to 14.4 full-time positions, and is reflective of current planning values and statewide medical benefit savings. The enacted budget assumes \$0.7 million of turnover savings. The request includes \$25,000 more from general revenues for overtime expenses associated with training sessions for the Rhode Island Modernization System.

Subsequent to submission of its revised request, the Department requested the addition of \$119,284 from general revenues to fund 12 new part-time customer service positions in the Division of Motor Vehicles, equivalent to 6.5 full-time positions, each working a maximum of 19 hours per week by December 28, 2014. *The Governor recommended \$0.2 million more than enacted from general revenues for staff salaries and benefits. The recommendation restores turnover savings included in the enacted budget to reflect current expenditures and customer service staffing needs.* **The Assembly concurred.**

Information Technology Modernization. The Department requested \$2.6 million less than enacted from all funds for the Rhode Island Modernization System project. This includes \$1.0 million less from federal funds and \$1.7 million less from restricted receipts. The modernization project is intended to expand the online functions available on the Division of Motor Vehicles' website and reduce wait times for transactions performed at the Registry. The Department's capital budget request programs \$3.7 million for the current year, \$1.0 million for FY 2016, and \$2.1 million for FY 2017. However, in May 2014, the Department and Hewlett Packard altered the methodology for system design and development. Resulting changes to the scope of work and project timeline have altered the project schedule, requiring a fourth contract amendment. As of December 9, 2014, a new amendment had not been signed. *The Governor recommended funding as requested.* **The Assembly concurred.**

Legacy System Upgrades. The Department requested \$0.7 million from general revenues for updates to the Registry's existing software systems and information technology infrastructure, including \$163,000 for the purchase of a new operating system. The Division reported that the existing operating system had reached the end of its useful life; in consultation with the Department of Administration, it was determined that the operating system must be replaced and existing software must be updated.

The request also includes \$238,000 for the purchase of a new server operating system for the Division's imaging software. The Department reported that current imaging software, necessary for licensing and credentialing, runs on a server environment that will no longer be supported by Microsoft effective July 14, 2015. Federal funds may be available for this purchase. The Department also requested \$350,000 for the purchase of new queuing software and wait-management software, which would enable advance booking of customer appointments. The Division reported that the ability to integrate appointment bookings and mobile phones into the customer experience is likely to help manage wait times and operational resources. However, the ability of the new software to integrate with the Rhode Island Modernization System, upon its completion, has not been investigated.

It should be noted that the enacted budget includes \$0.6 million for upgrades and unspecified support costs that may be determined necessary to maintain the existing information technology systems, while the Rhode Island Modernization System is designed and developed. The Department's FY 2015 operating request did not include the purchase of new software.

Subsequent to submission of its revised request, the Department submitted an amendment requesting \$238,000 from federal funds and an equivalent reduction from general revenues to reflect Homeland Security grant funding made available after the submission of its budget request. *The Governor recommended \$0.2 million, which is \$0.5 million less than enacted and \$0.6 million less than initially requested. The recommendation includes the purchase of the new operating system from general revenues. However, it excludes the requested \$0.2 million for new imaging software and \$0.4 million for new queuing software and the newly available federal funds pending a formal spending plan for the existing software system and information technology infrastructure.* **The Assembly concurred.**

Safety and Emissions Lift Replacement. Consistent with its capital budget request, the Department requested \$0.3 million from Rhode Island Capital Plan Funds for replacement of the Registry's safety and emissions lifts, which are used daily to inspect all school buses and public service vehicles. Total funding is consistent with the approved plan, but the request shifts unspent funds to FY 2015 to reflect the delay of the project from FY 2014 to the current year, its anticipated completion date. *The Governor recommended \$36,200 less than requested to reflect updated project costs.* **The Assembly concurred.**

All Other Operations. The Department requested \$0.1 million more than enacted from general revenues for all other operating expenses. The request reflects maintenance costs for existing Registry information and database systems, historical expenditures for staff travel, mileage, office supplies, postage, and printing costs. *The Governor recommended funding as requested.* **The Assembly concurred.**

Legislature

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Expenditures by Program | | | | |
| General Assembly | \$ 4,830,111 | \$ 5,314,598 | \$ 6,144,378 | \$ 6,144,378 |
| Fiscal Advisory Staff | 1,573,288 | 1,730,384 | 1,726,518 | 1,726,518 |
| Legislative Council | 3,789,825 | 4,694,111 | 4,638,093 | 4,638,093 |
| Joint Comm. on Legislative Affairs | 20,824,899 | 21,009,636 | 23,203,715 | 23,203,715 |
| Office of the Auditor General | 4,656,039 | 5,254,121 | 5,022,127 | 5,022,127 |
| Special Legislative Commissions | 7,536 | 13,900 | 13,900 | 13,900 |
| Total | \$ 35,681,698 | \$ 38,016,750 | \$ 40,748,731 | \$ 40,748,731 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 30,719,389 | \$ 32,255,238 | \$ 32,954,157 | \$ 32,954,157 |
| Contracted Services | 494,576 | 442,850 | 573,350 | 573,350 |
| Subtotal | \$ 31,213,965 | \$ 32,698,088 | \$ 33,527,507 | \$ 33,527,507 |
| Other State Operations | 2,151,997 | 2,765,162 | 3,933,720 | 3,933,720 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 2,158,670 | 2,300,000 | 2,441,330 | 2,441,330 |
| Capital | 157,066 | 253,500 | 846,174 | 846,174 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 35,681,698 | \$ 38,016,750 | \$ 40,748,731 | \$ 40,748,731 |
| Sources of Funds | | | | |
| General Revenue | \$ 34,498,448 | \$ 36,429,671 | \$ 39,233,413 | \$ 39,233,413 |
| Federal Aid | - | - | - | - |
| Restricted Receipts | 1,183,250 | 1,587,079 | 1,515,318 | 1,515,318 |
| Other | - | - | - | - |
| Total | \$ 35,681,698 | \$ 38,016,750 | \$ 40,748,731 | \$ 40,748,731 |
| FTE Authorization | 298.5 | 298.5 | 298.5 | 298.5 |
| FTE Average | 269.4 | | | |

FY 2015 Revised Request. The Legislature's revised budget of \$40.9 million includes \$2.9 million from the \$4.3 million reappropriation and 298.5 full-time equivalent positions. *The Governor recommended \$169,509 less from general revenues than requested to reflect additional statewide medical benefit savings. The Assembly concurred.*

Office of the Lieutenant Governor

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 1,093,838 | \$ 1,040,151 | \$ 941,878 | \$ 941,878 |
| Contracted Services | 1,333,115 | 750 | 40,750 | 40,750 |
| Subtotal | \$ 2,426,953 | \$ 1,040,901 | \$ 982,628 | \$ 982,628 |
| Other State Operations | 143,973 | 47,783 | 69,464 | 69,464 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 100,000 | - | 12,000 | 12,000 |
| Capital | 2,364 | 750 | 750 | 750 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 2,673,290 | \$ 1,089,434 | \$ 1,064,842 | \$ 1,064,842 |
| Sources of Funds | | | | |
| General Revenue | \$ 957,446 | \$ 1,015,084 | \$ 1,007,208 | \$ 1,007,208 |
| Federal Aid | 1,583,196 | 74,350 | 40,134 | 40,134 |
| Restricted Receipts | 132,648 | - | 17,500 | 17,500 |
| Other | - | - | - | - |
| Total | \$ 2,673,290 | \$ 1,089,434 | \$ 1,064,842 | \$ 1,064,842 |
| FTE Authorization | 8.0 | 8.0 | 8.0 | 8.0 |
| FTE Average | 8.0 | | | |

FY 2015 Revised Request. The Office of the Lieutenant Governor requested \$42,266 less than enacted, including \$43,787 less from general revenues and \$1,521 more from federal funds. The request includes 8.0 full-time equivalent positions, consistent with the enacted authorization. *The Governor recommended \$24,592 less than enacted, which is \$17,674 more than requested.* **The Assembly concurred.**

Staffing. The Office requested \$42,447 less than enacted for salaries and benefits, including \$43,968 less from general revenues and \$1,521 more from federal funds. The request includes an estimated \$30,431 for the cost-of-living adjustment for state employees, medical benefit savings of \$13,364, and \$59,514 in additional turnover savings from anticipated vacancies with the transition to a new Lieutenant Governor.

The Office did not request any change to the Lieutenant Governor's salary. However, there will be an increase in the new Lieutenant Governor's salary to reflect the current law requirement that it increase based on the total increase in the Consumer Price Index for all Urban Consumers over the four previous fiscal years. This is an 8.1 percent increase meaning the new Lieutenant Governor's salary will increase from \$108,808 to \$117,637; a \$14,202 impact including fringe benefits.

The Governor recommended \$98,273 less than enacted, which is \$55,826 less than requested. The recommendation includes the increase to the new Lieutenant Governor's salary, assumes the health policy director that became vacant in September will be not be filled in FY 2015, and includes \$2,930 of additional statewide medical benefit savings. **The Assembly concurred.**

State Innovation Model Grant. The Office of the Lieutenant Governor received federal funds in FY 2013 and FY 2014 for the State Innovation Model Grant, which reflects an award from the Centers for Medicare and Medicaid Services to support the development and testing of state-based models for multi-payer medical claim payments. The Office spent \$1.4 million from this grant in FY 2014, or \$15,063 less than the final appropriation, but did not request funding for FY 2015. *The Governor recommended \$16,000, which reflects unspent funds carried forward from FY 2014.* **The Assembly concurred.**

Robert Wood Johnson Foundation Award. The Office of the Lieutenant Governor received a grant from the Robert Wood Johnson Foundation in FY 2014 for outreach activities surrounding implementation of the Patient Protection and Affordable Care Act. In January 2011, Governor Chafee issued Executive Order 11-04 entitled “Rhode Island Healthcare Reform Commission,” which includes provisions that created the Commission, designated the Lieutenant Governor as Chairperson of the Executive Committee of the Commission, and allows the Commission to accept grant funds and in-kind contributions from governmental and private entities. The Office spent \$132,648 from this award in FY 2014, or \$2,352 less than the final appropriation.

The Governor recommended \$17,500 to reflect available restricted receipts from this grant to be utilized for communication services relating to healthcare reform. **The Assembly concurred.**

Legal Services. The Office of the Lieutenant Governor has not incurred outside legal expenditures in recent fiscal years and, while the previous Lieutenant Governor’s staff included a staff attorney, currently the Office does not have one. Subsequent to its budget submission, the Office submitted a second quarter report which includes \$40,000 for legal services that were not included in its budget request. The Office noted that it retained outside counsel in FY 2015 for services relating to a Public Utilities Commission hearing concerning the proposed National Grid rate hike. The Office estimated that it has spent \$7,500 on outside legal services in FY 2015.

The Governor recommended \$40,000, consistent with the Office’s second quarter report, which assumes additional legal expenditures beyond the year to date spending. **The Assembly concurred.**

All Other Operations. The Office requested \$181 more than enacted from general revenues for all other operations. The changes include increases for dues and fees, food, and repairing and maintaining office equipment. *The Governor recommended funding as requested.* **The Assembly concurred.**

Office of the Secretary of State

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Expenditures by Program | | | | |
| Administration | \$ 2,197,843 | \$ 2,205,748 | \$ 2,264,550 | \$ 2,264,550 |
| Corporations | 2,139,634 | 2,278,601 | 2,242,682 | 2,242,682 |
| State Archives | 546,484 | 584,018 | 681,338 | 681,338 |
| Elections and Civics | 768,952 | 1,636,292 | 1,629,858 | 1,629,858 |
| State Library | 519,444 | 521,178 | 543,537 | 543,537 |
| Office of Public Information | 496,156 | 1,141,118 | 573,181 | 573,181 |
| Total | \$ 6,668,513 | \$ 8,366,955 | \$ 7,935,146 | \$ 7,935,146 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 5,209,874 | \$ 5,420,287 | \$ 5,253,517 | \$ 5,253,517 |
| Contracted Services | 123,824 | 292,200 | 301,750 | 301,750 |
| Subtotal | \$ 5,333,698 | \$ 5,712,487 | \$ 5,555,267 | \$ 5,555,267 |
| Other State Operations | 1,060,999 | 1,903,856 | 2,077,878 | 2,077,878 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 134,635 | 135,611 | 135,611 | 135,611 |
| Capital | 139,181 | 615,001 | 166,390 | 166,390 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 6,668,513 | \$ 8,366,955 | \$ 7,935,146 | \$ 7,935,146 |
| Sources of Funds | | | | |
| General Revenue | \$ 6,196,251 | \$ 7,337,203 | \$ 7,296,007 | \$ 7,296,007 |
| Federal Aid | 16,040 | - | 34,123 | 34,123 |
| Restricted Receipts | 456,222 | 529,752 | 541,262 | 541,262 |
| Other | - | 500,000 | 63,754 | 63,754 |
| Total | \$ 6,668,513 | \$ 8,366,955 | \$ 7,935,146 | \$ 7,935,146 |
| FTE Authorization | 57.0 | 57.0 | 57.0 | 57.0 |
| FTE Average | 55.0 | | | |

FY 2015 Revised Request. The Secretary of State requested revised FY 2015 expenditures of \$8.0 million from all sources, which is \$0.4 million less than the enacted budget and includes the enacted level of general revenues. This includes increases of \$34,123 from federal funds and \$6,562 from restricted receipts, as well as a reduction of \$436,246 from other fund sources.

The Office subsequently submitted a corrective action plan that would reduce general revenues by \$20,400. The plan reflects the Office's intent to forego purchasing any computer equipment in the Elections and Civics Division and making any updates to the Central Voter Registration System, which was reorganized during the 2012 redistricting process.

The Office subsequently submitted revisions to its request that reduced general revenues by \$21,598. The revisions are discussed in the items described below where appropriate.

*The Governor recommended \$7.9 million, which is \$0.4 million less than enacted. The recommendation reflects many of the proposals included in the Office of the Secretary of State's revisions to its request. The Governor included 57.0 positions, consistent with the authorized and requested levels. **The Assembly concurred.***

Information Technology Reconfiguration. The Office requested \$0.1 million less than enacted for information technology expenditures. This includes a reduction of \$80,000 to reflect that the annual vendor payments for the Central Voter Registration servers and the servers for everyday operations ended in FY 2014, and that memory upgrades for the servers will not occur until FY 2016. The request also includes an increase of \$10,000 to reflect a new maintenance contract for the servers, which are no longer under warranty. The other major change is a reduction to reflect savings on internet services as a result of lower service provider rates.

*The Governor recommended \$28,739 more than enacted to better reflect the anticipated information technology expenditures, including an increase for maintenance and repairs of computer equipment. **The Assembly concurred.***

State Agency Rules and Regulations. Consistent with the enacted budget, the Office requested \$0.1 million for modifications to the existing program used for posting agency rules and regulations on its web site. The Office is responsible for maintaining the rules and regulations filed by state agencies, boards and commissions. The Office, which expects to complete these modifications in FY 2015, indicates that the funds will be used to design, write, and implement the new program and then convert the existing data into the new format.

The Office subsequently submitted revisions to its request removing the \$0.1 million to reflect that it does not plan to move forward with this project.

*The Governor did not include the funding, consistent with the Office's revisions to the request. **The Assembly concurred.***

Elections and Civics Personnel. The Office requested \$0.3 million from general revenues, or \$8,529 less than enacted for salaries and benefits for 5.0 positions in the Elections and Civics Division. The Director of Elections position remained vacant through the end of the prior Secretary of State's term, consistent with the enacted budget. The requested decrease of \$8,529 primarily reflects an addition of \$10,244 to fund the cost-of-living adjustment for state employees for this Division offset by additional turnover from anticipated vacancies with the transition to a new Secretary of State. *The Governor recommended \$0.1 million less than requested primarily to reflect that two administrative positions were transferred to the Administration program where they are being utilized. **The Assembly concurred.***

Online Ballot Marking Tool. The Office of the Secretary of State requested \$34,123 of remaining funds from a federal grant from the U.S. Department of Defense to develop an online ballot marking tool to supplement the current ballot downloading program and upgrade the security of the Uniformed and Overseas Citizens Absentee Voting Act ballot access tool. The Office indicated that the security upgrades are necessary to differentiate between valid and malicious traffic and ensure that overseas voters will have the ability to access and download ballots as needed. The Office spent \$16,040 in FY 2014 and noted the remaining funds have been carried forward and will be spent in FY 2015. *The Governor recommended funding as requested. **The Assembly concurred.***

Voter Rolls. The Electronic Registration Information Center, which was formed in 2012 with assistance from the Pew Charitable Trusts, also indicates on its web site that it provides its members with reports that show voters who have moved within the state, voters who have moved out of state, voters who have died, duplicate registrations in the same state and individuals who are potentially eligible to vote but have

not yet registered. The Electronic Registration Information Center currently has 11 member states and the District of Columbia; however, its current membership does not include Florida, where many Rhode Islanders have retired over the years, nor does it include any of the other ten most populous states.

The Office of the Secretary of State did not include funding in its budget request for updating the state's voter rolls. It subsequently submitted revisions to its request to increase general revenues by \$35,000 to join the Electronic Registration Information Center, including \$25,000 for a one-time membership fee and \$10,000 for pro-rated annual dues.

*The Governor recommended \$35,000, consistent with the Office's subsequent request. **The Assembly concurred.***

Other Election Expenses. The Secretary of State and the Board of Elections requested \$1.5 million from general revenues for expenses directly related to elections, excluding the Elections and Civics personnel noted above, which is \$8,529 less than enacted. This includes \$140,000 for referenda costs, which are a biennial expense. Referenda costs include printing of referenda pamphlets and postage for mailing to voters, as well as associated legal counsel and translator expenses. The Office spent \$134,355 on referenda costs in FY 2013, the last on-year in the two-year election cycle.

The Office's request is \$77,114 more than enacted, including \$68,000 more for an advertising campaign concerning the state's voter identification law, \$5,000 more for postage, and \$5,000 more for translator expenses for ballot referenda. Fiscal year 2015 is an on-year in the two-year election cycle.

The Board of Elections requested \$26,384 less than enacted, including \$15,000 less for delivery of voting equipment and supplies to and from the precincts to reflect the actual expenditures. *The Governor recommended \$1.5 million for both agencies. This includes federal funding as requested and general revenue funding of \$5,311 less than requested for the Board of Elections and \$2,579 less than requested for the Secretary of State, which appears to reflect a reduction for advertising. **The Assembly concurred.***

State Archives. The Secretary of State's revised request of \$590,580 from all sources is \$6,562 more than enacted for the operation of the state archives, which is funded primarily by the Historical Records Trust Fund. The request includes funding as enacted from general revenues and \$6,562 more from restricted receipts based on updated Historical Records Trust Fund receipt projections. The requested increase would primarily be used to fund the cost-of-living adjustment for state employees, offset by medical benefits savings.

*The Governor recommended \$0.1 million more than requested primarily from general revenues to better reflect the anticipated operating expenditures and receipts. It appears the recommended general revenue increase is intended to ensure the Archives account finishes the year with a positive balance to be in compliance with an accounting change reflected in Governmental Accounting Standards Board Statement Number 54. **The Assembly concurred.***

Records Center. The Records Center is an internal service program that does not appear in the Appropriations Act. Its expenses are budgeted in user agencies that pay a portion of their operating costs into this fund for record storage and retrieval. The Center requested expenditures of \$892,575, which is \$10,139 more than the enacted appropriation. This includes \$493,178 for 4.8 full-time equivalent positions, or \$7,443 more than enacted. Besides salaries and benefits, the request includes a \$2,696 increase, including \$2,509 more for information technology expenditures and \$187 more to rent storage and office spaces. *The Governor recommended funding essentially as requested. **The Assembly concurred.***

Other Salaries and Benefits. The revised request includes \$7,897 more than enacted from general revenues for salary and benefit expenses for the 43.9 remaining full-time equivalent positions, excluding the elections and state archives divisions previously mentioned and the Records Center. This primarily reflects a \$141,457 increase to fund the cost-of-living adjustment for state employees for this division, partially offset by a reduction for medical benefits savings and additional turnover from anticipated vacancies with the transition to a new Secretary of State.

The Office subsequently submitted revisions to its request to reduce personnel funding by \$0.2 million. This assumes not filling a vacant Legal Counsel position and additional turnover from the transition to a new Secretary of State.

*The Governor recommended \$0.1 million less than enacted. This is largely consistent with the Office's revisions to its request, and also reflects that two administrative positions were transferred from the Elections and Civics program to better reflect where personnel are being utilized. The recommendation also includes \$19,598 of additional statewide medical benefit savings. **The Assembly concurred.***

Rhode Island Charter Encasement. The Secretary of State requested \$0.1 million from Rhode Island Capital Plan funds in FY 2015, \$0.4 million less than enacted for restoration and other work associated with the encasement of the Rhode Island Charter. The funds will be used primarily for replacing the encasement and HVAC and cooling systems that protect the charter. The operating budget request is not consistent with the Office's capital request, which assumed the work would be completed in FY 2015. The Office subsequently indicated that it expects the project to be completed in FY 2016.

*The Governor recommended funding as requested and shifted the remaining approved funds to FY 2016. **The Assembly concurred.***

Legal Services. The Office requested \$35,000 from general revenues, or \$450 less than enacted for outside legal counsel to represent the Office as needed for issues that arise regarding central voter registration, campaign issues, ballot referenda, and proposed legislation.

The Office subsequently submitted revisions to its request to increase outside legal services by \$60,000 instead of filling the vacant Legal Counsel position.

*The Governor recommended \$95,000, consistent with the subsequent request. **The Assembly concurred.***

All Other Operations. The Secretary of State requested \$11,244 more than enacted from general revenues for all other operations. This includes increases for various operating expenses, including \$5,440 more for subscriptions, \$1,700 more for office supplies, and \$1,685 more for dues and fees.

The Office subsequently submitted revisions to its request to reflect \$9,800 more in order to train staff in the lean government process.

*The Governor recommended \$19,515 more than requested. She included the additional \$9,800 for staff training consistent with the Office's subsequent request, as well as increases for office supplies and other miscellaneous expenditures. **The Assembly concurred.***

Office of the General Treasurer

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Expenditures by Program | | | | |
| General Treasurer | \$ 2,703,462 | \$ 2,735,587 | \$ 2,681,115 | \$ 2,681,115 |
| Unclaimed Property | 23,504,945 | 19,712,197 | 19,629,629 | 24,032,869 |
| Employees' Retirement System | 9,806,388 | 10,837,045 | 11,366,804 | 12,066,804 |
| Crime Victim Compensation | 2,024,941 | 1,957,064 | 1,988,629 | 1,988,629 |
| Subtotal | \$ 38,039,736 | \$ 35,241,893 | \$ 35,666,177 | \$ 40,769,417 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 8,389,724 | \$ 8,507,130 | \$ 8,198,309 | \$ 8,198,309 |
| Contracted Services | 4,767,612 | 5,401,214 | 6,040,107 | 6,740,107 |
| Subtotal | \$ 13,157,336 | \$ 13,908,344 | \$ 14,238,416 | \$ 14,938,416 |
| Other State Operations | 22,984,264 | 19,573,674 | 19,620,486 | 24,023,726 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 1,873,522 | 1,695,000 | 1,755,000 | 1,755,000 |
| Capital | 24,614 | 64,875 | 52,275 | 52,275 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 38,039,736 | \$ 35,241,893 | \$ 35,666,177 | \$ 40,769,417 |
| Sources of Funds | | | | |
| General Revenue | \$ 2,384,819 | \$ 2,432,105 | \$ 2,417,151 | \$ 2,417,151 |
| Federal Aid | 852,195 | 870,338 | 902,766 | 902,766 |
| Restricted Receipts | 34,602,288 | 31,718,842 | 32,127,266 | 37,230,506 |
| Other | 200,434 | 220,608 | 218,994 | 218,994 |
| Total | \$ 38,039,736 | \$ 35,241,893 | \$ 35,666,177 | \$ 40,769,417 |
| FTE Authorization | 83.0 | 83.0 | 83.0 | 83.0 |
| FTE Average | 78.0 | | | |

FY 2015 Revised Request. The Office of the General Treasurer requested \$0.2 million less than enacted from all sources including \$17,838 less from general revenues and the enacted level of 83.0 full-time equivalent positions.

The Governor recommended \$35.7 million from all funds. This is \$0.4 million more than enacted and \$0.6 million more than requested. General revenues are \$14,954 less than enacted and \$2,884 more than requested. She recommended 83.0 full-time equivalent positions, consistent with the enacted authorization.

The Assembly added \$0.7 million from restricted receipts for legal and audit expenses and added \$4.4 million for unclaimed property program expenses to reflect the estimate of the May Revenue Estimating Conference. It concurred with the remainder of the recommendation.

Unclaimed Property Transfer to General Fund. The Office requested \$10.8 million for the transfer from unclaimed property to the state, \$0.3 million more than enacted. Transfers of unclaimed property to the state are shown as expenditures in the Office's operating budget. Although this represents the agency's estimate, the transfer is adopted by the Revenue Estimating Conference that meets in November and May and expenditures reflect that.

It should be noted that the program receives between 60 and 70 percent of the revenue prior to the November estimating conference and the estimate provided to the conference may be more realistic than this request. *The Governor recommended a transfer of \$11.0 million, consistent with the November Revenue Estimating Conference estimate.* **The Assembly added \$1.3 million to the transfer to reflect a total of \$12.3 million based on the May Revenue Estimating Conference.**

Unclaimed Property Claims. The Office requested \$8.9 million for payment of unpaid property claims, which is \$0.1 million less than enacted. Although this represents the agency's estimate, these expenditures will be based on the estimate adopted by the Revenue Estimating Conference that meets in November and May. *The Governor recommended claims of \$8.9 million, consistent with the November Revenue Estimating Conference estimate.* **The Assembly added \$1.6 million to reflect the estimate of the May Revenue Estimating Conference.**

Unclaimed Property Change in Claims Liability. The Office requested a decrease of \$0.4 million in the amount of revenues set aside for future claims liability. Although this represents the agency's estimate, these expenditures will be based on the estimate adopted by the Revenue Estimating Conference that meets in November and May. *The Governor added \$27,595 to reflect the November Revenue Estimating Conference estimate.* **The Assembly added \$1.4 million to reflect the estimate of the May Revenue Estimating Conference.**

Capitol Police Security. The Office requested \$42,493 for new Capitol Police security services at the office in Warwick. This includes \$4,300 from general revenues. There is a Capitol Police officer stationed in the building on Service Road in Warwick. The Department of Administration's Division of Information Technology also has space in the building and the Office has indicated it believes that the Department of Administration will also be charged for a portion of the Officer's time and the request reflects that. *The Governor recommended funding as requested.* **The Assembly concurred.**

Retirement System Disability Determinations. The Office requested an additional \$0.1 million for costs related to disability determinations of the Retirement Board to align expenditures with FY 2014 final experience. Of the total increase, \$60,000 reflects an increase in fees charged for independent medical examiners that are used to determine eligibility for disability pensions as well as an increase in the number of people applying for disability pensions. The Retirement System pays the cost of independent medical examinations as part of the evaluation process.

The remaining \$31,400 is related to contracted disability investigations to vet potential and current cases and thwart fraudulent activity based on an increase in the number of investigations. The Office began using these services in the late fall of 2013. Since 2013, the Office has referred 18 cases to the contracted investigators and all 18 of those cases are pending as of October 2014. *The Governor recommended funding as requested.* **The Assembly concurred.**

Retirement System Legal Expenses. The Office requested the enacted level of \$0.1 million from Retirement System restricted receipts for legal expenses associated with the current legal challenges to the changes made by the 2009 and 2011 Assemblies. *The Governor recommended an additional \$0.9 million based on a request the Office made after the budget submission.*

*She subsequently requested an amendment to add \$550,000 as the mediation process accelerated the requirement for legal defense in the current year. **The Assembly concurred.***

Salaries and Benefits. The Office requested \$0.2 million less than enacted for all salaries and benefits including \$60,638 less from general revenues. This reflects additional turnover savings based on current vacant positions and a new administration taking office in January. Based on the revised request, the cost-of-living increase is \$253,599, including \$55,842 from general revenues. The Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017 that includes 2.0 percent salary increases effective April 6, 2014 and October 5, 2014 offset by increased cost sharing measures for medical benefits. *The Governor recommended \$0.1 million less than requested including \$22,884 more from general revenues to reflect the current staffing of the Office partially offset by statewide medical benefit savings. **The Assembly concurred.***

Other Operating Adjustments. The Office requested \$88,500 more than enacted, including \$38,500 more from general revenues for all other expenses. The increase includes funding for a new check printing machine, new server and computers and upgrades to the conference rooms. The general revenue increase includes an additional \$20,000 to implement a new treasury workstation to streamline the cash management and forecasting process.

The Governor recommended \$0.4 million less than requested primarily from restricted receipts including \$20,000 less from general revenues for fees on notes and bonds to reflect historical spending. The reduction to Retirement System restricted receipts is in auditing, financial and information technology services to partially offset the increase made to legal services described above.

*The Governor subsequently requested an amendment to add \$150,000 in contracted costs associated with performing a municipal payroll audit during FY 2015 for a total of \$300,000. The Retirement System underwent an audit of the municipal payroll for those communities participating in the Municipal Employees' Retirement System during FY 2015. **The Assembly concurred.***

Rhode Island Board of Elections

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 1,151,249 | \$ 1,306,590 | \$ 1,307,294 | \$ 1,307,294 |
| Contracted Services | 172,740 | 73,488 | 73,488 | 73,488 |
| Subtotal | \$ 1,323,989 | \$ 1,380,078 | \$ 1,380,782 | \$ 1,380,782 |
| Other State Operations | 248,159 | 657,109 | 568,589 | 568,589 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | 2,000,000 | 2,620,273 | 2,620,273 |
| Capital | 1,114 | 107,940 | 86,555 | 86,555 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 1,573,262 | \$ 4,145,127 | \$ 4,656,199 | \$ 4,656,199 |
| Sources of Funds | | | | |
| General Revenue | \$ 1,573,262 | \$ 4,145,127 | \$ 4,656,199 | \$ 4,656,199 |
| Federal Aid | - | - | - | - |
| Restricted Receipts | - | - | - | - |
| Other | - | - | - | - |
| Total | \$ 1,573,262 | \$ 4,145,127 | \$ 4,656,199 | \$ 4,656,199 |
| FTE Authorization | 11.0 | 11.0 | 11.0 | 11.0 |
| FTE Average | 11.0 | | | |

FY 2015 Revised Request. The Rhode Island Board of Elections requested \$0.7 million more from general revenues than enacted. *The Governor recommended \$0.5 million more than enacted, which is \$0.2 million less than requested.* **The Assembly concurred.**

Board Member Compensation. The Board of Elections requested \$47,187 for salaries and benefits for its seven members in FY 2015, which is essentially consistent with the enacted budget. Each member of the Board receives an annual salary of \$7,000 and the state pays certain payroll taxes, but members do not receive benefits.

There are no vacancies on the Board, but currently only four members of the Board accept a salary. The Board of Elections' Executive Director indicated that the Board instructed him to request compensation for seven members in FY 2015, but compensation was inadvertently requested for only six members. However, in a scenario where three Board members continue to decline the salary through the remainder of FY 2015, compensation would be needed for only four members.

The Governor recommended \$31,458 for four members, which is \$15,729 less than requested. **The Assembly concurred.**

Seasonal Staff. The Board of Elections requested \$160,000 for seasonal staff for the November 2014 election, consistent with the enacted budget. However, the Board indicated that it had spent \$190,992 in FY 2015, but inadvertently requested only the enacted amount. The Board indicated that it spent more than the enacted amount on additional technicians and to retain seasonal staff for longer periods of time,

consistent with recommendations in the House Oversight Committee's *Review of the 2012 Elections* report that the Board hire and train more technicians to repair machines on Election Day and have a more timely reconciliation of the ballot following the election. *The Governor recommended \$30,000 more than requested to better reflect the actual expenditures.* **The Assembly concurred.**

Other Salaries and Benefits. The Board's request includes \$0.1 million more from general revenues than enacted for salaries and benefits for 11.0 full-time equivalent positions. This increase includes an estimated \$40,910 to fund the cost-of-living adjustment for state employees and additional funding to reflect actual employee benefit selections.

It appears the Board should have included \$9,170 more in its request for benefits, based on salaries requested and the current rates.

The Governor recommended \$13,588 less than enacted, which is \$0.1 million less than requested. This assumes a position that became vacant in December will not be filled in FY 2015, makes corrections to employee benefit calculations, and includes \$2,930 of additional statewide medical benefit savings. **The Assembly concurred.**

Legal Services. The Board of Elections requested \$80,000 from general revenues for legal services, or \$20,000 more than the enacted level. The Board spent an average of \$46,961 for legal services over the past three completed fiscal years. The Executive Director, an attorney, has indicated the Board instructed him to use outside counsel more frequently and further noted that he has done much of the legal work himself in the past in an attempt to keep costs down. *The Governor did not recommend the increase and included the enacted level of \$60,000.* **The Assembly concurred.**

Public Financing of Elections. The Board of Elections requested \$2.6 million from general revenues for the Matching Public Funds campaign finance program, required by Rhode Island General Law 17-25-19. This is \$0.6 million more than enacted to reflect the actual expenditures. General officers are elected every four years, and the Board is responsible for administering and carrying out the mandates of the Campaign Contributions and Expenditures Act and the state's Matching Public Funds program.

The Governor recommended funding as requested. **The Assembly concurred.**

Other Election Expenses. The Board of Elections and Secretary of State requested \$1.5 million from all sources for all other expenses directly related to elections, excluding salaries and benefits, which is \$0.1 million more than enacted. This includes \$50,730 more than enacted from general revenues and \$34,123 more from federal funds. Fiscal year 2015 is an on-year in the two-year election cycle. The Board requested \$26,384 less than enacted, including \$15,000 less for delivery of voting equipment and supplies to and from the precincts to reflect the actual expenditures.

Regarding federal funds, the Secretary of State requested \$34,123 more in FY 2015 revised expenditures and the Board of Elections requests no funding. The Office spent \$16,040 in FY 2014 from a federal grant from the U.S. Department of Defense to develop an online ballot marking tool to supplement the current ballot downloading program and upgrade the security of the Uniformed and Overseas Citizens Absentee Voting Act ballot access tool, and it noted the remaining funds have been carried forward and will be spent in FY 2015.

The Governor recommended \$1.5 million for both agencies. This includes federal funding as requested and general revenue funding of \$5,311 less than requested for the Board of Elections and \$35,000 more than requested for the Secretary of State for efforts to update the state's voter rolls. **The Assembly concurred.**

Warehouse Rental Space. The Board of Elections stores voting equipment at its location at 50 Branch Avenue and, because of limited storage capacity there, also occupies 10,350 square feet at the Cranston Street Armory. The Board has noted that the State Fire Marshal's Office has expressed concerns about the amount of flammable and combustible materials the Board is storing at the Armory.

The enacted budget assumes the Board would find alternative storage space in FY 2015 for its voting equipment currently stored at the Armory and includes \$60,000 for this purpose, but the Board requested no funding for the current year and delays its request for storage space to FY 2016. *The Governor concurred. The Assembly concurred.*

All Other Operations. The Board of Elections requested \$31,767 more than enacted from general revenues for all other operations. These expenditures include the \$271,969 vendor payment to Election Systems and Software for service and maintenance of all election machines, a reporting system and a project manager. The requested increase primarily reflects \$23,000 more for miscellaneous election expenses, including \$10,000 more for ballot marking pens, which the Board indicated needed to be replaced unexpectedly.

The Governor recommended \$49,977 less than requested, which is \$18,210 less than enacted. This includes \$21,690 less for information technology improvements to reflect that some of the work the enacted budget assumed would be completed in FY 2015 is delayed to FY 2016. Her recommendation includes the increase for ballot marking pens offset by a reduction in other expenses based on actual expenditures. The Assembly concurred.

Rhode Island Ethics Commission

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 1,362,460 | \$ 1,378,075 | \$ 1,404,913 | \$ 1,404,913 |
| Contracted Services | 16,477 | 31,500 | 25,000 | 25,000 |
| Subtotal | \$ 1,378,937 | \$ 1,409,575 | \$ 1,429,913 | \$ 1,429,913 |
| Other State Operations | 156,539 | 165,512 | 174,852 | 174,852 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | - | - | - |
| Capital | 6,265 | 6,118 | 14,118 | 14,118 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 1,541,741 | \$ 1,581,205 | \$ 1,618,883 | \$ 1,618,883 |
| Sources of Funds | | | | |
| General Revenue | \$ 1,541,741 | \$ 1,581,205 | \$ 1,618,883 | \$ 1,618,883 |
| Federal Aid | - | - | - | - |
| Restricted Receipts | - | - | - | - |
| Other | - | - | - | - |
| Total | \$ 1,541,741 | \$ 1,581,205 | \$ 1,618,883 | \$ 1,618,883 |
| FTE Authorization | 12.0 | 12.0 | 12.0 | 12.0 |
| FTE Average | 11.9 | | | |

FY 2015 Revised Request. The Commission requested \$42,490 more than enacted from general revenues for FY 2015. *The Governor recommended \$4,812 less than requested.* **The Assembly concurred.**

Salaries and Benefits. The Commission requested \$27,523 more than enacted from general revenues for salaries and benefits for the authorized level of 12.0 full-time equivalent positions for FY 2015. The request reflects salary increases, statewide medical benefit savings, and employee benefits selections, and includes turnover savings associated with the filling of a vacant staff attorney position in the fourth pay period of the fiscal year; the enacted budget assumed no turnover.

The Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017 that includes 2.0 percent salary increases effective April 6, 2014 and October 5, 2014, offset by increased cost sharing measures for medical benefits. Based on the revised request, the combined FY 2015 cost for the increases is \$42,229 from general revenues. *The Governor recommended \$685 less than requested, reflective of statewide medical benefit savings.* **The Assembly concurred.**

Information Technology Upgrades. The Commission requested \$9,846 more than enacted from general revenues for information technology upgrades in the current year. The request includes \$8,000 for the purchase of a virtual server, \$2,408 for Microsoft 365 email account licenses, and \$438 for the installation and monthly lease of a dedicated internet service line with a monthly access cost to replace its current frame relay in June 2015. The Commission indicated that in the beginning of FY 2015, it was advised by

the Division of Information Technology that the upgrades were necessary. The Division subsequently informed the Commission that the replacement of its frame relay would be necessary prior to the originally scheduled date; this would require more funds for the additional months. *The Governor added \$2,373 to fund the earlier replacement of the frame relay in October 2014.* **The Assembly concurred.**

All Other Operations. The Commission requested \$0.2 million, which is \$5,121 more than enacted from general revenues for all other operations, reflective of historical and anticipated expenditures. This includes \$5,000 more for electricity, consistent with FY 2014 expenditures, and \$121 more for the Commission's property and casualty insurance policy premium to reflect the actual billed cost. *The Governor recommended funding essentially consistent with the request; however, she recommended \$6,500 less for contracted services to reflect FY 2014 expenditures for those items.* **The Assembly concurred.**

Office of the Governor

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 3,626,921 | \$ 3,859,412 | \$ 3,978,577 | \$ 3,978,577 |
| Contracted Services | 77,554 | 130,500 | 130,500 | 130,500 |
| Subtotal | \$ 3,704,475 | \$ 3,989,912 | \$ 4,109,077 | \$ 4,109,077 |
| Other State Operations | 235,542 | 267,750 | 276,750 | 276,750 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 8,000 | 250,000 | 250,000 | 250,000 |
| Capital | 27,727 | 19,900 | 19,900 | 19,900 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 3,975,744 | \$ 4,527,562 | \$ 4,655,727 | \$ 4,655,727 |
| Sources of Funds | | | | |
| General Revenue | \$ 3,975,744 | \$ 4,527,562 | \$ 4,655,727 | \$ 4,655,727 |
| Federal Aid | - | - | - | - |
| Restricted Receipts | - | - | - | - |
| Other | - | - | - | - |
| Total | \$ 3,975,744 | \$ 4,527,562 | \$ 4,655,727 | \$ 4,655,727 |
| FTE Authorization | 45.0 | 45.0 | 45.0 | 45.0 |
| FTE Average | 36.8 | | | |

FY 2015 Revised Request. The Office of the Governor requested \$1,159 less general revenues than enacted and staffing consistent with the authorized level. *The Governor recommended \$129,324 more than requested and staffing consistent with the authorized level.* **The Assembly concurred.**

Salaries and Benefits. The Office requested \$10,159 less than enacted from general revenues for salary and benefit expenses. Adjusting for the statewide medical benefit savings, the request is \$1,035 more than enacted. This includes \$0.1 million for the cost-of-living-adjustment, \$17,421 more for part-time interns to help offset some of the workload for staff leaving the Office and includes updated benefit rates consistent with the FY 2015 revised planning values. The request assumes \$0.1 million more in turnover savings, for which the enacted budget included \$0.4 million.

Of the authorized 45.0 full-time positions for the Office of the Governor, 6.0 positions are for HealthSource RI. By definition, all positions in the Office of the Governor are unclassified. These appear to be included to preserve the unclassified status of the positions. All positions are classified unless specified in the law. There is no statutory authority for Healthsource RI, therefore there is no authority for the positions to be unclassified. The remaining nine positions are budgeted in the Department of Administration.

The Governor recommended \$0.1 million more than requested to reflect anticipated filled positions. She also included legislation in Article 22 to add the positions for HealthSource RI to the unclassified service. The FY 2016 recommended budget includes those positions in the Department of Administration.

The Assembly concurred and included legislation in Article 15 of 2015-H 5900 Substitute A, as amended to add the positions to the unclassified service.

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 average expenditures for the last five fiscal years totaled \$72,753. Expenditures through November 21, totaled \$31,675. *The Governor recommended funding as requested.* **The Assembly concurred.**

Operations. The Office requested \$0.4 million from general revenues for all other operating costs. This is \$9,000 more than enacted and is to align travel costs with historical expenditures. Reported expenditures for travel were \$13,094 in FY 2014 and \$9,447 in FY 2013. The current request of \$15,000 is \$1,916 less than FY 2014 reported expenses.

The request includes the enacted amount of \$130,000 for transition expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island Commission for Human Rights

| | FY 2014 | FY 2015 | FY 2015 | FY 2015 |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Reported | Enacted | Revised | Final |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 1,229,589 | \$ 1,252,259 | \$ 1,274,060 | \$ 1,274,060 |
| Contracted Services | 18,436 | 5,331 | 20,030 | 20,030 |
| Subtotal | \$ 1,248,025 | \$ 1,257,590 | \$ 1,294,090 | \$ 1,294,090 |
| Other State Operations | 241,554 | 222,589 | 238,365 | 248,375 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | - | - | - |
| Capital | - | - | - | - |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 1,489,579 | \$ 1,480,179 | \$ 1,532,455 | \$ 1,542,465 |
| Sources of Funds | | | | |
| General Revenue | \$ 1,138,859 | \$ 1,193,083 | \$ 1,221,763 | \$ 1,231,773 |
| Federal Aid | 350,720 | 287,096 | 310,692 | 310,692 |
| Restricted Receipts | - | - | - | - |
| Other | - | - | - | - |
| Total | \$ 1,489,579 | \$ 1,480,179 | \$ 1,532,455 | \$ 1,542,465 |
| FTE Authorization | 14.5 | 14.5 | 14.5 | 14.5 |
| FTE Average | 14.0 | | | |

FY 2015 Revised Request. The Commission requested \$58,956 more than enacted, including \$13,102 from general revenues and \$45,584 from federal funds.

The Commission subsequently submitted a corrective action plan that would reduce general revenues by \$13,100. The plan reflects the Commission's intent to shift operating expenditures to federal sources and implement an employee furlough.

*The Governor recommended \$52,276 more than enacted, which is \$6,680 less than requested. She subsequently requested an amendment to add \$10,010 from general revenues to reflect added costs for unbilled real estate tax increases for 2011 through 2014. **The Assembly concurred.***

Federal Receipts. The enacted budget assumes that federal receipts available to be spent in FY 2015 would be \$287,096. The Commission's revised budget includes expenses totaling \$332,950 to reflect additional federal funds carried forward from FY 2014. *The Governor recommended \$22,258 less than requested to better reflect anticipated receipts. **The Assembly concurred.***

Salary and Benefit Adjustments. The Commission requested \$28,031 more than enacted for salary and benefit adjustments, including \$6,148 more from general revenues and \$21,883 from federal funds. This primarily reflects \$36,924 to fund the cost-of-living adjustment, partially offset by statewide medical benefits savings. *The Governor recommended \$6,230 less than requested, primarily to reflect additional statewide medical benefit savings. The recommendation also shifted \$22,258 in expenses from federal funds to general revenues based on available receipts. **The Assembly concurred.***

Lease. The Commission requested the enacted level of \$0.2 million from general revenues for lease related expenses. Pursuant to the terms of the lease, the Commission is responsible for paying a proportional share of any increases in real estate taxes. *The Governor recommended funding as requested. Subsequently the Commission received notice from its landlord indicating that it had inadvertently not billed the Commission for its proportional share of real estate tax increases for 2011 through 2014. The Governor requested an amendment to add \$10,010 from general revenues for these added costs.* **The Assembly concurred.**

Other Operations. The Commission requested \$30,925 more than enacted for all other operations. The changes include \$17,235 more from federal funds for a temporary community liaison, who was employed until the grant expired on December 31, 2014. The general revenue changes include \$7,850 more for leased photocopiers. During last year's budget process, the Commission requested \$2,850 for this item, but spent \$10,827 in FY 2014. *The Governor recommended \$450 less than requested to reflect minor adjustments based on historical expenditures.* **The Assembly concurred.**

Public Utilities Commission

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 5,519,443 | \$ 5,736,655 | \$ 5,790,261 | \$ 5,790,261 |
| Contracted Services | 686,040 | 1,722,963 | 1,673,525 | 1,673,525 |
| Subtotal | \$ 6,205,483 | \$ 7,459,618 | \$ 7,463,786 | \$ 7,463,786 |
| Other State Operations | 584,205 | 937,931 | 936,763 | 936,763 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | 337 | 337 | 337 |
| Capital | 34,194 | 62,000 | 30,000 | 30,000 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 6,823,882 | \$ 8,459,886 | \$ 8,430,886 | \$ 8,430,886 |
| Sources of Funds | | | | |
| General Revenue | \$ - | \$ - | \$ - | \$ - |
| Federal Aid | 207,575 | 87,733 | 87,733 | 87,733 |
| Restricted Receipts | 6,616,307 | 8,372,153 | 8,343,153 | 8,343,153 |
| Other | - | - | - | - |
| Total | \$ 6,823,882 | \$ 8,459,886 | \$ 8,430,886 | \$ 8,430,886 |
| FTE Authorization | 49.0 | 50.0 | 50.0 | 50.0 |
| FTE Average | 45.5 | | | |

FY 2015 Revised Request. The Public Utilities Commission requested the authorized level of 50.0 full-time equivalent positions and \$29,000 less than enacted from restricted receipts. *The Governor recommended funding and staffing as requested.* **The Assembly concurred.**

Staff Attorney - Former ARRA Position. The Commission requested \$134,552 from restricted receipts for the permanent addition of one full-time staff attorney position that had been funded from federal American Recovery and Reinvestment Act grant funds, granted to the Commission in FY 2011. Grant funding expired December 31, 2014 and the Commission utilized unbudgeted turnover savings to fund the position for the remainder of FY 2014 from restricted receipts generated by assessments to regulated utilities. It should be noted that in his revised FY 2014 recommendation, Governor Chafee included making the position permanent; the Assembly did not concur. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Salaries and Benefits. The Commission requested \$80,946 less than enacted from all sources for all other salaries and benefits. The request includes \$82,114 less from restricted receipts, reflective of current staffing. It also includes a shift of \$1,168 of federal Gas Pipeline Safety grant funds from operating expenditures to salaries and benefits for increased personnel costs funded from that grant.

As of November 1, 2014, the Commission reported 45.0 filled full-time equivalent positions, five less than the authorized level. The request is consistent with Budget Office planning values, statewide medical benefit savings, and includes turnover savings reflective of current staffing. In FY 2014, the Commission experienced a number of unanticipated vacancies.

The Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017, which includes 2.0 percent salary increases effective April 6, 2014 and October 5, 2014 offset by increased cost sharing measures for medical benefits. Based on the revised request, the cost-of-living increase is \$170,344 from all sources, including \$2,307 from federal funds and \$168,037 from restricted receipts. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Operations. The Commission requested \$82,606 less than enacted from all sources for all other operations expenditures. This includes shifting \$1,168 from the Gas Pipeline Safety federal grant to fund increasing personnel costs and \$81,438 less from restricted receipts. The request is reflective of historical expenditures for contracted legal services and the purchase of a new vehicle for the Commission fleet in FY 2014. *The Governor recommended funding as requested.* **The Assembly concurred.**

Office of Health and Human Services

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|------------------------|------------------------|------------------------|------------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 126,016,218 | \$ 125,872,625 | \$ 135,672,867 | \$ 135,672,867 |
| Medical Assistance | 1,819,597,682 | 2,265,539,221 | 2,382,919,281 | 2,230,467,977 |
| Total | \$1,945,613,900 | \$2,391,411,846 | \$2,518,592,148 | \$2,366,140,844 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 20,180,145 | \$ 22,674,399 | \$ 22,442,461 | \$ 22,442,461 |
| Contracted Services | 72,430,102 | 66,900,931 | 84,538,620 | 84,538,620 |
| Subtotal | \$ 92,610,247 | \$ 89,575,330 | \$ 106,981,081 | \$ 106,981,081 |
| Other State Operations | 9,386,258 | 4,648,668 | 6,120,805 | 6,120,805 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 1,840,254,449 | 2,293,923,158 | 2,404,075,431 | 2,251,624,127 |
| Capital | 3,362,946 | 3,264,690 | 1,414,831 | 1,414,831 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$1,945,613,900 | \$2,391,411,846 | \$2,518,592,148 | \$2,366,140,844 |
| Sources of Funds | | | | |
| General Revenue | \$ 839,589,446 | \$ 904,633,663 | \$ 941,780,364 | \$ 926,069,661 |
| Federal Aid | 1,093,456,235 | 1,470,870,303 | 1,561,011,456 | 1,424,270,855 |
| Restricted Receipts | 12,568,219 | 15,907,880 | 15,800,328 | 15,800,328 |
| Other | - | - | - | - |
| Total | \$1,945,613,900 | \$2,391,411,846 | \$2,518,592,148 | \$2,366,140,844 |
| FTE Authorization | 184.0 | 184.0 | 184.0 | 184.0 |
| FTE Average | 161.2 | | | |

FY 2015 Revised Request. The Office included \$17.2 million more for total funding of \$2,408.7 million from all sources, including \$908.4 million from general revenues in its FY 2015 revised request. The increase includes \$3.7 million more from general revenues, \$13.6 million more from federal funds and \$0.1 million less from restricted receipts.

The Governor included \$127.2 million more than enacted and \$109.9 million more than requested. She included \$37.1 million more than enacted from general revenues, which is \$33.4 million more than requested. The Governor increased medical assistance benefit expenses by \$117.4 million from all sources, \$36.2 million from general revenues; this is \$1.0 million less than the November caseload conference estimate.

The Assembly provided \$2,366.1 million, including \$926.1 million from general revenues, \$1,424.3 million from federal funds and \$15.8 million from restricted receipts. This is \$152.5 million less than the Governor's recommendation, including \$136.7 million from federal funds primarily adjusted for expenses related to the Medicaid expansion program. Each change is explained separately.

Federal Poverty Guidelines. The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Office of Health and Human Services. The 2014 guidelines are shown in the following table.

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

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

Medicaid Expenses - State/National Comparison. The following table compares national and state 2012 Medicaid spending using the Centers for Medicare and Medicaid Services 2013 Actuarial Report on the Financial Outlook for Medicaid and information from the state's Office of Health and Human Services. By percentage, Rhode Island's enrollment of children and parents (the state's Rite Care population) is lower than the national average. The percent of total spending for this population is lower than the national average, but higher when comparing cost per enrollee. The Medicaid expenses for the populations are in the Office of Health and Human Services' budget.

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

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

| Medicaid Expenses | Enrollees | | Percent of Enrollees | | Expenses* | | Percent of Expenses | | Cost Per Enrollee | |
|--------------------------|------------------|----------------|-----------------------------|-------------|------------------|-------------------|----------------------------|-------------|--------------------------|-----------------|
| | US* | RI | US | RI | US | RI | US | RI | US | RI |
| Population | US* | RI | US | RI | US | RI | US | RI | US | RI |
| Children | 28.3 | 86,923 | 49.0% | 45.0% | \$ 76,300 | \$ 262.8 | 20.0% | 14.7% | \$ 2,700 | \$ 3,023 |
| Adults | 14.6 | 45,588 | 25.0% | 23.6% | 60,000 | 210.7 | 16.0% | 11.8% | 4,101 | 4,622 |
| Blind/Disabled | 9.7 | 42,717 | 17.0% | 22.1% | 166,800 | 832.6 | 44.0% | 46.7% | 17,255 | 19,491 |
| Aged | 5.1 | 17,802 | 9.0% | 9.2% | 79,000 | 476.4 | 21.0% | 26.7% | 15,688 | 26,761 |
| Total | 57.7 | 193,030 | 100% | 100% | \$382,800 | \$ 1,782.5 | 100% | 100% | \$ 6,641 | \$ 9,235 |

*Source: Centers for Medicare and Medicaid Services 2013 Actuarial Report on the Financial Outlook for Medicaid and the Office of Health and Human Services; *in millions*

There are other publications that compare national and state data with potential differences in how certain populations, for example children with special health needs, and data are shown. The Kaiser Family Foundation reported an annual cost per enrollee for FY 2011 of \$6,110 to Rhode Island's annual cost per enrollee of \$9,247; however, the national data contains FY 2010 data for ten states whose FY 2011 data was not available. The Kaiser Family Foundation counts children with special health care needs in its blind/disabled population while the Centers for Medicare and Medicaid report them in the children population.

Medical Assistance

The Caseload Estimating Conference met on November 5, 2014 and based on current law, set the FY 2015 medical assistance expenditures at \$2,364.9 million, including \$913.7 million from general revenues, which is \$118.4 million more than enacted from all funds and \$37.2 million more from general revenues. The Office's revised request, which was submitted in October, is consistent with the enacted budget and does not reflect the adopted estimate.

The Governor included \$2,363.9 million from all sources, including \$912.7 million from general revenues for medical assistance benefits. The Governor eliminated the \$1.0 million state payment for graduate medical education; the action is discussed separately in the hospital program.

| Medical Assistance | FY 2014 Spent | FY 2015 Enacted | FY 2015 Nov. CEC | FY 2015 Gov. Rec. | FY 2015 May CEC | FY 2015 Final |
|---------------------------------|-------------------|--------------------|---------------------|----------------------|--------------------|-------------------|
| Hospitals | | | | | | |
| Regular Payments | \$ 78.3 | \$ 68.3 | \$ 78.8 | \$ 77.8 | \$ 76.2 | \$ 77.2 |
| DSH Payments | 129.8 | 138.3 | 138.3 | 138.3 | 138.3 | 138.3 |
| Total | \$ 208.2 | \$ 206.6 | \$ 217.1 | \$ 216.1 | \$ 214.5 | \$ 215.5 |
| Long Term Care | | | | | | |
| Nursing and Hospice Care | \$ 281.5 | \$ 162.1 | \$ 176.0 | \$ 176.0 | \$ 180.5 | \$ 180.5 |
| Home and Community Care | 89.8 | 53.8 | 70.3 | 70.3 | 70.0 | 70.0 |
| Total | \$ 371.4 | \$ 215.9 | \$ 246.3 | \$ 246.3 | \$ 250.5 | \$ 250.5 |
| Managed Care | | | | | | |
| Rlte Care | \$ 503.4 | \$ 494.0 | \$ 544.2 | \$ 544.2 | \$ 542.9 | \$ 542.9 |
| Rlte Share | 14.3 | 12.0 | 11.5 | 11.5 | 10.6 | 10.6 |
| Fee For Service | 75.4 | 109.4 | 80.8 | 80.8 | 69.1 | 69.1 |
| Total | \$ 593.1 | \$ 615.4 | \$ 636.5 | \$ 636.5 | \$ 622.5 | \$ 622.5 |
| Rhody Health Partners | \$ 191.8 | \$ 252.3 | \$ 280.3 | \$ 280.3 | \$ 269.0 | \$ 269.0 |
| Rhody Health Options | \$ 126.1 | \$ 297.0 | \$ 277.5 | \$ 277.5 | \$ 270.7 | \$ 270.7 |
| Pharmacy | \$ (0.3) | \$ 1.4 | \$ 3.6 | \$ 3.6 | \$ (1.0) | \$ (1.0) |
| Pharmacy Part D Clawback | \$ 50.6 | \$ 50.4 | \$ 50.5 | \$ 50.5 | \$ 50.2 | \$ 50.2 |
| Medicaid Expansion | \$ 147.4 | \$ 492.4 | \$ 539.1 | \$ 539.1 | \$ 424.6 | \$ 424.6 |
| Other Medical Services | \$ 112.2 | \$ 115.1 | \$ 114.0 | \$ 114.0 | \$ 109.5 | \$ 109.5 |
| Federal Funds | \$ 975.8 | \$ 1,359.3 | \$ 1,440.6 | \$ 1,440.6 | \$ 1,302.8 | \$ 1,303.8 |
| General Revenues | 813.0 | 876.6 | 913.7 | 912.7 | 897.0 | 897.0 |
| Restricted Receipts | 11.7 | 10.6 | 10.6 | 10.6 | 10.6 | 10.6 |
| Total* | \$ 1,800.4 | \$ 2,246.5 | \$ 2,364.9 | \$ 2,363.9 | \$ 2,210.5 | \$ 2,211.5 |

**Expenditures in millions*

The Assembly provided \$2,211.5 million from all sources which is \$1.0 million more from federal funds compared to the May caseload conference estimate. It included \$897.0 million from general revenues, consistent with the May estimate. This is \$152.5 million less than the Governor's recommendation, including \$114.5 million less for the Medicaid expansion, \$14.0 million less for Rlte Care, \$11.3 million less in Rhody Health Partners and \$6.8 million less in Rhody Health Options, offset by \$4.2 million more in long term care. Each change is explained separately.

Hospitals

The November Caseload Estimating Conference estimate includes hospital expenses totaling \$217.1 million, \$108.9 million from general revenues. It includes \$78.8 million for direct medical services and \$138.3 million for uncompensated care payments to community hospitals. The Office's revised request is

consistent with the enacted budget and does not reflect the adopted estimate. *The Governor lowered the November conference estimate by \$1.0 million from eliminating the graduate medical education payment. The Assembly added \$1.0 million from federal funds to match the graduate medical education payment for total hospital funding of \$215.5 million, including \$107.6 million from general revenues.*

Hospitals. The November Caseload Estimating Conference estimate includes FY 2015 expenditures of \$78.8 million, including \$38.9 million from general revenues. The estimate also includes the \$22.6 million upper payment limit reimbursement made to the community hospitals and \$1.0 million from general revenues for graduate medical education activities.

The estimate adds \$10.5 million from all funds, including \$5.3 million from general revenues, in the current fiscal year; this includes \$3.3 million added to hospital costs that result from the impact on the Rhody Health Options program from a lower than projected enrollment in the managed care plan, shifting costs to the fee-for-service system. This includes individuals who were enrolled in the managed care program but later opted out and returned to the fee-for-service benefits system.

The Governor's recommendation is \$1.0 million less than the November conference estimate. The Assembly provided \$77.2 million, including \$38.6 million from general revenues, which is \$1.0 million more than the the May caseload estimate for the Medicaid match to the graduate medical education payment.

Graduate Medical Education. The enacted budget includes \$1.0 million from general revenues for graduate medical education at the state's community hospitals. The Office's revised request and the November caseload estimate include the funding.

The Governor included Section 4 of Article 5 of 2015-H 5900 to eliminate this payment. The Assembly did not concur and included Section 15 of Article 5, 2015-H 5900, Substitute A, as amended to make the payment and included \$1.0 million from general revenues to be matched by Medicaid if there is federal approval.

Upper Payment Limit Reimbursements. The enacted budget includes \$22.6 million from all sources, of which \$11.3 million is general revenues, to make the inpatient and outpatient upper limit reimbursement payments to the state's community hospitals. The caseload estimate and the Office's request include the payment. *The Governor's recommendation is consistent with the November conference estimate. The Assembly concurred.*

Disproportionate Share Payments to Hospitals. The Caseload Estimating Conference includes \$138.3 million from all sources for the disproportionate share payments for uncompensated care costs to the hospitals, consistent with the enacted budget. This includes \$69.0 million from general revenues and \$69.3 million from federal funds. Funding is provided to Eleanor Slater Hospital and the state's community hospitals through the Office of Health and Human Services. The Office's revised request is consistent with the enacted budget and the adopted estimate.

Rhode Island's calculation for uncompensated care payments includes the costs incurred treating uninsured individuals and the Medicaid "shortfall" which represents the difference between payments made by the state for its Medicaid recipients (including managed care enrollees and fee-for-service patients) and what the hospitals' costs are for that treatment. Each hospital has its own set of costs for each procedure, so there may be different charges for the same procedures among hospitals; however, the state pays the same rate for the same services for Medicaid eligible individuals, regardless of which hospital provides the treatment. *The Governor's recommendation is consistent with the November*

conference estimate. The Assembly provided \$138.3 million, including \$69.0 million from general revenues, consistent with the May caseload estimate.

| Hospital Payments | FY 2015 Enacted | FY 2015 Nov. CEC | FY 2015 Revised | FY 2015 May CEC | FY 2015 Final |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Health Insurer Tax | | | | | |
| Community Hospitals | | | | | |
| State | \$ 68,253,945 | \$ 68,255,649 | \$ 68,255,649 | \$ 68,255,649 | \$ 68,255,649 |
| Federal | 68,519,649 | 68,517,945 | 68,517,945 | 68,517,945 | 68,517,945 |
| Subtotal | \$ 136,773,594 | \$ 136,773,594 | \$ 136,773,594 | \$ 136,773,594 | \$ 136,773,594 |
| Eleanor Slater Hospital | | | | | |
| State | \$ 755,118 | \$ 755,118 | \$ 755,118 | \$ 755,118 | \$ 755,118 |
| Federal | 793,723 | 793,723 | 793,723 | 793,723 | 793,723 |
| Subtotal | \$ 1,548,841 | \$ 1,548,841 | \$ 1,548,841 | \$ 1,548,841 | \$ 1,548,841 |
| Upper Payment Limit | | | | | |
| State | \$ 11,308,885 | \$ 11,308,885 | \$ 11,308,885 | \$ 11,308,885 | \$ 11,308,885 |
| Federal | 11,322,464 | 11,322,465 | 11,322,464 | 11,322,464 | 11,322,464 |
| Subtotal | \$ 22,631,349 | \$ 22,631,350 | \$ 22,631,349 | \$ 22,631,349 | \$ 22,631,349 |
| Graduate Medical Education | | | | | |
| State | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
| Federal | - | - | - | - | 1,001,201 |
| Subtotal | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 2,001,201 |
| Total | \$ 161,953,784 | \$ 161,953,785 | \$ 161,953,784 | \$ 161,953,784 | \$ 162,954,985 |

Hospital License Fee. The 2014 Assembly included Section 1 of Article 16 of 2014-H 7133, Substitute A, as amended which set the FY 2015 licensing fee at 5.703 percent based on 2013 revenues for all hospitals, including the state-run Eleanor Slater Hospital, except for South County Hospital and Westerly Hospital, which will pay a lower 3.6 percent fee, subject to federal approval of a waiver. *The Governor recommended payments consistent with the enacted budget.* **The Assembly included Section 2 of Article 5 to increase the license fee to 5.745 percent for additional revenues of \$1.1 million in FY 2015.**

| FY 2015 Hospital License Fee | FY 2015 Enacted | FY 2015 Gov. Rec. | FY 2015 Final | Change to Enacted/Gov. Rec. |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------------------|
| <i>Base Year</i> | 2013 | 2013 | 2013 | |
| <i>Tax Rate</i> | 5.703% | 5.703% | 5.745% | 0.042% |
| Community Hospital License Fee | \$ 153,548,271 | \$ 153,548,271 | \$ 154,679,084 | \$ 1,130,813 |
| Washington County Hospitals Waiver | (3,942,912) | (3,942,912) | (3,971,950) | (29,038) |
| Subtotal Licensing fee | \$ 149,605,359 | \$ 149,605,359 | \$ 150,707,134 | \$ 1,101,775 |
| Slater License Fee | 6,466,243 | 6,466,243 | 6,513,863 | 47,620 |
| Total | \$ 156,071,602 | \$ 156,071,602 | \$ 157,220,997 | \$ 1,149,395 |

Long Term Care

Long Term Care. The November Caseload Estimating Conference estimate includes long term care expenses at \$246.3 million, of which \$121.6 million is from general revenues. This includes \$176.0 million for nursing facilities and hospice care and \$70.3 million for home and community care. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly concurred with the May caseload estimate, which included \$250.5 million from all sources, including \$125.2 million from general revenues.**

Nursing Facilities and Hospice Care. The Caseload Estimating Conference estimate includes FY 2015 expenditures of \$176.0 million, of which \$87.9 million is from general revenues for the state's 84 nursing facilities. The estimate adds \$13.9 million in the current year, including \$6.9 million from general revenues and increased costs in the fee-for-service program from a lower than projected enrollment in the Rhody Health Option managed care program.

The state currently pays for nursing home services on a fee-for-service basis and through an integrated care model that pays for acute care and long term care services through a managed care plan, Rhody Health Options, discussed separately. The state has contracted with Neighborhood Health Plan of Rhode Island for Phase I, which includes Medicaid funding for both Medicaid eligible and dual eligibles. As of November 1, 2014, Neighborhood Health Plan of Rhode Island has contracts with all the state's nursing homes that accept Medicaid to make a capitated payment to the nursing homes and manage the acute care needs of residents.

The Office testified that it appears a significant number of individuals who opted-out and were receiving home care services are high utilizers; however, it does not track the reason that an individual chooses to not participate in the managed care program. The Office indicated its intent to do further analysis. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly included \$180.5 million, of which \$90.2 million is from general revenues, consistent with the May caseload estimate. This is \$4.5 million more than the Governor's recommendation to reflect higher than projected nursing home utilization in the fee-for-service program and enrollment in Rhody Health Options that leveled off.**

Home and Community Care. The November Caseload Estimating Conference estimate includes \$70.3 million for home and community care expenses, including \$33.6 million from general revenues in the FY 2015 estimate. This is \$16.5 million more than enacted, including \$9.8 million more from general revenues. This estimate also adjusts for lower than projected enrollment in Rhody Health Options and also adds back \$4.2 million, including \$2.4 million from general revenues, for unachieved savings in two initiatives, discussed separately. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly included \$70.0 million, of which \$35.0 million is from general revenues consistent with the May caseload estimate. This is \$0.3 million less than the Governor's recommendation to reflect decreased utilization in the fee-for-service program.**

Long Term Care Financial Eligibility and Medicare Premium Payment Review. The enacted budget includes savings of \$1.0 million, of which \$0.5 million is general revenues from reviewing two operations of the Medicaid programs: the manner in which financial eligibility for long term care services is determined and the Medicare premiums paid on behalf of Medicaid eligible individuals. The Office testified at the November caseload conference that the proposal is still under review, but as of January 2015 it had no plans to pursue this initiative. The caseload estimate added back the savings.

It should be noted that while this payment review proposal is not included in the November estimate for FY 2016, the Office's FY 2016 constrained budget includes a different proposal related to Medicare opportunities and includes \$2.0 million in savings, with \$1.0 million from general revenues for that new initiative. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly concurred and added back the savings.**

Community First Choice. The enacted budget includes general revenue savings of \$3.0 million from providing the community first choice program option to individuals who require an institutional level of care. This federal option provides states the ability to make available home and community based attendant services and supports to eligible individuals, as needed, to assist with activities of daily living, such as bathing, eating, and ambulatory needs and instrumental activities of daily living, such as

housekeeping and laundry, social activities and maintaining appointments, and health-related tasks through hands-on assistance or supervision.

The services and supports must be provided on a statewide basis in the most integrated setting appropriate to the individual's needs. States are eligible to receive a six percent permanent increase in the Medicaid rate for the required community attendant services.

The Office's November testimony includes decreased savings of \$1.5 million from general revenues, requiring \$1.5 million be added to the revised budget. The Office reported that the full enacted level of \$3.0 million in savings included in the enacted budget is included in FY 2016. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly concurred with the May caseload estimate, which also included \$1.5 million in savings from the initiative.**

Electronic Visit Verification. The enacted budget includes savings of \$1.0 million from all sources, of which \$0.5 million is from general revenues to implement an electronic visit verification process that records arrival and departure times of the home health worker through a software application that uses a home care patient's own telephone or a home care worker's cell phone, tablet or personal computer.

The Office included the savings initiative in its FY 2015 budget and although it was not recommended by the Governor, it was accepted by the Assembly and included in the FY 2015 enacted budget. The Office included savings of \$4.0 million, including \$2.0 million from general revenues, which was to be net of the cost of installing the system even though it had not priced the system. The Assembly lowered the savings to \$1.0 million, of which \$0.5 million is from general revenues.

The Office lowered the enacted savings to \$0.2 million from all sources in its caseload testimony and the November caseload estimate restored \$0.8 million from all sources, including \$0.4 million from general revenues to account for the delay. It should be noted that the Office's FY 2015 revised request includes spending of \$1.1 million from all sources, including \$0.2 million from general revenues for the verification system; this is discussed separately in the central management section of the analysis. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly concurred with the May caseload estimate which also included \$1.0 million in savings from the initiative.**

Managed Care

The Caseload Estimating Conference estimate includes managed care expenses of \$636.5 million, including \$309.2 million from general revenues; the estimate adds \$21.1 million from all sources, including \$11.5 million from general revenues. The estimate includes RIt Care expenses at \$544.2 million, RIt Share at \$11.5 million and fee-for-service expenses at \$80.8 million; a discussion of each follows. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor's recommendation is consistent with the November conference estimate.*

The Assembly provided \$622.5 million, including \$319.3 million from general revenues consistent with the May caseload conference estimate. This is \$14.0 million less than the recommendation and the November estimate to reflect lower than projected costs for the treatment of Hepatitis C and a different demographic mix.

RIt Care. The Caseload Estimating Conference estimated RIt Care expenditures at \$544.2 million, including \$263.1 million from general revenues and a revision to the caseload enrollment and demographics that influence program costs. The estimate assumes an increase from the separate costs associated with the demographic mix including the higher number of newborns, older children and adults in the projected estimate.

The estimate also includes \$4.8 million from all sources to treat individuals enrolled in RItE Care who meet the criteria for a costly new treatment for Hepatitis C that has recently become available. The Office projected that 69 RItE Care enrollees would receive the treatment at a cost of \$90,000 with an assumed rebate of 23 percent, for a net cost of approximately \$70,000 per person.

The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate, which is \$50.0 million above the enacted budget for the capitated payments to the health plans for enrollees. This is offset by \$28.6 million less in the fee-for-service payments for out-of-plan services. The Office reports that part of the reduction is a shift of previously out-of-plan benefits into the managed care plan; it does not necessarily analyze the shift from one "bucket" to another. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly included \$542.9 million consistent with the May conference estimate.**

RItE Share. The Caseload Estimating Conference estimate includes RItE Share expenditures of \$11.5 million, including \$5.7 million from general revenues. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate, which is \$0.5 million less than enacted. The RItE Share program allows families who are eligible for medical assistance to remain on their employer based health insurance plan. The state pays the health care premiums and co-payments of RItE Share eligible participants, if the coverage is similar to the cost and services offered through RItE Care. Until October 1, 2011, the state also paid the co-pays and deductibles for prescriptions and doctors visits when the charges exceeded the amount that the employer's insurance would pay. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly included \$10.6 million consistent with the May conference estimate.**

Fee-Based Managed Care. The Caseload Estimating Conference estimate includes fee-based managed care expenditures of \$80.8 million from all sources, of which \$39.6 million is general revenues. The estimate is \$28.6 million less than enacted, including \$14.3 million less from general revenues, which reflects the potential transition in out-of-plan expenses to in-plan benefit services or higher use of in-plan benefits paid for through the capitated rates. Fee-based managed care provides additional services to those in the contracted managed care system. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly included \$69.1 million consistent with the May conference estimate.**

Rhody Health Partners

Rhody Health Partners. The Caseload Estimating Conference estimate includes expenditures of \$280.3 million from all sources, including \$139.1 million from general revenues for FY 2015 for the managed care program for adults with disabilities. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

The estimate is \$28.0 million above the enacted level, including \$14.0 million from general revenues; of the increase, \$16.4 million from all sources is estimated for certain individuals who meet the criteria for a costly new treatment for Hepatitis C that has recently become available. The Office projected that 236 individuals enrolled in Rhody Health Partners would receive the treatment at a cost of \$90,000 with an assumed rebate of 23 percent, for a net cost of approximately \$70,000 per person. *The Governor's recommendation is consistent with the November conference estimate.*

The Assembly provided \$269.0 million, including \$133.4 million from general revenues consistent with the May caseload estimate. This is \$11.3 million less than the recommendation to reflect lower than projected costs for the treatment of Hepatitis C and a different demographic mix.

Rhody Health Options

Rhody Health Options. As of November 1, 2013, the state entered into a managed care contract with Neighborhood Health Plan of Rhode Island to manage acute care and long term care services for individuals eligible for both Medicare and Medicaid. Consistent with the Office's testimony, the caseload conference estimate includes \$277.5 million from all sources, including \$137.8 million from general revenues for the Rhody Health Options program.

The estimate is \$19.5 million less than enacted, including \$10.1 million from general revenues for the managed care program. As previously mentioned, the savings in Rhody Health Options is shifted to the long term care and hospital programs to reflect the lower than anticipated enrollment in the managed care program, increasing costs to the fee-for-service programs. The November conference added \$8.9 million, including \$6.6 million from general revenues for long term care and managed care services for the elderly and certain disabled populations.

The Office of Health and Human Services' contract with Neighborhood Health Plan of Rhode Island includes funding for nursing home care. All of the state's 84 nursing homes have signed contracts with the managed care plan.

The population also includes adults with developmental disabilities whose medical coverage is both Medicare and Medicaid, and residential and community based services are provided through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. *The Governor's recommendation is consistent with the November conference estimate.*

The Assembly provided \$270.7 million, including \$134.8 million from general revenues consistent with the May caseload estimate. This is \$6.8 million less than the recommendation for updated enrollment in the managed care program.

Pharmacy

The Caseload Estimating Conference estimate includes pharmacy expenses of \$54.1 million; this includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly included \$49.1 million consistent with the May caseload conference.**

Pharmacy. The Caseload Estimating Conference estimate includes FY 2015 pharmacy expenditures of \$3.6 million, of which \$2.6 million is from general revenues and \$1.0 million is from federal funds; this is \$2.3 million more than enacted.

The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. Elderly and disabled individuals who are not enrolled in Rhody Health receive this fee-for-service pharmacy benefit. The caseload estimate separates the actual pharmacy costs for fee-for-service clients and the state's payment for the Medicare Part D clawback, discussed below. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly included program savings of \$1.0 million consistent with the May caseload estimate, which accounts for additional rebates to offset state costs.**

Medicare Drug Benefit - Part D Clawback. The Caseload Estimating Conference estimate includes the state payment for the Medicare Part D clawback provision at \$50.5 million, \$20,636 more than enacted. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. The plan provides coverage with a series of deductibles and co-payments based on the

recipient's income level. For individuals enrolled in Medicaid as well as Medicare, commonly referred to as dual eligibles, the state paid a portion of their drug costs matched by the federal participation rate. The state no longer directly pays for the drug costs; however, the state does pay a portion of the savings to the federal government, or a clawback, which has been calculated based on a nationwide formula. The dual eligibles do not pay any annual deductible, but do pay a \$1 co-payment for generic drugs or \$3 co-payment for brand names. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly included \$50.2 million consistent with the May caseload estimate.**

Other Medical Services

The Caseload Estimating Conference estimate includes costs for other medical services, which include Part B Medicare premium payments for the dually eligible population and additional payments to dentists, physicians and other practitioners.

Medicaid Expansion for Certain Adults. The November caseload estimate added \$46.7 million to the enacted level for total funding of \$539.1 million from federal sources to provide Medicaid coverage to adults between ages 19 to 64, without dependent children, with incomes at or below 138 percent of poverty, starting January 1, 2014. This includes an updated enrollment of approximately 55,000 enrollees. *The Governor's recommendation is consistent with the November conference estimate.*

The Assembly provided \$424.6 million, which is consistent with the May caseload estimate. This is \$114.5 million less than recommended for updated medical costs related to this population. The estimate includes enrollment of 54,201 and a lower per member cost than initially projected.

Other Medical Services. The Caseload Estimating Conference estimate includes expenditures for other medical services at \$114.0 million, which includes \$44.3 million from general revenues. The estimate is \$1.1 million less than the enacted budget, including \$0.3 million less from general revenues. The Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

Payments include the federal Medicare premiums made on behalf of qualified Medicare recipients so that they are able to retain the federal benefit and not be solely reliant on Medicaid for medical coverage. Other payments are made for rehabilitation services, including physical and occupational therapy, dialysis, physician and optometry services, durable medical equipment and transportation services. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly provided \$109.5 million, including \$42.6 million from general revenues consistent with the May caseload estimate and \$4.5 million less than recommended.**

Connect Care Community Choice Partners Program. The enacted budget includes general revenue savings of \$536,700 from the state receiving a 90 percent match rate for the Connect Care Community Choice Partners program for two years. The Office reported that additional services provided by a coordinating care agency that focuses on prevention, reducing wasteful fragmentation and averting the need for unnecessary and costly emergency room visits, hospitalizations and institutionalizations would be subject to the enhanced rate. The Office's testimony lowered the savings to \$214,000 requiring an additional \$322,700 from general revenues. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly concurred.**

Children's Health Account. The November caseload estimate includes \$10.6 million from restricted receipts, which provide direct general revenue savings for the children's health account. Every insurance provider that delivers certain services to children with special health care needs receives an assessment equivalent to the amount paid by the Office of Health and Human Services for those services, not to exceed \$7,500 per service per child per year. Expenses are paid from this account that would otherwise require general revenues. The payments from insurance providers are assessments that are deposited in

the children's health restricted receipt account. The Office currently assesses program expenses in three categories: comprehensive evaluation, diagnosis, assessment, referral and re-evaluation services; home health services; and child and adolescent intensive treatment services and each category has a number of specific services within it. *The Governor's recommendation is consistent with the November conference estimate.* **The Assembly also included \$10.6 million, which is consistent with the May conference estimate.**

Central Management

Staffing. The Office requested \$0.2 million less than enacted, including \$0.8 million more from general revenues, \$0.8 million less from federal funds and \$0.2 million less from restricted receipts, for all staffing requirements. The revised request is \$2.3 million above actual expenses in FY 2014, including \$1.5 million more from general revenues. The request includes the cost-of-living adjustments, staff reclassifications, unachieved turnover savings, and new hires. This is further explained in the medical administration and central management administration sections' items later in this analysis. *The Governor recommended requested funding with the exception of \$36,449 to account for an adjustment for medical benefit savings.* **The Assembly concurred.**

Unified Health Infrastructure Project. The Office requested \$51.3 million from all sources, including \$7.9 million from general revenues for the Unified Health Infrastructure Project. This is \$19.6 million more than enacted including \$2.1 million more from general revenues. The Office spent \$41.1 million in FY 2014, which was \$8.0 million above the final appropriation, which included \$1.6 million from general revenues.

Of the increase, \$12.3 million is for Deloitte Consulting, \$2.6 million for HP Enterprises and \$1.1 million for Northrup Grumman for the technology portion of the system, including change orders, and \$5.2 million more to Connexions to operate the call center.

The Office submitted a corrective action plan in November 2014 that included using an alternative form of support, such as the Information Technology Fund, for the state's portion of the project instead of general revenues.

It should be noted that the Department of Human Services requested \$10.7 million, including \$5.5 million from general revenues for total projects costs of \$62.0 million, including \$13.4 million from general revenues in both agencies.

The Governor recommended \$58.3 million for the project in FY 2015. The Governor provided \$53.9 million, including \$8.9 million from general revenues, for costs in the Office of Health and Human Services and the Department of Human Services' budgets. She shifted \$4.4 million in requested general revenue expenses to the Information Technology Investment Fund and included Section 5 of Article 10 to transfer \$6.4 million from bond premiums that were deposited into the Rhode Island Capital Plan Fund into the information technology investment fund in FY 2015 to support this project. She provided \$45.1 million in the Office's budget, including \$5.6 million from general revenues in FY 2015.

There is an adjustment to the budget of HealthSource RI in the Department of Administration that appears to assume that there will be a change in the allocation of costs between the components shared with the Office; however, that is not reflected in this recommendation. **The Assembly provided the recommended funding but did not transfer bond premiums into the Information Technology Fund for the project. Sufficient resources are available from the refinancing of tobacco bonds that were dedicated to this fund.**

Strategic Plan. The Office's revised request adds \$0.1 million for total funding of \$0.2 million from all sources, including \$0.1 million from general revenues, to be paid to Deloitte Consulting to develop a strategic plan and reflects the final contract costs. *The Governor recommended funding as requested.* **The Assembly concurred.**

Health Care Planning and Accountability Advisory Council. The Office included the enacted level of \$300,000 from all sources, including \$150,000 from general revenues, to support health care planning and accountability advisory council activities. The support activities include research and reporting related to the council's objective to develop ongoing assessments of the state's health care needs and health care system.

The Office has awarded a contract to Truven Analytics for an evaluation of behavioral health services. The Rhode Island Behavioral Healthcare Analysis and Report Project will provide a comprehensive review of mental health and substance abuse incidence rates, service use rates, capacity and potentially high and rising spending. *The Governor recommended funding as requested.* **The Assembly concurred.**

CurrentCare. The Office included the enacted level of \$2.9 million, including \$0.3 million from general revenues to support the enrollment of Medicaid recipients in CurrentCare, the Rhode Island Statewide Health Information Exchange. The secure electronic system allows doctors and other care givers immediate access to a patient's up-to-date health information and is operated through the Rhode Island Quality Institute. *The Governor recommended funding as requested.* **The Assembly concurred.**

Predictive Modeling Initiative. The enacted budget includes \$2.0 million from all sources including \$0.2 million from general revenues for a contract awarded to BAE Systems Applied Intelligence for a predictive modeling initiative to modernize the current Medicaid management information system to have the capability to analyze claim, encounter, provider, beneficiary and other data in the identification of fraud and abuse. The Office added \$0.1 million from all funds, including \$0.1 million from general revenues for the new contract. The request also includes \$0.5 million, of which \$50,000 is from general revenues, for a new contract with HP Enterprises for changes to the Medicaid management information system for this initiative. *The Governor recommended funding as requested.* **The Assembly concurred.**

Electronic Visit Verification. The Office requested \$1.1 million from all sources, including \$0.2 million from general revenues to implement an electronic visit verification system for home health care providers. Funding was not included in the enacted budget for this activity, although savings from it were assumed based on having a system in place in FY 2015. The Office anticipated entering into a contract with Sandata to provide software for billing and scheduling attendant services with all Medicaid funded home healthcare providers.

The Governor recommended funding as requested. As of March 1, 2015, the Office had not yet entered into a contract. It should be noted that the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals also has savings in its recommended budget from this initiative and the Governor requested an amendment to restore those savings. **The Assembly concurred with the recommended funding.**

Electronic Health Records. The Office reduced federal funding for its electronic health records program by \$5.6 million for a total of \$6.2 million to reflect updated reimbursements paid to providers participating in the electronic health records initiative. *The Governor recommended funding as requested.* **The Assembly concurred.**

HIV Services and Administration. The Office's revised request is \$0.1 million less than enacted from federal Medicaid funds for HIV services and administration expenses that total \$8.0 million. The enacted budget assumes using the state's rebate account to match the Medicaid funds for allowable expenses

including case management services. The request eliminates the Medicaid match for case management services, and uses rebate funding instead.

It should be noted that as of January 1, 2014, the Medicaid program would not be needed because program recipients will either be eligible for Medicaid through the expansion program or the health benefits exchange. *The Governor recommended funding as requested.* **The Assembly concurred.**

RIte Care/RIte Share Program Administration. The Office requested \$0.2 million less than enacted, including \$0.1 million less from general revenues, for total funding of \$5.7 million for administrative activities in the RIte Care/RIte Share program. This is \$0.1 million less from general revenues; however, it is \$1.9 million more than FY 2014 actual expenses, including \$0.9 million from general revenues. *The Governor recommended \$1.2 million less than enacted, including \$0.6 million less from general revenues and \$1.0 million less than requested, including \$0.5 million less from general revenues.* **The Assembly concurred.**

Hospital Admission Screening & Utilization Review. The enacted budget includes \$1.9 million from all funds, including \$0.5 million from general revenues, paid to CT Peer Review/Qualidigm for hospital admission screening and utilization review. The revised request adds \$0.6 million, including \$0.2 million from general revenues for total funding of \$2.5 million in FY 2015 to reflect a new contract and contract changes. It should be noted that the contract was amended May 1, 2014 to increase the funding in the final two years of the award. *The Governor recommended funding as requested.* **The Assembly concurred.**

Medicaid Management Information System Maintenance. The Office's revised request adds \$1.0 million, including \$0.3 million from general revenues, for total funding of \$24.5 million for expenses related to the Medicaid Management Information System. This is consistent with FY 2014 actual expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Medicaid Administration Expenses. Excluding other adjustments, the Office requested \$0.4 million more than enacted, including \$0.1 million more from general revenues for Medicaid administration activities, including cost-of-living adjustments, medical benefit savings, claiming costs and other operating expenses. The request includes the enacted level of \$2.7 million in early intervention services including \$0.6 million for the family outreach program.

The Governor recommended funding essentially as requested, with the exception of \$15,914 to account for an adjustment for medical benefit savings. She also included \$0.6 million less from early intervention federal funds inadvertently included in the enacted budget and the Office's request for the Family Outreach Program; the program is funded through the Department of Health. **The Assembly concurred.**

State Innovation Model Grant. The Office was recently awarded a four-year \$20.0 million State Innovation Model Grant to address health care delivery; it did not include funding in its revised budget. *The Governor recommended \$202,101 in the Office's budget and \$28,048 in the Department of Health.* **The Assembly concurred.**

No Wrong Door Planning Grant. The Office was recently awarded a federally funded No Wrong Door System Planning Grant to address the service delivery model for individuals and families accessing the following programs: Medicaid, cash assistance, subsidized child care and the supplement nutrition assistance program. Funding was not included in the Office's revised budget request. *The Governor recommended \$112,500.* **The Assembly concurred.**

Rhode Island Foundation Grant. The Office's revised request includes \$129,693 from restricted receipts for a new grant from the Rhode Island Foundation, which is matched by Medicaid for total funding of \$259,386. The Office of Health and Human Services in collaboration with the RI Chapter of the American Academy of Pediatrics, and the Department of Health, was awarded one-year funding from the Rhode Island Foundation to support the Rhode Island Pediatric Patient Centered Medical Home Collaborative (PCMH-Kids). *The Governor reduced requested funding by \$130.* **The Assembly concurred.**

Race to the Top Funding. The Office requested \$50,025 from federal Race to the Top funds in its revised request to be awarded to the Meeting Street School, which is \$0.3 million less than enacted to reflect projected spending. *The Governor increased requested funding by \$20,000.* **The Assembly concurred.**

Cost Allocation Plan - Unachieved Savings. The enacted budget includes \$0.5 million in additional restricted receipts from the Office entering into a new cost allocation plan that would offset general revenue costs in the central management program. The Office has contracted with Public Consulting Group but has not finalized a plan, and added \$0.5 million from general revenues from the delay. *The Governor recommended funding as requested.* **The Assembly concurred.**

Central Management Administration Expenses. The Office requested \$0.3 million more from all sources, including \$0.2 million more from general revenues for total funding of \$9.5 million to support all other central management administration expenses. This includes \$0.3 million in added staffing costs compared to the enacted budget; however, it is \$1.2 million above FY 2014 actual expenditures. This includes cost-of-living adjustments, step increases and staff reclassifications, offset by medical benefit savings.

The Governor recommended funding essentially as requested with the exception of \$20,442 less from state medical benefit savings and \$49,696 more from federal funds for supplemental nutrition assistance program operating expenses. **The Assembly concurred.**

Special Education. The Office requested the enacted level of \$27.0 million from federal funds to match Medicaid eligible special education services provided by the local education agencies and included \$19.0 million for direct services and \$8.0 million for administration costs. *The Governor recommended funding as requested.* **The Assembly concurred.**

Department of Children, Youth and Families

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 7,934,509 | \$ 6,878,757 | \$ 8,237,814 | \$ 8,237,814 |
| Child Welfare | 173,339,332 | 166,099,724 | 178,638,998 | 179,016,560 |
| Juvenile Corrections | 26,263,551 | 24,421,036 | 26,476,982 | 25,941,982 |
| Children's Behavioral Health | 11,948,529 | 13,036,874 | 13,106,164 | 11,992,578 |
| Higher Education Incentive Grants | 200,000 | 200,000 | 200,000 | 200,000 |
| Total | \$ 219,685,921 | \$ 210,636,391 | \$ 226,659,958 | \$ 225,388,934 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 66,809,668 | \$ 67,349,824 | \$ 70,508,206 | \$ 70,508,206 |
| Contracted Services | 8,125,869 | 5,551,885 | 5,526,082 | 5,526,082 |
| Subtotal | \$ 74,935,537 | \$ 72,901,709 | \$ 76,034,288 | \$ 76,034,288 |
| Other State Operations | 7,743,829 | 6,965,544 | 7,847,666 | 7,847,666 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 136,518,176 | 127,792,626 | 139,535,044 | 140,502,606 |
| Capital | 488,379 | 2,976,512 | 3,242,960 | 1,004,374 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 219,685,921 | \$ 210,636,391 | \$ 226,659,958 | \$ 225,388,934 |
| Sources of Funds | | | | |
| General Revenue | \$ 154,719,224 | \$ 148,707,146 | \$ 158,341,580 | \$ 159,341,580 |
| Federal Aid | 61,602,917 | 56,568,664 | 62,235,275 | 62,202,837 |
| Restricted Receipts | 2,762,996 | 2,448,750 | 2,840,143 | 2,840,143 |
| Other | 600,784 | 2,911,831 | 3,242,960 | 1,004,374 |
| Total | \$ 219,685,921 | \$ 210,636,391 | \$ 226,659,958 | \$ 225,388,934 |
| FTE Authorization | 670.5 | 670.5 | 672.5 | 672.5 |
| FTE Average | 587.2 | | | |

FY 2015 Revised Request. The Department of Children, Youth and Families requested \$18.6 million more than enacted from all sources, including \$13.6 million more from general revenues, \$4.6 million more from federal funds and \$0.4 million more from restricted receipts. This primarily reflects additional funding for residential placements, a foster care rate increase, and a new social worker class.

Subsequently, the Department submitted a corrective action plan with three initiatives to reduce general revenue expenditures by \$1.6 million to offset the requested increases. The corrective action items are discussed separately, where appropriate.

The Governor recommended \$16.0 million more than enacted, including \$9.6 million more from general revenues. This is \$2.6 million less than requested including \$4.0 million less from general revenues, \$1.1 million more from federal funds, \$13,903 more from restricted receipts and \$0.3 million more from Rhode Island Capital Plan funds. She also added 2.0 new federally funded positions. The Assembly

included \$1.3 million less than recommended including \$1.0 million more from general revenues and \$2.2 million less from Rhode Island Capital Plan funds.

Staffing. The Department requested \$68.5 million for salaries and benefits, including \$48.5 million from general revenues. This is \$1.7 million more than enacted including \$0.8 million from general revenues and \$0.9 million from federal funds. This reflects a cost-of-living adjustment of \$1.5 million, of which \$0.9 million is from general revenues offset by \$0.3 million from turnover savings. Major staffing issues are described separately in this analysis where appropriate. *The Governor recommended \$1.3 million more than requested for salaries and benefits including \$0.8 million from general revenues and \$0.5 million from federal funds. Items are described as part of the following analysis.* **The Assembly concurred.**

Resource Team. In summer of 2014, Governor Chafee established a Resource Team to identify issues and make recommendations to address consistent budget shortfalls and organizational concerns within the Department of Children, Youth and Families and its System of Care Contract. This team included representatives from the Lieutenant Governor's Office, the Executive Office of Health and Human Services, Emergency Management Agency, and the Budget Office.

The Resource Team produced a report in January 2015 describing its findings and options for the Raimondo Administration and the General Assembly to consider. These options include canceling and rebidding the System of Care contract, eliminating portions of the contract, and fully funding the existing contract for FY 2015. The Team also included a list of actions to be considered including the continuous recruitment of case workers, the Department taking over the payment process from network leads, procuring a utilization management contract, upgrading information technology agency-wide, and assigning a dedicated project manager with clear authority over the contracts.

Governor Raimondo's FY 2015 revised recommendation fully funds the System of Care based on updated cost projections included in the Department's second quarter report as recommended by the Resource Team. It also includes funding to support a continued presence of staff from the Executive Office of Health and Human Services. **The Assembly concurred.**

System of Care

System of Care. The Department of Children, Youth and Families requested \$10.4 million more than the enacted level of \$72.5 million, including \$52.8 million from general revenues, \$17.2 million from federal funds and \$2.5 million from restricted receipts for the System of Care contract. This is \$9.2 million more than enacted from general revenues and reflects significant overspending, reportedly from an increase in the number of youth in high-cost in-state and out-of-state residential placements.

The FY 2015 enacted budget includes \$72.5 million for the System of Care contract, of which \$52.8 million is from general revenues. This is \$5.5 million less than the Department spent for services provided through the System of Care in FY 2014.

The Department submitted a corrective action plan in November that includes savings initiatives totaling \$0.8 million from general revenues. These include \$0.1 million from expanding an in-state program for developmentally disabled boys, \$0.2 million from requiring school districts to assess youth before a truancy finding, and \$0.5 million from amending current law to compel local school districts to reimburse the Department for the cost of education at residential facilities.

The Governor's recommendation is \$9.1 million more than enacted, including \$7.5 million from general revenues for the System of Care. This is \$1.3 million less than requested, including \$1.7 million less from general revenues to reflect updated caseload mix estimates. The Governor's recommendation is based on

updated cost projections from the Department for services associated with the System of Care. The Department is expected to continue working with the providers to develop programs that advance the goals of the System of Care model and reduce the higher end, more expensive placements. The Assembly concurred.

Education Costs. The enacted budget includes \$1.0 million to fund the added costs to the state for students residential care that result from changes to the calculation of average special education costs on which district payment requirements are based. This is included in the total provided through the System of Care contract, noted above. The Department of Elementary and Secondary Education began transitioning from a full-time equivalent funding methodology to one based on a student head count in FY 2013. The original transition plan was for \$2.5 million phased in over a five-year period in \$0.5 million increments, beginning in FY 2013, to fund the difference between each child's local education agency's average per-pupil special education rate and the cost for education at residential facilities. FY 2015 is the third year of the transition with \$1.5 million, but explicit funding was not included in the FY 2015 enacted budget to increase this from the FY 2014 level. The Department did not request added funding for the FY 2015 revised or FY 2016 budgets. *The Governor added \$0.5 million to fully fund the third year of the transition. This is in addition to the funding for the System of Care contracts previously noted. The Assembly concurred.*

Medically Fragile Children Unachieved Savings. The Department requested \$0.5 million more than enacted from general revenues for medically fragile youth in its care. Based on a proposal from the Department, the enacted budget assumed \$1.0 million in savings achieved by shifting the cost of care for six medically fragile children to the Executive Office of Health and Human Services. The Department was only able to shift the costs for three youth to the Office and restored savings for the remaining youth in its care. *The Governor restored funding as requested. The Assembly concurred.*

In-State Girls Program Unachieved Savings. The Department requested \$0.4 million including \$0.3 million from general revenues, for out-of-state services for seriously emotionally disturbed adolescent girls because of a failed savings initiative. Based on a proposal from the Department, the enacted budget includes \$0.3 million from savings achieved by creating an in-state program for these girls. The Department had indicated that it was in the process of developing this program with a provider in the summer of 2014; however the program did not materialize as the providers requested new or recently refurbished state buildings. The Department did not develop this program. *The Governor restored funding as requested. The Assembly concurred.*

Child Placement Assessment Team. The Department requested \$0.1 million more than enacted from general revenues for contracted services associated with a placement assessment team. The revised request includes \$48,000 for psychiatric and psychological services to perform professional assessments of youth in care and \$100,000 for professional assessments of residential providers. The aim of these services is ultimately to reduce the number of youth in out-of-home care and place them in the least restrictive available placement. It was originally assumed that these assessments would be performed as part of the System of Care contract. *The Governor did not recommend funding for the assessment team and eliminated the \$4,935 in the enacted budget for psychiatrist services. The Assembly concurred.*

Foster Care - Rate Increase. The Department requested \$2.6 million, including \$1.7 million from general revenues, to fund a rate increase for most foster parents as of January 1, 2015. Total funding provided for payments would increase from \$20.9 million to \$23.5 million. The base foster care rate has not been raised since 2001 and averages between \$13.73 and \$15.79 per day depending on the needs of each child. There are approximately 3,900 children for whom the Department makes payments to foster parents. Currently, the Department sets a rate based on a child's age and increases that rate incrementally based on the health and behavioral needs of the child. The Department's stated goal is for all foster parents to receive at least \$20 per day and more for children with mental health or medical considerations.

This would bring Rhode Island more in line with neighboring states including Massachusetts at \$23 per day and Connecticut at \$26 per day. The calculation includes rate increases for the adoption assistance program and does not take into account foster parents that already receive more than \$20 per day based on each child's therapeutic and medical needs. It should be noted that Rhode Island provides state-funded day care for working foster parents, clothing and food subsidies to foster parents that other states do not, and the value of those supports are not included in the comparison.

The Department's corrective action plan lowers this request by \$0.7 million from delaying the rate increase until April 1, 2015.

*The Governor did not recommend a rate increase for FY 2015. **The Assembly added \$1.0 million from general revenues and \$32,438 from federal funds to reflect an increased foster care and adoption census and available federal support.***

Foster Care - Support Contracts. The Department's revised request includes the enacted level of \$2.1 million from general revenues for foster care support contracts. The Department contracts with about 12 providers for care coordination to kinship families in which a family member is fostering a youth in Department care. These contracts provide between 60 and 180 days of assistance to work with foster families and children to identify available services and to advise the family on how to access services in the community. The Department's FY 2016 constrained request eliminates several of the smaller contracts for a savings of \$0.6 million. *The Governor recommended this reduction and revised savings of \$0.3 million in the current year are based on the contracts being terminated at the end of December 2014. The recommendation assumes that permanent staff at the Department would be providing some of the services, particularly referrals. **The Assembly concurred.***

Foster Care - Special Needs. The Department requested \$0.3 million more than enacted from federal funds for support services associated with the adoption and fostering of youth with disabilities. The federal Children's Bureau awarded the Department two grants totaling \$0.9 million to promote foster care and adoption for children with special needs. These grants provide for several services for families that adopt youth with disabilities, such as adoption incentive payments, foster care support services, post-adoption tracking for trauma victims, adoption resources, and trauma response. *The Governor recommended \$0.3 million more than requested from federal funds based on updated federal grant projections. **The Assembly concurred.***

18 to 21 Year Olds. The Department requested \$1.1 million less than enacted from general revenues for services provided by Foster Forward to youth between the ages of 18 and 21 years old. These services include the Youth Establishing Self Sufficiency (YESS) program and several life skills programs offered by this provider. The Department indicated that this reflects a reduced caseload. In FY 2014, the Department had a caseload of 221 youth and the request reflects a projected caseload of 212 youth. *The Governor further reduced funding by \$0.1 million to reflect the reduced caseload. **The Assembly concurred.***

Project Hope and Project Reach. The Department requested \$0.7 million less than enacted 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. Funding for Project Hope has been reduced since FY 2010 because many of the services that the program provides have been duplicated in the Family Care and Community Partnership program. *The Governor further reduced the request by \$0.1 million to reflect the elimination of both programs. **The Assembly concurred.***

Hasbro PANDA Contract. The Department's revised request includes the enacted level of \$0.4 million from general revenues for its contract with the Hasbro Physical Abuse, Neglect, and Assessment Clinic. The Department contracts with the hospital to assess children as soon as they are brought to the hospital with signs of abuse or neglect.

The Department submitted a constrained request for FY 2016 that reduces its contract with the clinic for savings of \$0.1 million. The Department indicated that the hospital should be able to continue to offer this program, but could not identify how this could be done without a reduction to services. The total contract cost for FY 2016 would be reduced to \$0.3 million. *The Governor recommended the reduction as included in the constrained request for FY 2016 and also reduced funding by \$0.1 million as part of the revised recommendation.* **The Assembly concurred.**

Other Services Outside the System of Care. The Department requested \$3.0 million more than enacted including \$1.5 million more than enacted from general revenues for services to children and families provided outside the System of Care. The general revenue increase is more consistent with FY 2014 spending, some of which is matched with federal funds. Non-residential services to children and families include in-home parenting training, individual and family counseling, and emergency services. Providers include North American Family Institute, Child and Family, Bradley Hospital, and Family Service of Rhode Island.

The Department's current contract with the North American Family Institute for the Parenting with Love and Limits program is for \$0.4 million including \$0.2 million from general revenues. The program is an evidence-based clinical service targeted at transitioning youth from a therapeutic residential setting to a home-based setting. The Department's corrective action plan assumed that by providing an additional \$0.1 million to expand this program by moving to a less costly community based program it can reduce the group home census by 20 youth which would result in net savings of \$78,690.

The Governor did not include the funding increase for counseling as noted in the corrective action plan. She recommended \$2.6 million more than enacted, which is \$0.3 million less than requested. Recommended general revenues are \$0.7 million more than enacted and \$0.8 million less than requested. This appears to assume the Department will continue to manage its expenses to be lower than FY 2014 experience. **The Assembly concurred.**

Juvenile Corrections

Staffing. The Department requested \$0.3 million more than enacted including \$0.2 million more from general revenues for salaries and benefits for the Juvenile Corrections Program. The request includes a cost-of-living adjustment of \$0.6 million and increased medical benefit costs based on employee selections offset by turnover savings from approximately nine more vacancies than were assumed in the enacted budget. The Department's revised request is \$1.1 million less than the Department spent in FY 2014. The current filled position level suggests the additional turnover savings may be difficult to achieve and the enacted level may be insufficient.

The Governor recommended \$1.1 million more than requested based on unachieved turnover savings and updated payroll projections, including adjustments to overtime and corrections to benefit calculations. This corrects for apparent underfunding in the enacted budget based on the Department's population related savings initiative being overstated. The Governor shifted 7.0 unfunded full-time equivalent positions to the central management program. **The Assembly concurred.**

Training School Medical Unachieved Savings. The Department requested \$1.6 million from general revenues which is \$0.4 million more than enacted for on-campus medical services for juveniles at the Rhode Island Training School. The enacted budget includes \$0.4 million from general revenue savings

that were to be achieved by renegotiating a contract with Lifespan to provide medical services at the training school. The Department indicated that it was unable to achieve these savings. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Services. The Department requested \$1.1 million, which is \$34,421 more than enacted, including \$9,741 less from general revenues for all other services provided to youth currently incarcerated, on probation or on parole. This primarily reflects fewer youth on probation and parole than were assumed in the enacted budget. Services include counseling and wraparound services through community agencies, vocational training at the training school and professional development for teachers.

The Governor recommended \$69,483 more than requested, which is essentially consistent with the enacted level, including \$27,834 more from general revenues to reflect increased costs for electronic monitoring and counseling services for youth on probation and parole. She also included \$41,649 more from federal funds to reflect additional federal Substance Abuse Block Grant funds and Prison Rape Elimination Act funds used to fund counseling services at the Training School. **The Assembly concurred.**

Other Operations. The Department requested \$0.3 million more than enacted including \$0.2 million more from general revenues for facility repairs, updated insurance costs, utility costs and office supplies at the training school and juvenile probation and parole locations. *The Governor recommended \$0.3 million less than requested from general revenues for insurance and legal costs, which is essentially consistent with the enacted level.* **The Assembly concurred.**

Other Programs and Overhead

New Caseworker Class. The Department requested an additional \$1.2 million including \$0.5 million from general revenues and \$0.7 million from federal funds to fill 14.0 new caseworker vacancies and fund their training at the Rhode Island College Child Welfare Institute. The Department noted that it has experienced significant turnover and a new class of 36 social workers started in November 2014 at a prorated annual cost of approximately \$37,660 per social worker. The Department indicated that having more caseworkers will improve service delivery and reduce caseloads of existing caseworkers. The Department did not request an increase in its authorized level of caseworker positions for FY 2015; however, included \$0.6 million more than enacted including \$0.1 million from general revenues for training at Rhode Island College. *The Governor included funding for the new caseworker class, but did not include the additional funding requested for training.* **The Assembly concurred.**

All Other Staffing. The Department requested \$0.3 million more than enacted including \$59,151 more from general revenues for all other salaries and benefits. This primarily reflects \$1.9 million from turnover savings in the child welfare program and medical benefit savings offset by \$1.5 million for the cost-of-living adjustment.

The Governor recommended \$0.9 million more than requested including \$0.4 million from general revenues for all other staffing. The changes reflect restoration of unachieved turnover savings in the central management and children's behavioral health programs. The recommendation also funds 7.0 positions in central management, repurposed from other vacancies, associated with a team supervised by the Executive Office of Health and Human Services to address issues raised by the previous Resource Team. The Governor also included 2.0 positions in the child welfare program funded through the federal A Family for Every Child grant. **The Assembly concurred.**

Social Worker Training. The enacted budget includes \$1.7 million for social worker training including \$1.0 million from general revenues and \$0.7 million from federal funds at the Rhode Island College Child Welfare Institute. The Department pays for pre-service training based on a national model for all

incoming social workers once they have been hired. New social workers receive pay during a six-week course that includes refresher courses on safety, current issues, substance abuse disorders, and a field seminar and practicum in which they apply classroom training in real-time situations. *The Governor recommended \$0.2 million less than enacted, including \$0.7 million less from general revenues and \$0.5 million more from federal funds. The Department indicated that was in the process of reassessing this contract.* **The Assembly concurred.**

New Computers. The Department requested \$0.4 million more than enacted, including \$0.4 million more from general revenues and \$43,237 more from federal funds for new office computers. The Department indicated that many of its computers were obsolete, did not contain the necessary memory and program capabilities and needed to be replaced. A similar request was made in the Department's FY 2015 operating budget, FY 2015 – FY 2019 capital request, and its FY 2016 – FY 2020 capital request. The Department indicated that it had already spent approximately \$20,000 on computers as of the fall of 2014.

The Governor assumed use of federal funds for already purchased computers and did not provide additional general revenues. **The Assembly concurred.**

Mileage and Transportation. The Department requested \$0.4 million more than enacted for mileage and other costs associated with transporting children in the Department's care. This is \$394,618 more from general revenues and \$43,237 more from federal funds, the majority of which is for mileage payments based on an increased number of youth in out-of-state placements as well as increased caseloads. *The Governor recommended \$0.1 million less than requested including \$0.2 million less from general revenues to reflect updated mileage and transportation costs as reported by the Department.* **The Assembly concurred.**

Capital. The Department requested the enacted level of \$2.9 million from Rhode Island Capital Plan funds for capital projects. *The Governor recommended \$0.3 million more than requested to reflect updated projections for projects at the North American Family Institute and the Training School.* **The Assembly shifted \$2.2 million from Rhode Island Capital Plan funds from FY 2015 to FY 2016 for three projects to reflect updated project schedules. Specific project information is included in the Capital Budget section of this publication.**

All Other Operations. The Department requested \$0.1 million less than enacted, including \$100,536 less from general revenues and \$21,106 more from federal funds for all other department operations. Other operating adjustments include \$0.5 million more from general revenues and primarily reflect increased expenses for insurance, snow removal, and internet access costs. The Department included \$0.6 million less than enacted including \$0.4 million less from general revenues and \$0.2 million less from federal funds for clerical and security services at offices throughout the state. The Department contracts with Adil to provide administrative support in lieu of hiring new clerical staff. The Department also contracts with the City of Providence and private security agencies for security details at its offices. The Department's request appears to erroneously exclude funding for these services.

The Governor recommended \$0.6 million more than requested including \$0.4 million more from general revenues. The Governor's recommendation restores funding for clerical and security services essentially at the enacted level. The Governor recommended \$32,742 less than requested including \$45,770 less from general revenues to reflect reductions to printing, advertising, insurance and other operating costs. **The Assembly concurred.**

Department of Health

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 11,651,202 | \$ 13,379,460 | \$ 13,049,867 | \$ 13,037,843 |
| State Medical Examiner | 2,542,322 | 2,072,836 | 2,131,827 | 2,131,827 |
| Environmental & Health Services Reg. | 17,595,742 | 18,804,370 | 18,416,800 | 18,416,800 |
| Health Laboratories | 8,436,112 | 7,855,236 | 8,514,268 | 8,514,268 |
| Public Health Information | 3,768,572 | 3,625,459 | 3,965,192 | 3,965,192 |
| Community, Family Health, and Equity | 57,990,767 | 70,329,618 | 73,818,257 | 73,840,165 |
| Infectious Disease and Epidemiology | 6,591,413 | 6,578,591 | 6,087,430 | 6,087,430 |
| Total | \$ 108,576,130 | \$ 122,645,570 | \$ 125,983,641 | \$ 125,993,525 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 45,636,579 | \$ 51,166,990 | \$ 50,082,473 | \$ 50,082,473 |
| Contracted Services | 6,362,988 | 7,989,390 | 8,966,595 | 8,966,595 |
| Subtotal | \$ 51,999,567 | \$ 59,156,380 | \$ 59,049,068 | \$ 59,049,068 |
| Other State Operations | 41,379,065 | 46,061,286 | 47,445,355 | 47,467,263 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 14,341,833 | 17,174,485 | 19,209,140 | 19,197,116 |
| Capital | 853,165 | 253,419 | 280,078 | 280,078 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | 2,500 | - | - | - |
| Total | \$ 108,576,130 | \$ 122,645,570 | \$ 125,983,641 | \$ 125,993,525 |
| Sources of Funds | | | | |
| General Revenue | \$ 23,469,936 | \$ 22,957,920 | \$ 22,841,530 | \$ 22,829,506 |
| Federal Aid | 55,777,861 | 65,094,393 | 66,960,648 | 69,625,405 |
| Restricted Receipts | 29,272,149 | 34,593,257 | 36,112,413 | 33,469,564 |
| Other | 56,184 | - | 69,050 | 69,050 |
| Total | \$ 108,576,130 | \$ 122,645,570 | \$ 125,983,641 | \$ 125,993,525 |
| FTE Authorization | 491.1 | 491.3 | 491.3 | 491.3 |
| FTE Average | 436.9 | | | |

FY 2015 Revised Request. The Department requested revised expenditures of \$126.2 million from all funds, \$3.6 million more than enacted. This includes \$0.1 million more from general revenues, including \$41,299 reappropriated at the discretion of the Governor.

The Governor recommended \$3.3 million more than enacted and is \$0.2 million less than requested, primarily from general revenues to reflect additional turnover and statewide medical benefit savings. She subsequently requested two amendments; to properly reflect \$2.6 million of expenditures for the environmental health services program as federal funds; they were inadvertently budgeted as restricted receipts. The second amendment adds \$21,908 from federal funds, the required match for the cancer screening program. The Assembly included \$12,024 less from general revenues for a community

service grant, for which the pilot program had ended and concurred with the remainder of the recommendation.

Indirect Cost Recovery Fund. The Department uses its indirect cost recovery restricted receipts to offset costs associated with administering federally funded programs. Revenues for the indirect cost recovery account are based on the expenditure of certain federal grants and exclude some expenditures such as assistance and grants. A portion of the Department's federal grants allow a 19.3 percent cost recovery charge on the actual amount expended. In the past, the Department's revenues and carry-forward cash balance has exceeded expenditures, resulting in significant cash balances. The FY 2015 revised request includes revenues of \$3.8 million, \$0.6 million more than assumed in the FY 2015 enacted budget. The anticipated revenues of \$3.8 million will be supplemented with a \$2.8 million cash balance as of June 30, 2014. Based on expenditures of \$6.1 million budgeted for FY 2015, the Department anticipates a year end surplus of \$0.4 million.

*The revised budget includes expenditures of \$6.2 million, \$26,784 more than the revised request to reflect partial funding for a position in the Division of Purchasing for work related to the Office of Health and Human Services' agencies. This is pursuant to a cooperative agreement that was signed between the Department of Administration and the Office of Health and Human Services. **The Assembly concurred.***

Reappropriation. The Governor reappropriated \$41,299 from FY 2014 unexpended general revenues for three grants; vaccines, cancer screening and to develop a plan to improve health outcomes in the areas of diabetes, infant mortality, obesity and smoking. The FY 2015 enacted budget includes \$4,906 for the vaccine grants. The funds were private donations that the Department received and were deposited as general revenues.

*The Governor included the reappropriation. She subsequently requested an amendment to add \$21,908 from federal funds to reflect the required match for the cancer screening program. **The Assembly concurred.***

Community Service Grants. The revised request includes the enacted amount of \$0.3 million from general revenues for nine community service grants administered by the Department of Health. This includes \$12,024 to support the Rhode Island Blood Center. Funds are used for pediatric services including hemophilia and sickle cell anemia. The FY 2014 final budget also included funding for this grant; however, it appears that the expenditure was not made. Subsequently, the Center informed the Department that the pilot program, which this grant supported, had ended. *The Governor recommended funding consistent with the enacted budget. **The Assembly provided \$12,024 less from general revenues to reflect the end of the pilot program.***

Poison Control Center. The Department requested expenditures of \$150,000 from general revenues to fund the Poison Control Center, which provides assistance and medical diagnosis of poisonings. The Center receives calls from individuals, hospitals and health care centers. Rhode Island used to operate its own Poison Control Center at an annual cost of over \$0.4 million. Over a decade ago, it joined with Massachusetts and the required cost was reduced to \$0.3 million. Over time, funding for the Poison Control Center was reduced to \$200,000 where it remains through FY 2014 and was funded with bioterrorism grants. The federal bioterrorism grants have been reduced over the years; including a 14.0 percent cut from sequestration. Based on grant reductions, and depletion of cash carry-forward balances, the Department of Health determined that it would no longer fund the Center with bioterrorism grants, but committed to finding an alternative funding mechanism for FY 2015 to operate the Center. It should be noted that the request appears to assume use of \$50,000 in existing carry-forward federal bioterrorism grant funds. *The Governor recommended funding as requested. **The Assembly concurred.***

Emergency Response Preparedness Funding. The Department requested revised expenditures of \$6.4 million from federal bioterrorism funds for the operations of the Center for Emergency Preparedness and Response. The Department used these funds to help hospitals and healthcare entities plan for, respond to, and recover from mass casualty events. It also provides grants to cities and towns to enhance emergency response preparedness. The request includes \$3.0 million to support 25.0 full-time equivalent positions, \$0.8 million for grants to cities and towns and \$2.5 million for all other information technology, training and operating expenses.

The request is \$1.5 million less than enacted to reflect a reduction in available federal funds. Federal bioterrorism grants have been reduced significantly over the years, including a 14.0 percent reduction from sequestration. Major changes from the enacted budget include \$0.3 million less for salaries and benefits, and decreased expenditures for medical supplies, training, and maintenance of equipment, such as radios and other communication devices. *The Governor recommended funding as requested.* **The Assembly concurred.**

Ebola Response. The request does not include any funding for Ebola response related activities. The Department projected expenses of \$0.8 million, \$0.7 million of which would be used to fund several positions, including stress test staff and nurses. The remaining \$0.1 million would be used for precaution supplies, travel and public outreach expenses. The federal administration submitted an emergency request of \$6.2 billion to Congress for FY 2015 to address the Ebola epidemic. The Centers for Disease Control and Prevention would receive \$1.8 billion to prevent, detect, and respond to the Ebola epidemic as well as other public health emergencies. According to the Federal Funds Information for States, Rhode Island would receive a total of \$2.9 million for public health emergency preparedness and the hospital preparedness program.

The Governor recommended \$66,849 to reflect funding that the Department received subsequent to its budget submission for monitoring activities. The Department indicated that it submitted a request to the Centers for Disease Control and Prevention for \$1.3 million. The expected award date is April 1st. **The Assembly concurred.**

Medical Examiner Staffing and Operations. The revised budget includes a total of \$2.8 million from all sources of funds to support the Office of the State Medical Examiner. This is \$0.2 million more than enacted, including \$66,475 from general revenues, a slight reduction from federal funds and \$0.2 million more from restricted receipts. The request assumes use of \$0.7 million from indirect cost recovery restricted receipts, including \$0.4 million for salary and benefit costs for the chief medical examiner. The Department also shifted previously funded general revenue expenditures of \$0.3 million to the indirect cost recovery account, including \$0.2 million for contract services, such as livery, x-ray and histology services and \$0.1 million for medical supplies. The request includes \$15,000 for contracted medical examiners, \$8,723 more than enacted and is \$0.1 million less than FY 2014 reported expenditures. The Department noted that the increase in staffing negates the need to bring this expense to prior levels.

The request includes a total of \$2.3 million to fund 15.0 full-time equivalent positions, \$0.2 million and 0.6 positions more than enacted. Of the increase, \$55,100 is to reflect the cost-of-living-adjustment and \$153,314 will be used to fund positions that were previously paid from indirect cost revenues. *The Governor concurred, with the exception of removing \$6,081 from general revenues to primarily reflect additional statewide medical benefit savings.* **The Assembly concurred.**

Vital Records. The Department requested revised expenditures of \$1.9 million, including \$1.0 million from general revenues for expenses related to vital records. The Department currently records deaths, fetal deaths and induced terminations of pregnancies, which are all classified as vital death records. It records approximately 9,000 deaths, 750 fetal deaths and 5,500 induced terminations of pregnancy per year.

The request is \$0.4 million more than enacted, including \$0.4 million more from federal funds and \$0.1 million less from general revenues to reflect the cost of half of a position shifted to federal funds. The request includes the cost-of-living-adjustment and medical benefit savings. The increase from federal funds includes \$49,000 for temporary employees to provide the Office with clerical support due to the high vacancy rate, \$0.2 million for information technology support, \$0.1 million for software maintenance of the electronic birth system and \$34,003 more for all other operating expenses, primarily postage, printing and supplies. *The Governor concurred, with the exception of removing \$4,650 from general revenues to reflect additional statewide medical benefit savings.* **The Assembly concurred.**

Health Laboratories Operations. The revised request includes \$2.4 million from general revenues and federal funds for all operating expenses, including food testing, medical supplies and equipment maintenance for the Health Laboratories program, which performs approximately 250,000 analyses annually and provides technical services to state and municipal agencies, health care providers and individuals.

The request is \$0.5 million more than enacted; all but \$20,104 is from general revenues to align FY 2015 projected expenditures with FY 2014 reported expenses. This includes \$0.2 million more for medical supplies such as test kits and chemicals, \$0.1 million for medical billing services, which the Department indicated is due to a projected increase in demand for certain testing from the Affordable Care Act coverage of previously uncovered individuals. The testing includes blood tests for sexually transmitted diseases, lead and HIV. It also includes \$0.2 million for maintenance of equipment. It should be noted that the Department submitted a capital budget totaling \$0.8 million from Rhode Island Capital Plan funds to replace several pieces of equipment that are used to perform DNA, toxicology and analysis of metals in drinking water and food, including arsenic, lead, mercury and copper. The Department also noted that the equipment has reached its useful life and have experienced significant down time, thereby necessitating additional maintenance costs. *The Governor concurred and provided an additional \$0.1 million from federal funds for medical supplies.* **The Assembly concurred.**

Minority Health & Infectious Disease Grants. The enacted budget includes \$343,179 from indirect cost recovery restricted receipts for grant expenditures related to minority health and infectious disease. These include \$193,431 to various organizations such as Miriam Hospital, AIDS Care Ocean State and Family Service of RI for HIV prevention services and \$149,748 for the Minority Health Program, which provides community based organizations with funding to reduce disparities and eliminate childhood obesity by providing health promotion, disease prevention, and referral services to the community.

The revised request shifts these expenditures to general revenues and reduces the HIV prevention grant by \$119,764 to reflect the Department's anticipated expenditures. Reported expenditures for the grants were \$0.4 million in FY 2014. The Department suggested that funding the grants with revenues generated from the indirect cost rate may not be an appropriate use of those funds and instead it increases the personnel costs charged to the indirect cost recovery funds to free up general revenues to pay for the grants. No information has been provided to support the claim that there are restrictions on charges. *The Governor recommended funding as requested.* **The Assembly concurred.**

Wise Woman Program. The revised budget includes \$0.4 million more from federal funds for the Wise Woman Program for which the enacted budget includes \$0.8 million. This reflects new funding received and carry-forward funds from FY 2014, due to a delay in implementing the program. The request includes the enacted level of \$60,000 from general revenues for a state pilot program that resembles the federal program, which provides screenings, referrals and follow up services for low-income, uninsured and underinsured women ages 40 through 64 who are at risk for heart disease, diabetes and stroke. The request includes \$40,889 more for salaries and benefits, which includes the cost-of-living-adjustment and benefit rates consistent with the FY 2015 revised planning values. The request includes staffing of 2.8 full-time equivalent positions, 0.1 more than enacted. It also includes \$0.4 million more for screening and

referral services, and \$42,036 for operating expenses. *The Governor recommended \$162,000 less for grant expenditures than requested to reflect the Department's revised spending estimate.* **The Assembly concurred.**

Race to the Top. The Department requested \$0.5 million more from federal Race to the Top funds for which the enacted budget includes \$1.3 million for implementation of the education plan developed in FY 2013. In December 2011, the state was awarded \$50.0 million from federal Race to the Top funds to be used to improve education for pre-school students. This grant involves multiple human service agencies and the Department of Elementary and Secondary Education with funding allocated over four years. The request includes \$0.5 million for salaries and benefits for 4.5 positions, \$23,486 less than enacted based on updated cost allocations for FY 2015; \$0.3 million for contracts and \$13,909 less for operations, such as printing, office supplies and communications expenses and \$0.5 million more for grant expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

Immunizations. The Department requested revised expenditures of \$38.3 million from all sources for immunization expenses, including \$14.7 million from federal funds and \$23.6 million from restricted receipts. This is \$0.3 million less than enacted, including \$52,964 more federal funds based on the anticipated amount of free vaccines provided by the Centers for Disease Control and Prevention's federal immunization program and \$0.3 million less from restricted receipt expenditures for child and adult immunizations based on vaccine purchasing projections. The request includes \$2.6 million for salaries and benefits for 23.4 positions, \$53,554 less than enacted to primarily reflect that half of a position will be funded elsewhere in the Department. *The Governor recommended \$0.1 million less than requested to reflect the Department's revised spending projection.* **The Assembly concurred.**

HIV/AIDS. The Department's request includes \$2.5 million from federal funds, \$9,519 less than enacted for prevention and surveillance functions and tasks of the HIV/AIDS program. This includes \$0.4 million less than enacted for salaries and benefits offset by increases of \$0.2 million for medical supplies, media and advertising expenses, and \$0.2 million to reflect updated grant priorities from the Centers for Disease Control and Prevention. The request includes 7.0 positions, which is 6.0 fewer positions than assumed in the enacted budget. The Department indicated that the program has been restructured in anticipation of a potential large reduction in federal funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

Health Professional Loan Repayment Program. The Department requested revised expenditures of \$0.7 million from federal funds and restricted receipts for the health professional loan repayment program, which pays a portion of an eligible health care professional's student loan if the participant agrees to work for two years in a health professional shortage area. The request is \$0.5 million more than enacted, including \$0.2 million from federal funds and \$0.3 million from restricted receipts. The Department uses the restricted receipts, which are primarily from donations to provide the 50.0 percent minimum match on the federal grant. FY 2014 reported expenditures were \$0.3 million below the final appropriation. The Department indicated that it experienced significant challenges with processing of loans; therefore, it requested that the funds be carried forward into FY 2015.

The Governor concurred. She also included legislation in Article 13 of 2015-H 5900 to exempt the restricted receipts for the health professional loan repayment program from the state's indirect cost recovery charge. It appears that the receipts have been excluded from the surcharge. **The Assembly concurred.**

All Other Salaries and Benefits. The Department requested revised expenditures of \$40.0 million from all funds, \$0.4 million or 0.9 percent less than enacted for the remaining 400.6 full-time equivalent positions, supporting Central Management, Health Laboratories, Environmental and Health Services Regulation, Infectious Disease and Epidemiology, Public Health Information, and Community, Family

Health, and Equity programs. The request includes \$15.9 million from general revenues, \$0.7 million less than enacted to primarily reflect shifting of salary and benefit costs to indirect cost recovery restricted receipts. The request includes the cost-of-living-adjustment as well as medical benefit savings and benefit rates consistent with the FY 2015 revised planning values. The request assumes \$3.3 million in turnover savings, \$1.6 million more than enacted, \$1.5 million of which is to cover the cost-of-living-adjustment. *The Governor recommended \$0.7 million less than requested from all funds, including \$0.2 million less from general revenues to reflect additional turnover and statewide medical benefit savings.* **The Assembly concurred.**

Community, Family Health, & Equity Federal Grant Adjustments. The Department's revised budget includes \$3.0 million more than enacted in federal grant adjustments for the Division of Community, Family Health, and Equity, which provides leadership, planning and infrastructure for the Department's efforts to eliminate health disparities, to assure healthy child development, to reduce, prevent and control chronic diseases and disabilities and risk factors, and examine how the built environment affects health.

This includes \$1.1 million more for maternal and child health programs, including home visitation, \$0.5 million more from the preventive block grant, which the Department utilizes to support health prevention programs that are community based, \$0.5 million more from federal funds for several chronic disease prevention and control grants, \$0.4 million to reflect a new HPV vaccination award and updated estimates for other awards and expenditures.

The Governor recommended \$0.3 million more than requested to primarily reflect new awards including the Rhode Island Public Health Actions to Prevent Obesity and DNA data collection awards received subsequent to the Department's budget submission. Federal grant expenditures were also adjusted to more accurately reflect expected spending. **The Assembly concurred.**

All Other Operations. The Department requested \$0.1 million from all funds for all other operations. This includes a reduction of \$56,071 from general revenues; however, several expenditures from general revenues were shifted to indirect cost recovery restricted receipts, which reflects an increase of \$0.2 million. Expenditures from federal funds are anticipated to be \$0.2 million less based on updated federal grants. The request also includes \$0.1 million for a cooperative agreement with the Department of Transportation for supported active transportation like biking and walking initiatives. *The Governor recommended \$0.3 million more than requested. This includes \$1,308 less from general revenues for travel expenditures and \$0.3 million to reflect additional awards including the State Innovation Models Initiatives that the Department received subsequent to its budget submission.* **The Assembly concurred.**

Department of Human Services

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 10,546,439 | \$ 9,266,726 | \$ 9,671,141 | \$ 9,671,141 |
| Child Support Enforcement | 7,181,256 | 8,240,435 | 8,786,012 | 8,786,012 |
| Individual and Family Support | 139,409,450 | 157,546,872 | 165,955,830 | 166,556,261 |
| Veterans' Affairs | 29,248,239 | 28,390,910 | 29,923,767 | 29,973,767 |
| Health Care Eligibility | 18,452,334 | 20,000,978 | 21,137,970 | 21,137,970 |
| Supplemental Security Income | 18,338,048 | 18,579,280 | 18,460,200 | 18,233,396 |
| Rhode Island Works | 85,261,185 | 86,709,580 | 86,086,439 | 84,567,734 |
| State Funded Programs | 288,050,717 | 302,308,138 | 269,713,414 | 269,628,865 |
| Elderly Affairs | 16,853,143 | 18,743,971 | 18,148,801 | 18,137,090 |
| Total | \$ 613,340,811 | \$ 649,786,890 | \$ 627,883,574 | \$ 626,692,236 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 85,789,722 | \$ 92,391,947 | \$ 90,603,714 | \$ 90,603,714 |
| Contracted Services | 16,970,812 | 22,485,068 | 20,549,175 | 20,549,175 |
| Subtotal | \$ 102,760,534 | \$ 114,877,015 | \$ 111,152,889 | \$ 111,152,889 |
| Other State Operations | 17,638,061 | 18,050,211 | 19,116,834 | 19,116,834 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 486,445,804 | 510,205,878 | 490,085,356 | 488,609,176 |
| Capital | 1,021,060 | 466,068 | 1,868,325 | 1,918,325 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | 5,475,352 | 6,187,718 | 5,660,170 | 5,895,012 |
| Total | \$ 613,340,811 | \$ 649,786,890 | \$ 627,883,574 | \$ 626,692,236 |
| Sources of Funds | | | | |
| General Revenue | \$ 92,107,740 | \$ 96,328,781 | \$ 94,808,416 | \$ 94,847,483 |
| Federal Aid | 513,984,570 | 547,332,819 | 525,722,659 | 524,207,412 |
| Restricted Receipts | 2,355,044 | 1,797,309 | 3,024,518 | 3,074,518 |
| Other | 4,893,457 | 4,327,981 | 4,327,981 | 4,562,823 |
| Total | \$ 613,340,811 | \$ 649,786,890 | \$ 627,883,574 | \$ 626,692,236 |
| FTE Authorization | 959.1 | 959.1 | 959.1 | 959.1 |
| FTE Average | 840.0 | | | |

FY 2015 Revised Request. The Department of Human Services requested \$651.0 million or \$1.2 million more than enacted, including increases of \$2.4 million from general revenues, \$0.8 million from restricted receipts, and \$0.1 million from other funds along with \$2.1 million less from federal funds. The Department also requested 995.6 full-time equivalent positions, 36.5 more than enacted.

Subsequently, the Department submitted a corrective action plan with three initiatives to reduce general revenue expenditures by \$2.5 million to offset the requested increases. The corrective action items are discussed separately, where appropriate.

The Governor recommended expenditures of \$627.9 million, including \$94.8 million from general revenues. This is \$23.1 million less than requested, including increases of \$0.4 million from restricted receipts and reductions of \$19.5 million from federal funds, \$3.9 million from general revenues and \$0.1 million from other funds. The Governor recommended 959.1 full-time equivalent positions, consistent with the enacted level and 36.5 positions less than the request. She funded and provided authorization for the 36.5 additional requested positions, but offset that with a reduction of 36.5 unspecified positions, leaving the Department to manage its vacancies.

She subsequently requested amendments to add funding for the Supplemental Nutrition Assistance Program penalty, the paratransit program, and the Veterans' Cemetery and to reduce expenditures for the cash assistance programs based on the May Caseload Estimating Conference.

The Assembly provided \$1.2 million less than the Governor recommended, including \$39,067 more from general revenues. Each change is discussed separately.

Federal Poverty Guidelines. The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Office of Health and Human Services. The 2014 guidelines are as follows.

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

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

Staffing. The Department requested 995.6 full-time equivalent positions in FY 2015, which is 36.5 positions above the enacted authorization. The enacted budget includes a reduction of 35.0 unspecified positions, leaving the Department to manage its vacancies, but the request restored all 35.0 positions and added another 1.5 positions. Compared to the enacted budget, the request adds 8.0 positions for the Office of Rehabilitation Services, 2.0 positions each for child care, child support enforcement, and central management and shifted eligibility technicians from cash assistance to Medicaid determinations, based on increased activity. The request also eliminates 10.0 Unified Health Infrastructure Project positions, 1.0 Race to the Top position, and 2.0 positions for the low income home energy assistance program while moving numerous other positions among programs.

The enacted budget provides funding for approximately 872 positions, leaving around 86 positions unfunded. As of November 3, 861.6 positions were filled, leaving approximately 10 funded vacancies. The Department averaged 840.0 filled positions in FY 2014 and has not neared 1,000 filled positions since June 2008; it has sufficient clearance to fund positions without increasing the authorization.

The Department requested \$90.2 million from all sources for salary and benefit expenses. This is \$2.2 million less than enacted, primarily from federal funds though it increased general revenues by \$0.1 million. The revised request includes \$1.6 million in additional turnover savings to maintain a total of approximately 100 vacant positions and reduces overtime expenses by \$0.7 million, primarily from general revenues. Based on the revised request, the cost-of-living increase is \$2.6 million, including \$1.2 million from general revenues for the Department. The Administration reached agreements with its

largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017 that includes 2.0 percent salary increases effective April 6, 2014 and October 5, 2014 offset by increased cost sharing measures for medical benefits.

The following table shows the allocations of positions in the enacted budget, the requested changes to the allocation of the positions and authorized number of positions, and the final authorization.

| Program | FY 2015 Enacted | UHIP | Race to the Top | Rehab Services | Child Care | Eligibility Technicians | SNAP | LIHEAP | All Other Changes | Total Changes | FY 2015 Final |
|-----------------------------|-----------------|---------------|-----------------|----------------|------------|-------------------------|------------|--------------|-------------------|---------------|---------------|
| Central Management | 60.0 | - | - | - | - | - | - | - | 2.0 | 2.0 | 62.0 |
| Office of Child Support | 58.0 | - | - | - | - | - | - | - | 2.0 | 2.0 | 60.0 |
| Individual & Family Support | 471.5 | - | (1.0) | 8.0 | 2.0 | (15.0) | 5.0 | (2.0) | (6.5) | (9.5) | 462.0 |
| Health Care Eligibility | 134.0 | (10.0) | - | - | - | 16.0 | - | - | 1.0 | 7.0 | 141.0 |
| Elderly Affairs | 31.0 | - | - | - | - | - | - | - | - | - | 31.0 |
| Veterans Affairs | 239.6 | - | - | - | - | - | - | - | - | - | 239.6 |
| Unidentified | (35.0) | - | - | - | - | - | - | - | 35.0 | 35.0 | (36.5) |
| Total | 959.1 | (10.0) | (1.0) | 8.0 | 2.0 | 1.0 | 5.0 | (2.0) | 33.5 | 36.5 | 959.1 |

*The Governor recommended the enacted level of authorized positions; however, this reflects authorization and funding for the 36.5 new positions, offset by an unspecified 36.5 position reduction, to be at the discretion of the Department. She included \$90.6 million from all sources, including \$40.7 million from general revenues, which is a total of \$0.4 million more than requested and \$1.7 million less than enacted. The recommendation includes turnover savings of \$10.3 million from maintaining approximately 104 vacant positions, which is \$0.4 million or approximately 4 positions more than included in the request. **The Assembly concurred.***

Unified Health Infrastructure Project. The Department requested \$10.7 million from all sources, including \$5.5 million from general revenues and \$5.2 million from federal funds for 37.0 positions and operations related to the Unified Health Infrastructure Project. This is \$3.2 million more than enacted, including \$2.0 million from general revenues and \$1.3 million from federal funds and 10.0 fewer positions. The request reduced salary and benefit expenses by \$22,277, shifted \$0.2 million from general revenues to federal funds to reflect the ability to leverage increased Medicaid match for some staffing expenses, assumed increased turnover savings and added \$0.1 million for the cost-of-living adjustment. Of the 37.0 requested positions, 32.0 are filled as of November 1, 2014. It also added \$3.0 million for information technology expenses through a contract with the main vendor, Deloitte, and \$0.3 million for operating expenses that were not included in the enacted budget.

The project is a joint venture between the Department, Office of Health and Human Services, and the new health benefits exchange to create smoother transitions for individuals, who upon entering their personal information are not eligible for the exchange, can seamlessly enroll in Medicaid or other assistance without calling a different office and re-entering their information.

Statewide, the total general revenue shortfall for the Unified Health Infrastructure Project in FY 2015 is \$4.1 million, and the revised requests added \$18.8 million from federal sources for this program for a total revised request of \$62.0 million, including \$13.4 million from general revenues and \$48.7 million from federal funds between the Department and the Office of Health and Human Services.

The Department submitted a corrective action plan in November that proposed reductions of \$2.2 million from shifting requested general revenue expenses above the enacted level, excluding salaries and benefits, to alternative financing such as capital plan funds or information technology funds, though it did not specify the source of the alternative financing.

*The Governor recommended \$58.3 million for the project in FY 2015. The Governor provided \$53.9 million, including \$8.9 million from general revenues, for costs in the Office of Health and Human Services and the Department of Human Services' budgets. She shifted \$4.4 million in requested general revenue expenses to the Information Technology Investment Fund and included Section 5 of Article 10 to transfer \$6.4 million from bond premiums deposited into the Rhode Island Capital Plan Fund into the Information Technology Investment Fund in FY 2015 to support this project. She provided \$8.8 million in the Department's budget, including \$3.3 million from general revenues in FY 2015 and 37.0 positions, consistent with the request. **The Assembly provided the recommended funding but did not transfer the bond premiums into the Information Technology Investment Fund for the project; it assumed the use of existing technology fund resources recently enhanced by the refinancing of tobacco bonds.***

Cash Assistance Programs

The November Caseload Estimating Conference estimate includes \$106.0 million from all sources, including \$29.5 million from general revenues for cash assistance programs, including Rhode Island Works, child care, state supplemental security income program payments and general public assistance bridge program benefits. The caseload estimate is \$1.7 million less than enacted, including \$315,795 more from general revenues. The Department's request is essentially consistent with the enacted level for cash assistance and does not reflect the estimate adopted at the November caseload conference since the request was submitted prior to the conference. *The Governor recommended funding consistent with the caseload estimate. **The Assembly reduced expenditures by \$1.7 million, including \$0.2 million from general revenues, for total funding of \$104.3 million, consistent with the May estimate.***

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

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

The state can report any spending for its maintenance of effort requirement as long as it meets one of the four temporary assistance to needy families purposes: assisting needy families so that children can be cared for in their own homes; reducing the dependency of needy parents by promoting job preparation, work and marriage; preventing out-of-wedlock pregnancies; and encouraging the formation and maintenance of two-parent families. The state uses the circuit breaker program, earned income tax credit, administrative expenses through the Department of Human Services, and services provided through the Departments of Children, Youth and Families and Labor and Training. The Department's request assumes that the higher \$64.4 million requirement will be met. *The Governor's budget assumes the state meets its maintenance of effort requirements for the block grant funding. **The Assembly concurred.***

The following table itemizes cash assistance expenditures as enacted by the 2014 Assembly, adopted by the caseload estimators, and enacted by the 2015 Assembly, along with comparable data for FY 2013 and FY 2014. Each category is discussed separately.

| Cash Assistance | FY 2013 Spent | FY 2014 Spent | FY 2015 Enacted | FY 2015 Nov. CEC | FY 2015 May CEC | FY 2015 Final |
|-------------------------------------|--------------------------|--------------------------|----------------------------|-----------------------------|----------------------------|--------------------------|
| Rhode Island Works | | | | | | |
| Persons | 15,562 | 14,559 | 14,450 | 13,475 | 13,014 | 13,014 |
| Monthly Cost per Person | \$ 185.76 | \$ 182.71 | \$ 182.00 | \$ 183.00 | \$ 181.75 | \$ 181.75 |
| General Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Federal Funds | 38.8 | 35.7 | 35.6 | 33.3 | 31.0 | 31.0 |
| Total Costs* | \$ 38.8 | \$ 35.7 | \$ 35.6 | \$ 33.3 | \$ 31.0 | \$ 31.0 |
| Child Care | | | | | | |
| Subsidies | 6,909 | 7,113 | 7,146 | 7,590 | 7,820 | 7,820 |
| Annual Cost per Subsidy | \$ 7,048 | \$ 6,918 | \$ 7,000 | \$ 6,950 | \$ 6,856 | \$ 6,856 |
| General Revenue | \$ 9.6 | \$ 9.7 | \$ 9.7 | \$ 9.7 | \$ 9.7 | \$ 9.7 |
| Federal Funds | 39.1 | 39.9 | 41.5 | 43.1 | 43.9 | 43.9 |
| Total Costs* | \$ 48.7 | \$ 49.6 | \$ 51.1 | \$ 52.8 | \$ 53.6 | \$ 53.6 |
| SSI | | | | | | |
| Persons | 33,164 | 33,600 | 33,930 | 33,900 | 33,780 | 33,780 |
| Monthly Cost per Person | \$ 45.59 | \$ 45.35 | \$ 45.50 | \$ 45.25 | \$ 44.85 | \$ 44.85 |
| Total Costs/General Revenue* | \$ 18.2 | \$ 18.3 | \$ 18.6 | \$ 18.5 | \$ 18.2 | \$ 18.2 |
| SSI Transition/Bridge | | | | | | |
| Persons | 515 | 487 | 500 | 455 | 438 | 438 |
| Monthly Cost per Person | \$ 90.24 | \$ 133.28 | \$ 113.50 | \$ 130.00 | \$ 132.00 | \$ 132.00 |
| General Revenue | \$ 1.8 | \$ 1.7 | \$ 1.4 | \$ 1.4 | \$ 1.4 | \$ 1.4 |
| Federal Funds | 0.5 | 0.3 | - | 0.0 | 0.0 | 0.0 |
| Total Costs* | \$ 2.3 | \$ 2.0 | \$ 1.4 | \$ 1.4 | \$ 1.5 | \$ 1.5 |
| General Revenue | 29.7 | 29.7 | 29.7 | 29.5 | 29.3 | 29.3 |
| Federal Funds | 78.4 | 75.9 | 77.0 | 76.4 | 74.9 | 74.9 |
| Total Cash Assistance* | \$ 108.1 | \$ 105.6 | \$ 106.7 | \$ 106.0 | \$ 104.3 | \$ 104.3 |

*Expenditures in millions

Rhode Island Works. The November Caseload Estimating Conference estimate includes program expenditures of \$33.3 million entirely from federal funds. The estimate decreased the monthly caseload by 975 cases to a level of 13,475. The cost per case is estimated to increase by \$1.00 to a \$183.00 monthly cost per person. The estimated program expenditures are \$2.2 million less than the enacted budget, primarily from the reduced number of persons, with \$0.3 million less for transportation expenses along with minor adjustments for clothing and other supportive services. The Department's request is \$3.2 million more than the enacted level for the Rhode Island Works program and does not reflect the estimate adopted at the November conference. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly reduced federal expenditures by \$2.4 million to reflect the May caseload estimate, which reduced the number of people by 461 to 13,014 and the monthly cost per person by \$1.25 to \$181.75 for total costs of \$31.0 million.**

Child Care. The November Caseload Estimating Conference estimate includes child care expenditures of \$52.8 million, of which \$9.7 million is from general revenues. This is \$1.6 million more federal funds than enacted, reflecting 444 additional child care subsidies for a monthly level of 7,590 and an annual cost of \$6,950, \$50 less than the enacted level. The Department's request is \$0.5 million more than enacted, including \$5,000 from general revenues for the child care program and does not reflect the estimate adopted at the November caseload conference, though it does include \$1.0 million from federal funds for the expanded eligibility pilot program.

A family is eligible for child care assistance either automatically as participants in the Rhode Island Works program or if they have income at or below 180 percent of federal poverty. The 2013 Assembly enacted a pilot program allowing families who initially qualify through income to remain eligible until the family income exceeds 225 percent of poverty, from October 1, 2013 through September 30, 2014. The 2014 Assembly extended the pilot through September 30, 2016. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly increased federal fund expenditures by \$0.9 million to reflect the May caseload estimate, which increased the number of subsidies by 230 to 7,820 and decreased the annual cost per subsidy by \$94 to \$6,856 for total program costs of \$53.6 million, including \$9.7 million from general revenues.**

Supplemental Security Income Payments. The November Caseload Estimating Conference estimate includes direct supplemental security income expenditures of \$18.4 million from general revenues, or \$0.1 million less than enacted. The estimate decreased the caseload by 30 persons to a monthly level of 33,900 and the monthly cost per person by \$0.25 to \$45.25. The estimate also includes transaction fees of \$52,500, which is \$500 less than enacted. The Department’s request is consistent with the enacted level and does not reflect the conference estimate.

The Supplemental Security Income program is a federal program authorized under Title XVI of the Social Security Act to provide payments to needy aged, blind and disabled persons based on uniform national minimum standards of assistance. Rhode Island opts to provide a state supplemental payment to the federal payment and, under an agreement with the Social Security Administration, it administers the program. Twenty six other states also supplement the federal payment. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly reduced the recommendation by \$226,804 to reflect the May caseload estimate, which reduced the number of people by 120 to 33,780 and the average monthly cost by \$0.40 to \$44.85; it also increased the amount for transaction fees by \$500 to \$53,000 for total costs of \$18.2 million.**

The following table includes the separate categories and monthly payments for calendar year 2014.

| Supplemental Security Income Payments | Beginning 1-1-2014 | | |
|--|--------------------|-------------|-------------|
| | State | Federal | Total |
| Individual Living Alone | \$ 39.92 | \$ 721.00 | \$ 760.92 |
| Couple Living Alone | \$ 79.38 | \$ 1,082.00 | \$ 1,161.38 |
| Individual Living with Others | \$ 51.92 | \$ 480.44 | \$ 532.36 |
| Couple Living with Others | \$ 97.30 | \$ 721.33 | \$ 818.63 |
| Resident in State Licensed Supportive Residential Care | \$ 300.00 | \$ 721.00 | \$ 1,021.00 |
| Resident in Assisted Living | \$ 332.00 | \$ 721.00 | \$ 1,053.00 |
| Supplement | \$ 20.00 | \$ 30.00 | \$ 50.00 |

Assisted Living State Supplemental Payment. The Department requested the enacted level of \$335,284 from general revenues, which is \$64,523 more than FY 2014 expenditures, for additional state supplemental payments of \$206 per month to individuals who receive the state supplemental security income payment and live in a state licensed assisted living facility that is not eligible to receive Medicaid. The 2014 Assembly expanded the payment to individuals living in an assisted living facility that was financed by Rhode Island Housing prior to January 1, 2006, beginning on October 1, 2014. *The Governor recommended funding as requested. She subsequently requested an amendment to add \$23,914 to reflect anticipated expenditures as reported in May caseload testimony.* **The Assembly concurred.**

Supplemental Security Income Transition/Bridge Program. The November Caseload Estimating Conference estimated expenditures for the supplemental security income transition/bridge program at

\$1.4 million, almost entirely from general revenues. This is \$12,414 more than enacted from all sources, including \$10,107 from general revenues. The estimate includes \$0.7 million for cash payments, \$0.7 million for burials, and \$4,614 for medical expenditures. The estimate decreased the number of persons per month by 45 to 455 and increased the monthly cost per person to \$130.00. The Department's request did not reflect the conference estimate and is consistent with the enacted level. This program is designed for individuals who maintain an active application for the supplemental security income program.

The Department submitted a corrective action plan in November that proposed reductions of \$232,380 from general revenues from ending monthly cash assistance payments by March 1, 2015. This did not include any changes to burial expenses. Any program changes require legislation.

*The Governor recommended funding consistent with the caseload estimate and did not include the reductions proposed in the Department's corrective action plan. **The Assembly increased the recommendation by \$32,701, including \$29,243 from general revenues, for program costs of \$1.5 million to be consistent with the May caseload estimate which reduced the number of people by 17 to 438 and increased the average monthly cost by \$2.00 to \$132.00 in addition to increasing burial expenses by \$41,800 and medical expenses by \$6,909.***

Hardship Payments. The Department requested \$180,000 from general revenues, or \$30,000 less than enacted, for hardship contingency payments, which provide temporary support to persons who do not qualify for supplemental security income or Rhode Island Works. The Department spent \$112,775 in FY 2014 and \$151,675 in FY 2013; it has indicated that the rules and criteria for the program are strict and applicants often do not want to fill out the paperwork for the \$100 payment, especially since the applicants must reapply each month in which they request the payment.

The Department submitted a corrective action plan in November that proposed reductions of \$59,400 from general revenues from ending the cash assistance benefit payments, starting March 1, 2015. Program modifications or eliminations require a change to departmental rules and regulations, which typically requires 45 to 90 days to implement.

*The Governor recommended funding consistent with the enacted budget and did not include the reductions proposed in the Department's request or corrective action plan. **The Assembly reduced expenditures by \$117,250, based on estimates provided as part of the May conference.***

Cash Assistance Administration

Rhode Island Works Pilot. The Department requested the enacted level of \$1.5 million from federal temporary assistance for needy families block grant funds for on-the-job training programs, job search and placement services, disability assessments and services, and overall service delivery redesign. The Department planned to issue a request for proposals for a contract creating and managing a transportation assistance program for Rhode Island Works clients; it anticipated spending \$0.1 million in FY 2015 and up to \$0.4 million in FY 2016 to assist clients with transportation issues that are barriers to obtaining and maintaining employment. *The Governor recommended funding as requested. **The Assembly concurred; however, it should be noted that updated plans from the Department indicate it will no longer pursue this transportation contract.***

Cash Assistance Administration. The Department requested \$0.7 million less for Rhode Island Works, child care, supplemental security income and general public assistance program administration, including \$0.1 million more from general revenues and \$0.8 million less from federal funds. The request shifted 15.0 eligibility technicians to handle Medicaid determinations, assumed additional turnover savings from the shifting of union employees among positions, and added 2.0 positions for child care administration,

though they are not funded. Based on the revised request, the cost-of-living increase is \$362,353, including \$138,675 from general revenues.

The revised request also increased non-staffing expenses by \$0.2 million, including \$0.1 million from both general revenues and federal funds, which consists of \$40,000 less for electronic benefit transfer card processing fees and increases of \$65,000 for expenditures directly related to the field offices, \$103,468 for job search and placement contracts, \$59,074 for computer equipment and information technology expenses, and \$7,190 for all other adjustments for operating expenses and office supplies.

*The Governor recommended \$0.2 million more than requested, including \$0.1 million less from general revenues. The general revenue reductions reflect additional turnover and statewide medical benefit savings. The \$0.3 million increase from federal funds reflects an accounting transaction to close out an expired grant award from years ago and does not reflect additional grant funding that is available to the Department. Accounts and Control is requiring that these expenditures be shown, though they were actually made years ago, in order to complete the paper trail for this grant. **The Assembly concurred.***

Division of Veterans' Affairs

Staffing and Operations. The Department requested \$0.7 million more than enacted from all funds for staffing and operational expenses in the Division of Veterans' Affairs, excluding capital expenditures. This includes \$0.2 million more from general revenues, \$0.4 million more from federal funds and \$0.1 million more from restricted receipts. The request includes \$0.6 million more for salaries and benefits, an increase of \$0.7 million, including \$0.5 million from general revenues, for the cost-of-living adjustment and \$0.1 million less for all other adjustments, which include \$0.3 million less for overtime expenditures offset by increased utilization of seasonal staff who do not receive benefits, and filling additional positions. The revised request assumes filling 22 vacancies for the final nine months; however, none had been filled by November 3rd when there were 30 vacant positions in the Division, while approximately 25 vacancies were assumed for the full year in the enacted budget. The Department subsequently indicated that it inadvertently omitted \$0.9 million of spending for salary and benefit expenses.

All other operating adjustments total \$0.1 million more than enacted and primarily reflect a reduction of \$100,000 for contracted nurses and increases of \$135,000 for various maintenance expenses, \$20,000 for other medical supplies and services and \$56,761 for all other supplies and expenses.

*The Governor recommended \$0.4 million less than requested, including \$0.7 million less from general revenues and \$0.3 million more from federal funds. She recommended \$0.5 million less than requested for salaries and benefits, including \$0.4 million more from federal funds for overtime, \$0.1 million less from statewide medical benefit savings, and \$0.8 million in additional turnover savings, including \$0.6 million from general revenues and \$0.2 million from federal funds. She also included increases of \$47,436 from general revenues for insurance expenses and \$14,398 from federal funds for maintenance costs, bringing them closer to FY 2014 expenditures. **The Assembly concurred.***

Capital Projects. The Department requested \$1.4 million from all sources, including \$0.5 million from federal funds and \$1.0 million from restricted receipts for building renovations at the existing Veterans' Home in Bristol and new vehicles at the Veterans' Cemetery in Exeter. This is \$1.3 million more than enacted, including \$0.8 million for project delays at the Veterans' Home being completed in FY 2015, \$0.5 million in federal reimbursement funds for completed fire alarm and emergency generator replacement projects, \$50,000 for a survey of certain areas of land at the cemetery and \$11,000 more for the replacement of maintenance vehicles at the Home and Cemetery. *The Governor recommended \$21,000 less than requested from restricted receipts for updated costs for projects at the Veterans' Home. The Budget Office indicated the intent was to recommend an additional \$50,000 from restricted receipts*

and the Governor subsequently requested an amendment to add the funds. **The Assembly concurred. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

Division of Elderly Affairs

Pharmaceutical Assistance to the Elderly. The Department requested \$91,012, or \$232,808 less than enacted from all sources to fully fund the administration of the pharmaceutical assistance program for FY 2015 as participation and utilization of the program continues to decrease each year. The request includes \$208,324 less from restricted receipts and \$24,484 less from general revenues, thus eliminating general revenue funding for the program. The request includes reductions of \$129,484 for rebate payments to reflect updated projections based on a smaller number and the cost of rebate payments over the past several years, \$57,103 less for the contract with Hewlett-Packard for processing the point of sale pharmaceutical transactions as they continue to decrease, \$46,242 less for staffing costs since the administrator is on extended leave for part of the year and it increases operating expenditures by \$21. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Salaries and Benefits. The Department requested \$0.2 million less than enacted, including \$27,379 more from general revenues and \$205,545 less from federal funds for all other salaries and benefits for the remaining 30.0 full-time equivalent positions. Based on the revised request, the cost-of-living increase is \$86,091, including \$35,815 from general revenues, and the revised request assumes six months of turnover savings from three existing vacancies which offset these costs. The request also shifted expenses from federal funds to general revenues because of stricter interpretations of the federal guidelines regarding the amount of federal awards that can be used for administration combined with an overall reduction in federal grant awards; this is consistent with the FY 2014 closing. *The Governor recommended \$4,313 less than requested, including \$4,058 less from general revenues. Reductions to the request include \$3,259 from statewide medical benefit savings and \$1,054 to correct other benefit calculations.* **The Assembly concurred.**

Home and Community Care Services. The Department requested \$6.2 million from all sources, including \$3.1 million from both general revenues and federal funds for home care, adult day and case management services. This is \$0.5 million less than enacted, including \$0.3 million from both general revenues and federal funds to reflect utilization and expenses closer to the FY 2014 experience, in conjunction with first quarter expenditures. These programs serve low-income elders who pay a portion of the costs of the services, which include bathing, dressing, household chores, ambulatory needs, adult day activities, and case management services based on needs assessments in physical, cognitive, social, emotional, financial, nutritional, and environmental domains. *The Governor recommended total funding as requested, but shifted \$1,854 from general revenues to federal funds to correct the federal match rate.* **The Assembly concurred.**

Cost Allocation Plan. The Office of Health and Human Services entered into a \$446,920 contract with Public Consulting Group that started May 1, 2014 and ended April 30, 2015. The Office of Health and Human Services reported the following costs between the participating agencies in FY 2015: \$137,179 for the executive office; \$106,898 for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals; \$116,950 for the Department of Health; and \$60,869 for the Department of Human Services' Division of Elderly Affairs. The Office of Health and Human Services paid \$25,024 in FY 2014. However, the request did not include any funding. *The Governor's recommendation includes \$60,005 from general revenues.* **The Assembly concurred.**

All Other Grants and Operations. The Department requested \$6,638 more than enacted for all other grants and operating expenses for the Division, including \$60,179 more from general revenues and \$53,541 less from federal funds. The revised request includes reductions from grant awards for The Point and some respite services ending, offset by increased nutrition awards and Medicaid expenses. It also

shifted expenses from federal funds to general revenues because of stricter interpretations of the federal guidelines regarding the amount of grant funds that can be used for administration combined with an overall reduction in federal grant awards; this is consistent with the FY 2014 closing.

*The Governor recommended \$0.3 million more than requested, including \$61 less from general revenues for updated insurance costs. She included additional federal funds of \$0.2 million for adjustments to existing grants and \$0.1 million from a new grant for a federal nutrition program that provides monthly food assistance specifically targeted at low-income seniors. **The Assembly concurred.***

Other Programs

Child Support Feasibility Study. The Department requested \$1.0 million, including \$340,000 from general revenues and \$660,000 from federal funds for a feasibility study to replace the InRhodes eligibility system. The system will be replaced in July 2015 through the Unified Health Infrastructure Project for all other cash and medical assistance programs but the child support division was not able to be included. The child support division will need an eligibility and interface system in July; Northrup Grumman is developing a temporary solution. As of November 19, 2014, the preliminary review and scoring of the bids for the feasibility study had been completed. Once awarded, the study is expected to take one year and the actual project for the system replacement may take several years. The federal government will pay 66 percent of the costs, as long as a satisfactory feasibility study is conducted; it will also pay 66 percent of the cost of the feasibility study.

The request is significantly less than the Department's capital budget request of \$7.4 million from all sources, which is discussed in greater detail in the *Capital Budget* Section of this analysis.

*The Governor recommended \$1.0 million from all sources for the feasibility study, replacing the requested general revenues with lien network revenue derived from fees earned by the state for its role as the host state. These funds can be used as match for the federal funding; however, it appears the additional funding from the lien network is not included in the budget as it is an off-budget escrow account. The Budget Office indicated that the expenditure would still occur and be charged to the lien network revenue account. **The Assembly concurred.***

Child Support - All Other Operations. The revised request includes \$42,809 less than enacted, including \$72,169 less from general revenues, for 60.0 positions and all other expenses related to Child Support. The request includes adding 2.0 new positions, one as a high-level finance position to satisfy recommendations from the most recent state audit that certain tasks and reconciliations need to be done that currently are not done and also an assistant for the division director, though there is no funding included for them. There were 4.0 vacant positions as of November 1, and the enacted budget assumes between four and five positions will remain vacant. The revised request reduces staffing expenses by \$97,870 to reflect turnover savings for approximately two additional existing positions, does not include funding for the two new positions, and includes \$134,197 more for the cost-of-living adjustment.

Operating expenditures increased by \$55,061, including increases of \$47,870 for constable services and \$17,108 for postage based on expenditures to date and reductions of \$9,917 for all other expenses. *The Governor recommended \$71,614 less than requested, including \$28,952 less from general revenues. Reductions to the request include \$63,935 for constable services, \$6,974 for statewide medical savings and \$705 for insurance. **The Assembly concurred.***

Medical Services Administration. The Department requested \$0.8 million less than enacted from all sources for expenses related to eligibility determinations for Medicaid and long term care services. This includes \$0.1 million more from general revenues and \$0.9 million less from federal funds. Salary and benefit expenses decrease \$1.0 million, including \$0.1 million more from general revenues. The enacted

budget assumes an enhanced Medicaid rate could be leveraged for more positions than has been achievable, and instead of requesting general revenues to fund the difference, the request assumes additional turnover savings from federal sources; it also reduces overtime expenses by \$140,000. Based on the revised request, the cost-of-living increase is \$344,106, including \$170,362 from general revenues. The request also shifts 16.0 eligibility technicians from Rhode Island Works administration, though they do not appear to be funded. Staff in this program work in the field offices processing Medicaid eligibility claims or determine eligibility for state long term care medical assistance services.

All other operating expenses are \$0.2 million more than enacted, primarily from federal funds, including increases for audit fees and security services, which the FY 2015 request decreased, though the revised request brings expenses in line with FY 2014 costs. Other increases include computer equipment, interpreters and translators, and general office supplies partially offset by lower postage.

*The Governor recommended \$1.0 million more than requested, including \$0.5 million from both general revenues and federal funds for salaries and benefits to reflect higher staffing levels than anticipated. The recommendation also includes \$96 more from general revenues to bring insurance costs to the FY 2014 expenditure level. **The Assembly concurred.***

Supplemental Nutrition Assistance Program - Benefits. The Department requested \$268.0 million from federal funds for direct benefit payments for the Supplemental Nutrition Assistance Program. This is \$32.6 million less than enacted and \$17.9 million less than the amount spent in FY 2014. The enacted level was based on FY 2013 expenditures; however, the recent slight decline in utilization is expected to continue as the economy improves and the temporary increase in benefit levels from the Stimulus Act ended in November 2013, automatically reducing benefit levels compared to FY 2013. *The Governor recommended funding as requested. **The Assembly concurred.***

Supplemental Nutrition Assistance Program - Technology Improvement Grant. The request includes \$0.8 million, or \$0.4 million more than enacted from federal funds from a technology improvement grant to be used for document imaging. After continued delays in FY 2014, the Department decided to contract with Deloitte for the conversion of certain documents to a new system and electronic document scanning which will utilize the entire grant award in FY 2015. This funding must be used for the supplemental nutrition assistance program for a new and innovative project and document imaging was determined as a need by the Department. The original plan would have duplicated programs being developed by Deloitte for the Unified Health Infrastructure Project; however, the proposed system will complement and be compatible with the Deloitte programs. *The Governor recommended funding as requested. **The Assembly concurred.***

Supplemental Nutrition Assistance Program - Penalty. The third quarter report of both the Department and the Budget Office included an additional \$683,350 from general revenues for the payment of the most recent Supplemental Nutrition Assistance Program penalty. This third penalty results from high error rates related to over and under payments for FFY 2013. The full amount would be due if the state receives another penalty for FFY 2014 and only half would be assessed if there are no further penalties. Subsequent to the third quarter report, the Department indicated that it appears to not have been assessed a penalty for FFY 2014, but it will not know for certain until late June 2015. *The Governor requested an amendment to add the full value of the penalty. **The Assembly added \$341,675, which represents half the value of the penalty.***

Supplemental Nutrition Assistance Program - Staffing and Operations. The Department requested \$1.8 million more than enacted, primarily from federal funds for administration of the Supplemental Nutrition Assistance Program. This includes additional federal funding of \$202,500 for child care and transportation support services for participants of the existing supplemental nutrition assistance employment program in which individuals and families receiving nutrition benefits obtain job preparation

and training services. It also includes \$0.7 million more for these job preparation and training services, \$0.5 million in additional federal awards for nutrition education and increases of \$0.1 million for all other supplies and expenses which brings operating costs closer to the 2014 level.

The request includes \$0.1 million less for salaries and benefits; it includes authorization for 5.0 positions shifted from elsewhere within the cash and medical assistance administration programs, though there is no funding for these positions, reduces overtime by \$0.3 million, and assumes additional turnover savings from maintaining vacant positions. Based on the revised request, the cost-of-living increase is \$328,163, including \$164,082 from general revenues.

*The Governor recommended \$21,499 more than requested, including \$28,116 less from general revenues from statewide medical savings. Federal fund changes include increases of \$50,005 related to the employment program, \$22,679 more for expanding vendor ability to accept electronic benefit transfer cards as payment at farmers' markets, and \$390 less for insurance costs. **The Assembly concurred.***

Women, Infants and Children's Nutrition Program. The Department requested \$1.4 million less than enacted from federal funds for benefits and administration of the Women, Infants and Children's nutrition program, primarily related to benefit payments resulting from the federal shutdown in October 2013 which reduced benefits in FY 2014, also lowering the FY 2015 allocation. From administrative funds, the request is \$31,584 less than enacted, including \$92,242 less for salaries and benefits from maintaining one vacancy, having one person out on extended leave and \$40,269 more for the cost-of-living adjustment. It also includes \$61,658 more for operating expenses, primarily from information technology expenses related to replacing the data collection system and preparing the state to be able to utilize electronic benefit cards by 2020 offset by reductions to other operating expenses. *The Governor added \$75 to the request to bring insurance expenses up to FY 2014 expenditure levels. **The Assembly concurred.***

LIHEAP and Weatherization Assistance Programs. The Department requested \$17.1 million more than enacted, primarily from federal funds, for a total of \$43.0 million for expenses related to the low income home energy assistance and weatherization assistance programs, including salaries and benefits. This includes increases of \$16.0 million for the home energy program and \$1.1 million for the weatherization assistance program. The primary increase is for benefit payments which reflects unspent awards carried into FY 2015; in FY 2014, \$18.2 million was budgeted but not spent, including \$17.8 million from grant awards. The Department indicated it must allocate the funds in certain fiscal years in order to carry the funds forward, even if the funds will be spent in a different fiscal year.

The request includes \$0.2 million less for salaries and benefits. This includes the elimination of 2.0 of the 8.0 authorized positions; since administration of many of the weatherization assistance grants were awarded to another vendor in FY 2014, it has allowed the program to continue operating with fewer positions. It also includes \$18,576 more for the cost-of-living adjustment in addition to \$0.3 million more for information technology and computer expenses that were delayed from FY 2014.

*The Governor recommended \$17.2 million less from federal funds than requested, almost entirely for benefit payments, and added \$81 for updated insurance expenses. She added \$15.6 million for benefit payments in FY 2016 to more accurately reflect spending of certain awards based on prior years. **The Assembly concurred.***

Race to the Top. The Department requested \$5.0 million more than enacted from federal Race to the Top funds, including \$4.9 million more for contracts and grants for several programs and initiatives the Department developed. These include expanding the Bright Stars quality rating and improvement system, a new professional development technical assistance center for community-based technical support to improve programs, a contract with the Community College of Rhode Island to award credits for experience for early childhood workers who want to obtain an early childhood degree, grants to help

providers improve quality of the care and quality awards to providers who have a high rating in order to help them maintain high quality of care.

The request is \$48,195 more than enacted for staffing and operating expenses; including \$25,230 more for operating expenses such as audit fees, travel expenses and office supplies and \$22,965 more for salaries and benefits. Based on the revised request, the cost-of-living increase is \$21,477 and the revised request removed authorization for 1.0 unfunded position for a total of 7.0 positions.

The Department received the award in December 2011; it made no expenditures in FY 2012 and spent \$168,879 in FY 2013 and \$3.6 million in FY 2014. The grant award will expire December 31, 2015 and the Department requested \$15.5 million in FY 2015 and \$6.2 million in FY 2016 to complete activities within the grant award. *The Governor recommended funding as requested. The Assembly concurred.*

Paratransit Services for the Elderly. The Department requested \$6.7 million from all sources for elderly transportation services, including \$2.0 million from general revenues, \$0.5 million from federal funds and \$4.3 million from the Department's one-cent share of the motor fuel tax. This is \$0.1 million more than enacted, primarily from gas tax revenues to reflect use of some of the unspent funds carried forward from FY 2014. In addition, the requested expenditures are \$0.5 million and \$0.7 million above the amounts spent in FY 2014 and FY 2013, respectively.

The Governor recommended \$0.6 million less than the unconstrained request, including \$0.5 million from general revenues and \$0.1 million from gas tax revenues. The recommendation reflects the first full year of the vendor contract for managing the state's paratransit system and required transfers to the Rhode Island Public Transit Authority, bringing expenditures more in line with prior years. It also reduces Medicaid matched expenditures by \$261, though these expenditures have been higher than budgeted in prior years. She subsequently requested an amendment to add \$0.2 million from gas tax proceeds to reflect updated estimates of gas tax yields. The Assembly concurred.

Community Services Block Grant. The Department requested \$3.8 million or \$0.4 million more than enacted from federal funds for expenses related to the community services block grant, including salaries and benefits. The increase is primarily due to delays in contract awards and renewals from FY 2014 for grant awards to the state's nine community action agencies and the restoration of federal budget cuts that were anticipated, but never occurred. The request includes \$350 less for salaries and benefits and \$128 more for operating expenses to be consistent with FY 2014 expenditures. *The Governor recommended funding as requested. The Assembly concurred.*

Office of Rehabilitation Services. The Department requested \$3.0 million more than enacted for all other staffing and operating expenses for the Office of Rehabilitation Services, including \$13,165 less from general revenues and \$3.0 million more from federal funds. This includes an additional \$4.7 million for vocation rehabilitation services carried forward from FY 2014 and from updated awards, and reductions of \$1.2 million from federal disability determination funding and \$0.6 million for social security reimbursements. The revised request is \$0.8 million more than expenditures in FY 2014, though the revised request includes reductions of \$1.1 million from medical and training services, \$0.3 million for medical supplies and \$0.1 million for all other operating adjustments.

The request adds \$0.1 million for salary and benefit expenses, including \$24,017 less from general revenues and \$121,859 more from federal funds. This includes the addition of 8.0 positions, though they are not funded and additional turnover savings from maintaining approximately 3 more vacancies to offset the cost-of-living increase, which is \$358,205, including \$55,154 from general revenues, based on the revised request.

The Governor recommended \$0.2 million more than requested, including \$8,024 less from general

revenues, of which \$8,140 is for statewide medical savings. The recommendation includes a reduction of \$5,485 from all sources to align insurance costs with FY 2014 expenditures and \$170,429 more from federal funds for an award through the Social Security Administration to assist individuals with disabilities interested in returning to work; the Office works with the Sherlock Center for this program. **The Assembly concurred.**

Capital - Blind Vending Facilities. The Department requested the enacted level of \$165,000 from Rhode Island Capital Plan funds for the ongoing construction and renovation of statewide vending facilities. The request includes \$145,000 for renovations to the location in the Shepard Building in Providence, \$10,000 for planning for the Pastore Center consolidated hospital grounds and \$10,000 for miscellaneous issues or equipment failures at any of the remaining locations. There are currently 16 facilities that operate under the name COFFEE PLUS. The request is consistent with the Department's capital budget request. *The Governor recommended funding as requested.* **The Assembly concurred. This project is discussed in greater detail in the Capital Budget section of this publication.**

Work Support Strategies Grant. The Department requested \$65,560 less from general revenues from the Work Support Strategies grant provided by the Urban Institute. The grant, which has been deposited as general revenues, is being used to streamline access to and delivery of the services of the major programs that support low income families. This includes \$8,774 more for out-of-state and operating expenditures and \$4,666 more for the cost-of-living adjustment, offset by a reduction of \$79,000 for information technology and other expenses.

The Governor recommended total funding as requested, but shifted the grant to restricted receipts for both FY 2015 and FY 2016. Her budget also adjusted the revenues in both years, though the anticipated revenues are different from the anticipated expenditures in each year. **The Assembly concurred.**

Community Service Grants. The Department requested the enacted level of \$3.3 million from general revenues for community service grants that support over 100 social service agencies and community organizations. *The Governor recommended funding as requested. Subsequently, the Department indicated two grantees did not request their funding; Retired Senior Volunteer Association, Inc. is closing and the Town of North Smithfield did not request its funds since the grant award is specifically for elderly transportation and the town did not provide that service in FY 2015.* **The Assembly reduced funding by \$11,711 to reflect the value of these two grants.**

All Other Staffing and Operations. The Department requested \$6.9 million from all sources for all other staffing and operating expenses. This is \$134,442 more than enacted, including \$113,735 more from general revenues. The request includes \$0.3 million from a federal award to assist the people and region most impacted by Hurricane Sandy; the Department is working with non-profit agencies in Westerly to distribute these funds.

The request reduced salary and benefit expenses by \$0.3 million, including reductions of \$0.4 million from federal funds and \$2,311 from restricted receipts partially offset by \$0.1 million more from general revenues. The request added 3.0 quality control positions in Central Management, though it did not fund them, eliminated 3.5 other positions from Central Management and Individual and Family Support programs and assumed additional turnover savings from maintaining certain vacancies, although several administrative positions have been filled in the Office of the Director. Based on the revised request, the cost-of-living increase is \$81,309, including \$41,679 from general revenues.

The Governor recommended \$160,778 more than requested, including \$5,184 less from general revenues which reflects additional statewide medical benefits savings. She further increased federal funding related to Hurricane Sandy by \$165,976 and reduced insurance expenditures by \$14. **The Assembly concurred.**

Dept. of Behavioral Healthcare, Developmental Disabilities & Hospitals

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 1,160,680 | \$ 1,510,085 | \$ 1,558,429 | \$ 1,558,429 |
| Services for the Dev. Disabled | 229,396,756 | 227,389,523 | 226,721,284 | 234,907,299 |
| Hosp. & Comm. System Support | 2,771,719 | 3,928,659 | 3,854,586 | 3,614,586 |
| Hospital & Comm. Rehab. Services | 113,641,492 | 113,666,710 | 111,594,813 | 112,122,722 |
| Behavioral Healthcare Services | 98,743,813 | 19,014,849 | 21,088,729 | 20,988,729 |
| Total | \$ 445,714,460 | \$ 365,509,826 | \$ 364,817,841 | \$ 373,191,765 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 127,017,625 | \$ 132,438,423 | \$ 131,153,985 | \$ 131,634,273 |
| Contracted Services | 1,684,389 | 1,259,791 | 2,990,715 | 2,990,715 |
| Subtotal | \$ 128,702,014 | \$ 133,698,214 | \$ 134,144,700 | \$ 134,624,988 |
| Other State Operations | 12,862,643 | 13,546,317 | 13,663,706 | 13,663,706 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 300,419,717 | 210,776,683 | 210,673,424 | 219,107,060 |
| Capital | 6,819,536 | 7,488,612 | 6,336,011 | 5,796,011 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | (3,089,450) | - | - | - |
| Total | \$ 445,714,460 | \$ 365,509,826 | \$ 364,817,841 | \$ 373,191,765 |
| Sources of Funds | | | | |
| General Revenue | \$ 200,160,407 | \$ 167,536,873 | \$ 168,796,376 | \$ 173,300,573 |
| Federal Aid | 228,621,075 | 181,157,004 | 181,151,974 | 185,561,701 |
| Restricted Receipts | 8,473,476 | 9,608,663 | 8,790,976 | 8,790,976 |
| Other | 8,459,502 | 7,207,286 | 6,078,515 | 5,538,515 |
| Total | \$ 445,714,460 | \$ 365,509,826 | \$ 364,817,841 | \$ 373,191,765 |
| FTE Authorization | 1,422.4 | 1,422.4 | 1,420.4 | 1,420.4 |
| FTE Average | 1,298.5 | | | |

FY 2015 Revised Request. The Department included \$13.5 million more than enacted in its revised request, including \$1.7 million more from general revenues, \$1.0 million more from federal funds, \$11.6 million more from capital plan funds and \$0.8 million less from restricted receipts. The request lowers the current authorized level of positions by one.

The Governor recommended \$14.7 million less than requested from all sources, including \$0.4 million less from general revenues. Recommended staffing is 2.0 positions less than enacted and 1.0 position less than requested. The Governor requested several amendments that added \$9.0 million, including \$4.5 million from general revenues, primarily in the Division of Developmental Disabilities. The Assembly added \$8.4 million from all sources to the original recommendation, including \$4.5 million from general revenues, primarily for overspending for services to adults with developmental disabilities.

Division of Developmental Disabilities

The Department's revised request includes \$227.2 million from all sources, of which \$111.5 million is from general revenues for its programs to support adults with developmental disabilities. It includes \$1.4 million from Rhode Island Capital Plan funds for the upkeep and maintenance of the state owned group homes and day programming sites in the privately operated community based system. The Department's revised request is \$0.2 million less from all sources, including \$0.4 million more from general revenues. The request funds the contract and monitoring activities to satisfy the requirement of the consent decree the state entered into with the Department of Justice regarding individuals whose day activities were at sheltered workshops.

*The Governor included \$226.7 million from all sources, of which \$111.7 million is general revenues; she lowered requested spending by \$0.4 million from all sources and added \$0.3 million from general revenues. The recommendation adds funding for the consent decree and includes statewide medical benefits savings in the state-run system. She later requested an amendment to add \$7.8 million, including \$3.9 million from general revenues for services provided in the privately operated system. **The Assembly concurred.***

Rhody Health Options. Individuals receiving residential and other community based services receive medical benefits through the Office of Health and Human Services' budget. Those individuals who are not also eligible for Medicare are enrolled in Rhody Health Partners, the state's managed care plan for disabled individuals and those receiving services through the Medicaid expansion. Those who are eligible for both Medicare and Medicaid, referred to as "dual eligibles", have the opportunity to enroll in Rhody Health Options, the state's integrated care initiative to provide services through a managed care plan and potentially lowering medical costs for the more expensive "dual eligible" population. Those who opt to not enroll in managed care continue to receive direct medical benefits through a fee-for-service reimbursement system. As of April 1, 2015, 1,645 developmentally disabled individuals were enrolled in Rhody Health Options and 229 enrolled and then later opted out and 19 have not returned the mail.

Program Eligibility. In Rhode Island there are two pathways for a disabled individual (including those with a developmental disability) to receive Medicaid-funded long term care services: either he or she is categorically eligible for Medicaid by meeting the federal disability criteria and income threshold for the Supplement Security Income program and the Department's criteria for its long term care supports program, or he or she is "medically needy". To be considered "medically needy", an individual meets the Department's criteria for its program and the federal disability definition but has income that is higher than \$721 a month. In this situation, the state allows the individual to pay a portion of the services monthly, referred to as "cost of care", until he or she meets the monthly income limit of \$922 and then the state pays the remainder of the services. The provider collects the recipient's cost of care and adjusts its monthly billing to reflect the state offset.

There are currently 721 individuals with a cost of care payment requirement: 673 in the privately operated program and 48 in the state-run system. The payments total \$0.2 million a month or \$2.4 million annually; the monthly range is a low of \$1.50 to a high of \$3,860 for annual payments between \$18 for an individual with an annual income of \$11,082 to \$46,316 for an individual with an annual income of \$54,513. An individual may collect a deceased parent's Social Security payment, Social Security Disability Income check, or may be employed receiving an income that is above the \$887 monthly limit.

The Department reports that it collects patient liability from those in the state-run system but potentially only about half in the privately operated system. That gap appears to relate to individuals who live with their family and are in a self-directed plan or who live independently. The FY 2016 budget includes an

initiative to automate the collection and includes \$1.0 million in savings, \$0.5 million from general revenues.

*The Governor recommended savings of \$0.2 million from all sources, including \$0.1 million from general revenues from increased collections from client payments in the current year. **The Assembly concurred.***

Department of Justice Consent Decree

On January 14, 2014, Rhode Island entered into an interim settlement with the federal government and on April 8, 2014, signed a consent decree to settle United States v. State of Rhode Island and City of Providence, which addressed the statewide day activity service system for individuals with intellectual and developmental disabilities. State agencies party to the agreement are: Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, Department of Human Services, Department of Elementary and Secondary Education and the Office of the Attorney General.

The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals signed a six-month contract with FedCap (March 11, 2013 to September 30, 2013) that totaled \$472,695 to bring one of the agencies (Training Thru Placement) into full compliance with the consent decree.

Interim Settlement. The Department entered into a contract with the Fed Cap's Center for Excellence and Advocacy to provide work readiness training, vocational training and job retention services. The one-year contract totaling \$944,388 started January 1, 2014 and ended December 31, 2014. The Center worked specifically with individuals who attended Training Thru Placement and the Birch School.

The Department's revised request adds \$0.5 million from all sources, including \$0.3 million more from general revenues; however, as of January 1, 2015, the contract had not been extended. The enacted budget includes \$350,000 for services through Advocacy in Action that the Department has reprogrammed for this activity. *The Governor recommended funding as requested. **The Assembly concurred.***

Department of Justice Consent Decree - Monitor. The consent decree has two fiscal components: a monitor and a Trust Fund. The Department did not include any funding for the monitor, Charles Moseley from the National Association of State Directors of Developmental Disabilities Services, in FY 2015. The consent decree stipulates the state payment to the monitor is not to exceed \$300,000. *The Governor recommended \$300,000 from general revenues for the monitor. **The Assembly concurred.***

Department of Justice Consent Decree - Trust Fund. The consent decree also stipulates that by October 1, 2014, the state will establish and begin distributing from an \$800,000 Workshop Conversion Trust Fund, which will be administered by the Paul V. Sherlock Center on Disabilities at Rhode Island College. The fund will support start-up costs for providers who convert services to supported employment and will be administered by the director of the Department of Human Services and the associate director of the Office of Rehabilitation Services.

*The Governor included \$0.4 million in FY 2015 in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, but did not include any funding for the Department of Human Services, which is the trust administrator as identified in the consent decree. **The Assembly concurred.***

Sherlock Workshop Conversion Institute. The Paul V. Sherlock Center, in addition to administering the Trust Fund, will also provide services. The Department did not include funding in its revised budget for program expenses for the Sherlock Workshop Conversion Institute. It should be noted the consent decree does not stipulate a funding amount for the Conversion Institute. *The Governor included \$125,000 in the Department's budget for activities at the Workshop Institute.*

Privately Operated Community System

The Department requested \$190.1 million from all sources, including \$95.0 million from general revenues for privately provided residential, day and family support programs provided through the community based waiver program, the rehabilitation option and the cost not otherwise matchable (CNOM) in its current services request to approximately 3,600 adults with developmental disabilities.

It also provides day program activities to 108 of the 188 individuals residing in the state-run facilities. Services are provided through the community based waiver rehabilitation option and cost not otherwise matchable programs, each discussed separately. *The Governor recommended \$190.0 million, including \$95.3 million from general revenues. She later requested an amendment to add \$7.8 million from all sources, including \$3.9 million from general revenues.* **The Assembly concurred.**

Community Based Waiver Programs. The Department requested \$178.8 million from all sources, including \$88.5 million from general revenues for residential and community based services through the Medicaid waiver. This is \$0.4 million more than enacted primarily from general revenues. The request is \$0.6 million more from all sources, but is \$0.7 million more from general revenues and \$0.1 million less from federal funds than FY 2014 expenses.

The Governor recommended funding as requested, with the exception of savings from client payments necessary for Medicaid eligibility and the electronic visit verification system, discussed separately. She later requested an amendment to add \$7.8 million, including \$3.9 million from general revenues to pay for services provided to adults with developmental disabilities based on a January 1, 2014 rate increase, for which the full impact was not properly reported or funded including services provided to individuals in FY 2014 but billed in the current year. The funding is not related to services being provided in compliance with the consent decree. **The Assembly concurred with the subsequent amendment.**

Electronic Visit Verification. The FY 2015 enacted budget does not include funding for an electronic visit verification system in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals or the Office of Health and Human Services. The Office's revised budget includes \$1.1 million from all sources, of which \$0.2 million is from general revenues to implement an electronic visit verification system for home health care providers.

The Office of Health and Human Services is in the process of contracting with Sandata to provide software for billing and scheduling attendant services with all Medicaid funded home healthcare providers using three methods. It appears the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals can also use this system for agencies that provide services to adults with developmental disabilities. It is unclear if there is a separate cost to the Department to use the verification system or if the \$1.1 million cost would be shared between the agencies.

The Department submitted a corrective action plan that includes general revenue savings of \$175,000 from using electronic visit verification for home visits starting April 1, 2015. This assumes a two percent savings in program expenses. *The Governor recommended savings of \$0.7 million from all sources, including \$0.3 million from general revenues from a three percent savings in FY 2015. It should be noted that as of March 1, 2015, the Office of Health and Human Services had not entered into the contract with Sandata to implement the electronic system. She later requested an amendment to restore the savings.* **The Assembly concurred.**

Out-of-State Placements. The Department's request includes \$283,353 to fund three individuals who reside in facilities out of state. The 2014 Assembly passed legislation requiring out-of-state facilities that provide services to Medicaid eligible Rhode Island residents to apply to become state Medicaid providers.

This allows the state to leverage federal funds for at least 50 percent of the costs of services lowering the state cost for the person's care.

The four out-of-state agencies support services for three people: one individual who lives at Latham Academy and attends Transitions Academy during the day; one person attending Berkshire Hills Music Academy, a post-secondary learning academy with classes from September through May with an optional 11-week summer program, and Riverbrook, all located in Massachusetts. The Latham Academy, Transitions Academy and the Music Academy have been approved as Rhode Island Medicaid providers, while Riverbrook has not yet applied.

In December 2014, an individual living at the Latham Academy under the care of the Department of Children, Youth and Families turned 21 and became the responsibility of the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The Department did not include funding in its budget for this transfer. *The Governor recommended funding as requested. The Assembly concurred.*

Developmental Disabilities Day Programming - Rehab Option. The Department requested \$1.2 million for all sources for day programming services provided through the Medicaid rehabilitation option. This is \$50,750 less than enacted, including \$25,840 from general revenues for the optional program that allows the state to provide day programming services to individuals who are Medicaid eligible but do not meet the state's criteria for these services through the primary developmental disabilities waiver. There are approximately 170 individuals receiving services at an annual cost of \$7,400. *The Governor recommended funding as requested. The Assembly concurred.*

Other Medicaid Funded Services. The Department requested \$0.7 million for services funded as a cost not otherwise matchable to clients in the developmental disabilities system; this is \$0.1 million less than enacted and \$0.7 million less than FY 2014 actual expenses.

Individuals receiving the community based services are not eligible for either the home and community based Medicaid program or services through the rehabilitation option because the client does not have a disability that is consistent with the federal Social Security Administration's definition or may have income or assets. *The Governor recommended funding as requested. The Assembly concurred.*

Burns and Associates Management Contract. The Department requested \$121,412 from all sources, including \$60,670 from general revenues to pay Burns and Associates to implement the administrative and reimbursement program changes under Project Sustainability and other changes related to the consent decree. This is \$326,573 less than enacted including \$179,870 less from general revenues.

The Department signed a \$459,400 contract with Burns and Associates in March of 2014 for consultant and technical services related to Project Sustainability and the consent decree. The one-year contract, April 1, 2014, through March 30, 2015, has four optional renewal years. The contract had not been renewed. *The Governor recommended funding as requested. The Assembly concurred.*

Developmental Disabilities Other State Services. The Department requested \$8.0 million for other state services for adults with developmental disabilities, including \$4.7 million from general revenues. This is \$0.7 million more from federal funds and \$0.1 million more from general revenues. This includes staffing costs in the division as well as state funded services to individuals who are not Medicaid eligible or the services being provided are not eligible for Medicaid reimbursement.

Direct services are provided to individuals who are not eligible for Medicaid funded services through any of the three Medicaid waiver programs. Services include parent subsidies and day programming. It should be noted that the Department's FY 2016 budget proposes savings of \$0.5 million from eliminating state only direct services. *The Governor recommended \$69,135 less than requested from general*

revenues; this includes \$11,462 from medical benefit savings and \$57,673 less for computers and other operating expenses consistent with enacted funding. **The Assembly concurred.**

Vocational Rehabilitation Services. The Department eliminated \$0.8 million from all sources for vocational rehabilitation services, including \$0.1 million from general revenues that was erroneously included in the enacted budget. The Department had entered into a memorandum of understanding with the Department of Human Services' Office of Rehabilitation Services to provide training to individuals with developmental disabilities. The agreement ended in FY 2013. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island Community Living Supports Program

Salaries and Benefits for State Program. The Department requested \$465,929 less from all sources, for salaries and benefits, including \$431,897 less from federal funds and \$34,032 less from general revenues. The enacted budget assumes the Department's ability to fill 333.0 positions in FY 2015; however, the revised budget provides funding for 332.0 positions. The request reflects the cost-of-living increase, medical benefits savings, a delay in hiring temporary workers and lowers federal funds to correct the Medicaid rate. *The Governor reduced general revenues by \$77,229 to account for statewide medical benefit savings.* **The Assembly concurred.**

Other Operations for State Program. The Department requested \$1.4 million for all other operations in the state run system. This is \$49,255 less than enacted and includes \$16,318 less from general revenues. This includes rent for one state-owned day facility, fuel and utility costs and mileage expenses and costs to maintain state cars used in the state system. *The Governor recommended funding as requested.* **The Assembly concurred.**

Client Revenue. The Department's revised budget reduces restricted receipts by \$0.1 million for total funding of \$1.8 million from restricted receipts. This reflects client resources, including the \$749.92 monthly supplemental security income payments made by the federal government to clients or other income payments, such as a deceased parent's Social Security or Social Security Disability Income payment, in the state-run developmental disabilities system to support their living costs, such as rent, food, utilities and other daily living expenses. This reflects the updated collection for the 188 individuals in the state-run system. *The Governor recommended funding as requested.* **The Assembly concurred.**

Division of Behavioral Health

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

The 2014 Assembly transferred Medicaid funded behavioral healthcare services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Office of Health and Human Services to align direct medical benefits with mental health and substance abuse services for disabled individuals. The Medicaid expansion opportunity through the Affordable Care Act that the state accepted allowed the Department's behavioral healthcare clients who received a limited benefit to have full access to Medicaid through the Office of Health and Human Services' budget. With the transfer of the Medicaid funds to the Office of Health and Human Services, the state now pays for Medicaid funded direct care and behavioral healthcare benefits through the Rhody Health Partners managed care plan.

The May caseload conference included \$64.0 million for fee-for-service behavioral health services and \$424.6 million from federal funds for the Medicaid expansion program, which includes newly enrolled

individuals who previously received a limited benefit through the Department's program. It should also be noted that the November caseload conference includes \$281.5 million in the Rhody Health Partners program, the state's managed care program for disabled adults, including those with behavioral health care issues and this was updated at the May caseload conference which included \$270.1 million for the managed care program.

Medicaid Expansion for Certain Low Income Adults. The November caseload estimate adds \$46.7 million to the enacted level for total funding of \$539.1 million from federal sources to provide Medicaid coverage to approximately 55,000 low income adults in FY 2015. Included in this population are 2,200 previously uninsured individuals who received a limited substance abuse and/or mental health benefit through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals who now have access to Medicaid that includes acute care, community supports and behavioral health services. *The Governor included \$539.1 million in the Office of Health and Human Services' budget for the expansion program, consistent with the November caseload estimate.* **The Assembly provided \$424.6 million from federal funds for updated costs related to this population, which is consistent with the May estimate**

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

The Department submitted a corrective action plan in November that suggested using an alternative method the fund the project but did not specify that method of funding. *The Governor included the reappropriation.* **The Assembly concurred.**

SYNAR Activities. The Department requested \$48,000 from general revenues for SYNAR activities that monitor state tobacco compliance statutes in coordination with the municipal law enforcement agencies. In previous years, the Department used general revenues to pay the youth participating in the monitoring activity and the local police departments. States were allowed to use substance abuse block grant funds to pay the participant and recent federal changes allow states to pay local police departments with block grants funds during the monitoring activity. The federal regulations do not allow a state to pay for the administrative aspects (such as the police officer filling out paperwork related to issuing a citation).

Since the Department did not separate the monitoring activity from the law enforcement activity, it used general revenues to reimburse the municipal law enforcement agencies, but can now use the substance abuse block grant in lieu of general revenues. It should be noted that the Department added \$0.9 million in its revised budget to increase funding from the substance abuse block grant to use on activities other than SYNAR. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Substance Abuse Treatment Block Grant. The Department requested \$7.4 million from federal funds for the substance abuse treatment block grant, or \$0.9 million more than enacted to reflect an updated grant award. Funding is awarded to community agencies to support treatment services and other programs. This includes methadone maintenance for Medicare recipients, discussed separately. *The Governor recommended funding as requested.* **The Assembly concurred.**

Methadone Maintenance Treatment Services for Medicare Recipients. The Department's request uses \$0.3 million from the substance abuse block grant to provide methadone maintenance treatment

services for approximately 100 Medicare recipients to continue treatment previously paid for through the Medicaid program.

Methadone is not a covered Medicare benefit and recipients previously received treatment through the cost not otherwise matchable program. That limited benefit is no longer funded since individuals are either now covered through the Medicaid expansion program or can obtain coverage through the health care exchange. Individuals who have Medicare were also receiving maintenance treatment services and the Department is using its federal resources to continue to provide the benefit. *The Governor assumed the use of the funding for this activity.* **The Assembly concurred.**

Municipal Substance Abuse Task Forces. The Department provided the enacted level of \$0.9 million from federal funds for the municipal substance abuse task forces. The state currently supports 35 municipal substance abuse prevention task forces, three student assistance program providers serving 8,700 students in 25 middle and 21 high schools and 16 providers providing services to 1,400 families that promote drug free communities and assess, in cooperation with school systems and human services organizations, the extent of the substance abuse problem in its community. *The Governor recommended funding as requested.* **The Assembly concurred.**

Transition to Community Program. The Department's FY 2015 revised request uses \$0.4 million from Substance Abuse Block Grant funds and adds \$0.1 million from Byrne grant funds for total funding of \$0.5 million to pay for residential care for Medicaid eligible individuals who have access to Medicaid but have not yet enrolled in a managed care plan.

The enacted budget did not include any funds to continue the Transition from Prison to Community Program. An individual who was supported through the state funded program now has access to either Medicaid through the expansion program or can obtain coverage through the health care exchange and the Department eliminated the state resources in its FY 2015 request, which the Governor recommended and the Assembly accepted. The Department continues the program using federal funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

Mental Health Block Grant. The Department requested \$0.3 million more than the enacted level for total funding of \$1.7 million from the federally funded mental health block grant to support services provided by the community mental health centers. *The Governor recommended funding as requested.* **The Assembly concurred.**

Mental Health Treatment Services for Medicare Recipients. The Department's request programs \$0.7 million from the social services block grant to provide community based mental health services for approximately 140 Medicare recipients to continue treatment previously paid for through the Medicaid program.

Medicare beneficiaries received mental health treatment services through the cost not otherwise matchable program. That limited benefit is no longer funded since individuals are either now covered through the Medicaid expansion program or can obtain coverage through the health care exchange. This does not include those on Medicare, which does not provide a comprehensive behavioral health care benefit, and the Department is using its federal resources to continue to provide the benefit. *The Governor recommended funding as requested.* **The Assembly concurred.**

Social Services Block Grant - Other Mental Health Treatment Services. The Department requested \$0.4 million less from federal social services block grant funds to support community based mental health services for total funding of \$0.4 million to accurately reflect the grant award. The Department reported that \$0.1 million will be awarded to the North American Family Institute, leaving \$0.3 million to be used

at the Department's discretion. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Mental Health Services - Medicaid. The Department requested \$40,024 from all sources, including \$20,000 from general revenues to pay for outstanding Medicaid claims for community mental health services for individuals who, after January 1, 2014, no longer needed the limited benefit provided by the Department through the state's cost not otherwise matchable program. Since its budget submission, the Department has reported that the funding is not required and there are no outstanding claims to be paid. *The Governor did not include the funding.* **The Assembly concurred.**

Strategic Prevention Framework Grant. The Department requested new federal funding totaling \$2.0 million from a recently awarded strategic prevention framework state incentive grant to support activities that deliver and sustain effective substance abuse and/or mental health services. This includes: preventing the onset and reducing the progression of substance abuse, including childhood and underage drinking; reducing substance abuse-related problems in communities, and building prevention capacity and infrastructure at the state and community levels. The Department reported funding includes \$1.4 million to the municipalities and \$0.3 million for program evaluation. *The Governor recommended funding as requested.* **The Assembly concurred.**

Healthy Transitions Grant. The Department requested new federal funding of \$0.7 million from the healthy transitions grant. This includes funding to the Kent Center, NRI Community Service for services, and the University of Rhode Island for program evaluation. The grant is intended to improve access to treatment and support services for individuals age 16 through 25 that either have, or are at risk of developing a serious mental health condition. *The Governor recommended funding as requested.* **The Assembly concurred.**

Access to Recovery. The Department's revised request reduces federal funds by \$1.3 million for total funding of \$2.1 million to reflect the current award for the access to recovery grant. This includes \$1.8 million for housing vouchers, which is \$1.3 million less than enacted and \$0.3 million for grant operations. *The Governor recommended funding as requested.* **The Assembly concurred.**

Combat Underage Drinking Grant. The Department requested \$150,250 from federal funds for the combat underage drinking grant; this is \$170,000 less than enacted to reflect the current grant award. Funding is awarded as follows: \$105,000 to Mothers Against Drunk Driving (MADD) and \$42,250 to local law enforcement agencies. *The Governor recommended funding as requested.* **The Assembly concurred.**

Post-Traumatic Stress Services. The Department's revised request includes \$232,815, \$135,311 less than enacted from the federally funded post-traumatic stress services grant awarded to the Kent Center to function as the pilot program for diversion and court services and the Providence Center for peer supports. *The Governor recommended funding as requested.* **The Assembly concurred.**

Drug Abuse Reporting Grant. The Department requested \$125,000 from federal funds for the drug abuse reporting grant. This is \$70,653 less than enacted to reflect the actual grant award and provides \$84,913 to the Mental Health Association for technical assistance and \$40,087 to Mosaix for data collection. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Grants. The Department reduced federal funds by \$276,500 to reflect the expiration of the Rhode Island Data Infrastructure Grant and the State Epidemiological Outcome Workshop Grant. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island Housing - Thresholds Program. The Department requested \$30,000 from general revenues to pay Rhode Island Housing to administer the Thresholds program, which provides Rhode Island Capital Plan funds to the organization so that it can leverage other funding sources to build and rehabilitate housing for disabled individuals. The Assembly reduced general revenue support for behavioral health programs in the FY 2015 enacted budget since many of the treatment programs would not be needed with the expansion of Medicaid and access to insurance through HealthSource RI. The Department does not have a contract with Rhode Island Housing in FY 2015 to administer the program. *The Governor recommended funding as requested.* **The Assembly concurred.**

Salaries and Benefits. Excluding other adjustments, the Department requested \$203,892 more from all sources, including \$55,196 from general revenues for salaries and benefits totaling \$2.7 million from all sources, including \$1.6 million from general revenues in the behavioral healthcare program to fund 28.0 positions. This includes the cost-of-living adjustment, medical benefits savings and other benefit adjustments. The Department has also eliminated an unfunded position in the Division. *The Governor recommended funding as requested and included \$5,389 less from general revenues to reflect medical benefit savings.* **The Assembly concurred.**

All Other Operations. The Department requested \$62,204 less than enacted for all other expenses, including \$65,545 less from general revenues for division operations. The revised request eliminates funding for the mental health utilization activities. *The Governor recommended funding as requested.* **The Assembly concurred.**

Eleanor Slater Hospital

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 2015 enacted budget is based on a census of 279 patients.

The Department's revised request of \$123.0 million includes \$52.0 million from general revenues matched by Medicaid and is \$9.4 million more than enacted primarily from Rhode Island Capital Plan funds. *The Governor recommended \$111.6 million, including \$51.3 million from general revenues.* **The Assembly provided \$112.1 million, including \$51.6 million from general revenues.**

Hospital License Fee. The enacted budget includes \$6.5 million from all sources to pay the 5.703 percent fee assessed on state and community hospitals' revenue for the hospital year ending September 30, 2013, including \$3.2 million from general revenues in FY 2015. The Department's request inadvertently shifts \$13,579 from general revenues to federal funds. *The Governor recommended funding as requested.* **The Assembly increased the license fee to 5.745 percent and added \$47,262 to make the state payment.**

Southwick Group Home. The enacted budget includes savings of \$0.5 million from all sources from closing the Southwick group home in Lincoln and transitioning the four residents to one of the three other homes that have vacancies. The home is a licensed intermediate care facility and residents are moved from the Zambarano unit of the state hospital to a less restrictive community setting. The cost to operate each group home is approximately \$1.0 million from all sources. The residents' families had obtained a court injunction to stop the relocation of the clients and closure of the home; however, the home closed in October 2014. The Department used existing hospital resources to operate the home and reported that there will be a minimal expense of \$15,000 for fuel and snow removal and grounds keeping until it can sell the property.

The Department submitted a corrective action plan that includes savings of \$0.1 million from all sources, including \$67,397 from the October 20, 2014 closing of Southwick group home. *The Governor included the savings from the corrective action plan.* **The Assembly concurred.**

Hospital - Other Staffing. The Department requested \$1.0 million less from all sources, including \$0.3 million more from general revenues, \$0.8 million less from Medicaid offset by \$12,982 less from restricted receipts for all other staffing costs totaling \$82.2 million from all funds including \$40.8 million from general revenues. This includes \$0.7 million less for overtime, \$1.4 million less for medical costs to be consistent with FY 2014 spending, adjusted for the medical benefit savings, offset by increases for other salary and benefit costs. The revised request keeps 34 positions vacant while filling 872.4 positions at the hospital; the enacted budget assumed 37 vacant positions.

The Department submitted a corrective action plan that includes \$0.1 million in savings from hiring new staff at a lower salary than those who are retiring and \$0.1 million in savings from addressing a 1 to 1 staffing ratio for certain patients.

The Governor recommended funding as requested including the two corrective action plan items along with \$0.2 million from statewide medical benefit savings. The Governor requested an amendment to add \$0.5 million from all sources, including \$0.2 million from general revenues for overtime costs related to the January 2015 blizzard. **The Assembly concurred.**

Medication Dispensing Machine. The Department requested \$0.4 million from all sources, including \$0.2 million from general revenues for a new medication dispensing machine. It reported that the new machine, which automatically dispenses medication has been recently recommended by the Joint Hospital Commission as the hospital completes its accreditation process. The Department has issued a request for proposal for the new system but has not awarded a contract.

Automated dispensing machines are a computerized companion technology that reduces labor and contributes to patient safety. When stocked, the machines store medications and controls electronic dispensing. In emergency situations, facilities can approve nursing retrieval of medications prior to pharmacy review via override from the machine.

The Department submitted a corrective action plan in November 2014 that eliminated this request. *The Governor excluded this funding consistent with the corrective action plan.* **The Assembly concurred.**

All Other Hospital Operations. The Department requested \$0.5 million more than enacted for all other hospital expenses, including \$0.2 million less from general revenues and \$0.7 million more from federal funds. The request includes \$0.4 million more for medical supplies and \$0.3 million less for pharmacy costs with adjustments to other costs to operate the state hospital. *The Governor recommended \$0.2 million less than requested for computer purchases.* **The Assembly concurred.**

Hospital and Community Support

Cost Allocation Plan. The Department included \$95,978 from all sources, including \$47,989 from general revenues for its portion of the contract with Public Consulting Group for the cost allocation plan.

The Office of Health and Human Services entered into a \$446,920 contract with Public Consulting Group that started May 1, 2014 and ended April 30, 2015. The Office of Health and Human Services reported the following costs between the participating agencies in FY 2015: \$137,179 for the executive office; \$106,898 for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals; \$116,950 for the Department of Health; and \$60,869 for the Department of Human Services' Division of

Elderly Affairs. The Office of Health and Human Services paid \$25,024 in FY 2014. *The Governor recommended funding as requested.* **The Assembly concurred.**

State Operations. The Department requested \$0.1 million less from all sources, including \$0.6 million more from general revenues for hospital and community supports of state operations totaling \$2.5 million and 21.0 positions. The request also includes \$76,984 for the cost-of-living adjustments, offset by turnover and medical benefit savings. *The Governor recommended \$6,699 less to account for additional statewide medical benefits savings.* **The Assembly concurred.**

Central Management

State Operations. The Department increased all central management operations by \$0.1 million, including \$0.3 million from general revenues. This is \$0.1 million more for salaries and benefits to fully fund 11.0 positions; this includes \$42,623 for the cost-of-living adjustments. *The Governor recommended \$3,755 less than requested for the adjustment to statewide medical benefits savings.* **The Assembly concurred.**

Capital. The Department requested \$18.8 million or \$11.6 million more from Rhode Island Capital Plan and Medicaid funds for various projects. *The Governor recommends \$6.1 million or \$12.8 million less than requested and \$1.2 million less than enacted.* **The Assembly reduced FY 2015 spending by \$0.5 million and concurred with the remainder of the recommendation. A more detailed explanation is included in the Capital Budget section of this publication.**

Office of the Child Advocate

| | | FY 2014 Reported | | FY 2015 Enacted | | FY 2015 Revised | | FY 2015 Final |
|----------------------------------|-----------|---------------------|-----------|--------------------|-----------|--------------------|-----------|------------------|
| Expenditures by Category | | | | | | | | |
| Salaries and Benefits | \$ | 566,876 | \$ | 641,886 | \$ | 655,337 | \$ | 655,337 |
| Contracted Services | | 75 | | 500 | | 500 | | 500 |
| Subtotal | \$ | 566,951 | \$ | 642,386 | \$ | 655,837 | \$ | 655,837 |
| Other State Operations | | 15,872 | | 18,431 | | 26,317 | | 26,317 |
| Aid to Local Units of Government | | - | | - | | - | | - |
| Assistance, Grants, and Benefits | | - | | - | | - | | - |
| Capital | | 879 | | 1,000 | | 1,000 | | 1,000 |
| Capital Debt Service | | - | | - | | - | | - |
| Operating Transfers | | - | | - | | - | | - |
| Total | \$ | 583,702 | \$ | 661,817 | \$ | 683,154 | \$ | 683,154 |
| Sources of Funds | | | | | | | | |
| General Revenue | \$ | 544,231 | \$ | 611,817 | \$ | 633,154 | \$ | 633,154 |
| Federal Aid | | 39,471 | | 50,000 | | 50,000 | | 50,000 |
| Restricted Receipts | | - | | - | | - | | - |
| Other | | - | | - | | - | | - |
| Total | \$ | 583,702 | \$ | 661,817 | \$ | 683,154 | \$ | 683,154 |
| FTE Authorization | | 6.0 | | 6.0 | | 6.0 | | 6.0 |
| FTE Average | | 5.8 | | | | | | |

FY 2015 Revised Request. The Office of the Child Advocate requested \$25,171 more than enacted from all funds including \$25,130 more from general revenues and \$41 more from federal funds and the enacted level of 6.0 positions. *The Governor recommended \$3,834 less than requested including \$3,793 less from general revenues.* **The Assembly concurred.**

Salaries and Benefits. The Office requested \$15,213 more than enacted, including \$15,172 more from general revenues and \$41 more from federal funds. This primarily reflects a statewide cost-of-living adjustment that the enacted budget assumed would be absorbed within agency budgets. *The Governor recommended \$1,762 less than requested including \$1,721 less from general revenues to reflect statewide medical benefit savings more than requested.* **The Assembly concurred.**

Other Operations. The Office requested \$9,958 more than enacted from general revenues for all other expenses. The Office's request includes additions of \$3,308 for subscriptions to legal journals and services, \$2,928 for mileage and travel expenses to inspect group homes and programs, \$800 more for a cell phone for the assistant child advocate, \$500 for a parking space at the Family Court in Providence, and \$2,422 for other adjustments. The Office indicated that it is currently using borrowed law journals and needed the additional parking space so that two staff members can be at the family court at the same time. *The Governor recommended \$2,072 less than requested for office supplies.* **The Assembly concurred.**

Commission on the Deaf and Hard of Hearing

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|---------------------|--------------------|--------------------|-------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 328,158 | \$ 333,438 | \$ 337,900 | \$ 337,900 |
| Contracted Services | 52,166 | 108,646 | 111,146 | 111,146 |
| Subtotal | \$ 380,324 | \$ 442,084 | \$ 449,046 | \$ 449,046 |
| Other State Operations | 18,525 | 28,695 | 26,195 | 26,195 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | - | - | - |
| Capital | 656 | 3,500 | 3,500 | 3,500 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 399,505 | \$ 474,279 | \$ 478,741 | \$ 478,741 |
| Sources of Funds | | | | |
| General Revenue | \$ 375,549 | \$ 394,279 | \$ 398,741 | \$ 398,741 |
| Federal Aid | - | - | - | - |
| Restricted Receipts | 23,956 | 80,000 | 80,000 | 80,000 |
| Other | - | - | - | - |
| Total | \$ 399,505 | \$ 474,279 | \$ 478,741 | \$ 478,741 |
| FTE Authorization | 3.0 | 3.0 | 3.0 | 3.0 |
| FTE Average | 3.0 | | | |

FY 2015 Revised Request. The Commission requested \$57,538 more than enacted from general revenues and 1.0 new full-time equivalent position. *The Governor recommended \$53,076 less than requested from general revenues and no additional staff.* **The Assembly concurred.**

Interpreters. The Commission requested \$50,167 more than enacted from general revenues for interpreters and translators. This includes \$55,167 more for 1.0 new staff interpreter position to provide full-time interpreter services for staff members for public hearings, informational sessions, and interoffice communication. This also includes \$5,000 less than enacted for contracted interpreter services, assuming the Commission would utilize fewer on-call interpreters if there is a full-time position. The cost of the new interpreter does not reflect the total salary updated for the cost-of-living increase and the request assumes the interpreter would start after November 2014. Using corrected values suggests the cost will be somewhat higher than requested. *The Governor did not recommend a new interpreter position and funded contracted interpreters at the enacted level.* **The Assembly concurred.**

All Other Salaries and Benefits. The Commission requested \$7,371 more than enacted from general revenues for all other salaries and benefits for the enacted level of 3.0 positions. This primarily reflects a cost-of-living adjustment and statewide medical benefit savings. All positions are currently filled. *The Governor recommended \$2,909 less than requested to reflect statewide medical benefit savings.* **The Assembly concurred.**

Governor's Commission on Disabilities

| | | FY 2014 Reported | | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|-----------|---------------------|-----------|--------------------|--------------------|------------------|
| Expenditures by Category | | | | | | |
| Salaries and Benefits | \$ | 345,740 | \$ | 346,020 | \$ | 366,978 |
| Contracted Services | | 4,382 | | 16,718 | | 9,215 |
| Subtotal | \$ | 350,122 | \$ | 362,738 | \$ | 376,193 |
| Other State Operations | | 24,509 | | 66,320 | | 53,753 |
| Aid to Local Units of Government | | - | | - | | - |
| Assistance, Grants, and Benefits | | 20,714 | | 76,116 | | 242,022 |
| Capital | | 186,611 | | 1,000,628 | | 900,628 |
| Capital Debt Service | | - | | - | | - |
| Operating Transfers | | 289,590 | | 3,000 | | - |
| Total | \$ | 871,546 | \$ | 1,508,802 | \$ | 1,572,596 |
| Sources of Funds | | | | | | |
| General Revenue | \$ | 339,529 | \$ | 358,275 | \$ | 357,141 |
| Federal Aid | | 50,799 | | 141,350 | | 305,524 |
| Restricted Receipts | | 6,898 | | 9,177 | | 9,931 |
| Other | | 474,320 | | 1,000,000 | | 650,000 |
| Total | \$ | 871,546 | \$ | 1,508,802 | \$ | 1,322,596 |
| FTE Authorization | | 4.0 | | 4.0 | | 4.0 |
| FTE Average | | 4.0 | | | | |

FY 2015 Revised Request. The Commission's revised request includes \$240,228 more than enacted from all sources, including \$380 less from general revenues. *The Governor recommended \$0.2 million less than requested, primarily from Rhode Island Capital Plan funds.* **The Assembly removed \$250,000 from Rhode Island Capital Plan funds to reflect projected expenditures and concurred with the remainder of the recommendation.**

Salaries and Benefits. The Commission requested \$21,724 more than enacted from all sources for salaries and benefits, including \$5,505 more from general revenues and \$16,219 more from federal funds based on adjustments to available federal funds, negotiated employee raises and current benefit costs and selection. The Commission shifted some staffing expenses to federal Americans with Disabilities Act funds based on additional accessibility projects associated with the 2014 election. It should be noted that FY 2015 and FY 2016 are the final years that federal Help America Vote Act funds can be used for salaries and benefits by the Commission before the grant expires. The Commission's request reflects a cost-of-living adjustment of \$11,468. *The Governor recommended \$766 less than requested from general revenues to reflect statewide medical benefit savings.* **The Assembly concurred.**

Grants. The Commission requested \$165,906 more than enacted including \$3,679 less from general revenues and \$169,585 more from federal funds for various grants and fellowships. This primarily reflects one Mary Brennan Fellowship that will not be awarded and the use of expiring Help America Vote Act funds for polling place identification and accessibility. It should be noted that FY 2015 is the last full year that the Commission can spend Help America Vote Act funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations. The Commission requested \$23,082 less than enacted including \$2,206 less from general revenues, \$21,630 less from federal funds, and \$754 more from restricted receipts for all other operations. This represents reductions to the costs of software maintenance agreements and other operating adjustments. *The Governor recommended funding essentially as requested, and included a \$12 adjustment to interpreter costs.* **The Assembly concurred.**

Accessibility Project. The Commission requested \$75,680 more than enacted from Rhode Island Capital Plan funds for its accessibility project to reflect unused funds carried forward from FY 2014. Funding supports updates to facilities where individuals with disabilities receive services. *The Governor recommended \$0.2 million less than requested to reflect updated expenditure projections.* **The Assembly removed \$250,000 from Rhode Island Capital Plan funds to reflect updated cost projections.**

Office of the Mental Health Advocate

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|---------------------|--------------------|--------------------|-------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 474,708 | \$ 480,514 | \$ 489,359 | \$ 489,359 |
| Contracted Services | - | 1,800 | 3,300 | 3,300 |
| Subtotal | \$ 474,708 | \$ 482,314 | \$ 492,659 | \$ 492,659 |
| Other State Operations | 10,297 | 12,696 | 13,419 | 13,419 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | - | - | - |
| Capital | - | - | - | - |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 485,005 | \$ 495,010 | \$ 506,078 | \$ 506,078 |
| Sources of Funds | | | | |
| General Revenue | \$ 485,005 | \$ 495,010 | \$ 506,078 | \$ 506,078 |
| Federal Aid | - | - | - | - |
| Restricted Receipts | - | - | - | - |
| Other | - | - | - | - |
| Total | \$ 485,005 | \$ 495,010 | \$ 506,078 | \$ 506,078 |
| FTE Authorization | 3.7 | 3.7 | 3.7 | 3.7 |
| FTE Average | 3.7 | | | |

FY 2015 Revised Request. The Office of the Mental Health Advocate included \$125,398 more than enacted from general revenues in its revised request. It added one new social worker position and an upgrade to an existing position for a staffing level of 5.0 full-time equivalent positions, 1.3 positions above the current authorization. *The Governor recommended \$11,068 more than enacted and the current level of authorized positions.* **The Assembly concurred.**

New Social Worker & Attorney Upgrade. The Office requested an increase in its staffing level from 3.7 to 5.0 to include a new social worker and upgrading an existing 0.7 attorney to a 1.0 position and added \$111,099 from general revenues to fund the changes. *The Governor did not recommend the staffing changes.* **The Assembly concurred.**

All Other Operations. The Office requested \$13,489 more than enacted for all other expenses. This includes \$9,754 for staffing including statewide cost-of-living adjustments and medical benefit savings, \$1,500 more for psychiatric evaluations and \$723 for all other operations. *The Governor included funding as requested with an adjustment to account for \$2,421 from statewide medical benefits savings.* **The Assembly concurred.**

Department of Elementary and Secondary Education

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|-----------------------------------|------------------------|------------------------|------------------------|------------------------|
| Expenditures by Program | | | | |
| State Aid | \$ 742,824,655 | \$ 776,696,153 | \$ 777,160,523 | \$ 777,160,523 |
| School Housing Aid | 67,663,036 | 67,949,504 | 68,100,072 | 68,100,072 |
| Teachers' Retirement | 80,351,295 | 89,529,396 | 89,005,049 | 88,620,682 |
| RI School for the Deaf | 6,687,781 | 6,823,642 | 6,941,770 | 6,941,770 |
| Central Falls School District | 38,399,591 | 39,010,583 | 39,010,583 | 39,010,583 |
| Davies Career & Technical School | 17,306,046 | 19,084,650 | 20,111,787 | 18,728,583 |
| Met School | 17,277,120 | 11,762,017 | 12,491,931 | 12,491,931 |
| Administration | 226,852,756 | 235,240,412 | 238,982,674 | 238,554,125 |
| Total | \$1,197,362,280 | \$1,246,096,357 | \$1,251,804,389 | \$1,249,608,269 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 39,402,144 | \$ 40,294,601 | \$ 40,407,428 | \$ 40,056,869 |
| Contracted Services | 40,772,484 | 39,777,947 | 42,719,229 | 43,478,305 |
| Subtotal | \$ 80,174,628 | \$ 80,072,548 | \$ 83,126,657 | \$ 83,535,174 |
| Other State Operations | 12,447,537 | 12,793,383 | 12,916,511 | 12,916,511 |
| Aid to Local Units of Government | 1,077,718,300 | 1,126,947,588 | 1,119,475,792 | 1,119,196,890 |
| Assistance, Grants, and Benefits | 15,888,703 | 20,060,664 | 18,100,607 | 18,203,486 |
| Capital | 7,677,725 | 6,222,174 | 7,129,338 | 4,729,338 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | 3,455,387 | - | 11,055,484 | 11,026,870 |
| Total | \$1,197,362,280 | \$1,246,096,357 | \$1,251,804,389 | \$1,249,608,269 |
| Sources of Funds | | | | |
| General Revenue | \$ 959,927,061 | \$1,004,400,123 | \$1,003,585,213 | \$1,002,758,930 |
| Federal Aid | 203,805,167 | 208,495,934 | 213,815,072 | 214,845,235 |
| Restricted Receipts | 25,529,786 | 26,953,972 | 27,384,533 | 27,384,533 |
| Other | 8,100,266 | 6,246,328 | 7,019,571 | 4,619,571 |
| Total | \$1,197,362,280 | \$1,246,096,357 | \$1,251,804,389 | \$1,249,608,269 |
| FTE Authorization | | | | |
| Administration | 171.4 | 154.9 | 158.4 | 158.4 |
| Davies | 126.0 | 126.0 | 126.0 | 126.0 |
| School for the Deaf | 60.0 | 60.0 | 60.0 | 60.0 |
| Total Authorized Positions | 357.4 | 340.9 | 344.4 | 344.4 |
| FTE Average | 324.8 | | | |

FY 2015 Revised Request. The Board requested an additional \$10.6 million of spending for FY 2015, including \$0.5 million more from general revenues. The general revenue changes include \$0.5 million more in school housing aid and \$45,000 in increased support for group home funding partially offset by a reduction of \$61,508 from statewide savings. The request also includes increases of \$5.3 million from federal funds, \$4.4 million from other funds and \$0.4 million from restricted receipts. The request includes 344.4 positions, 3.5 positions above the enacted authorization.

The Governor recommended \$0.8 million less from general revenues than enacted which is \$1.3 million less than requested primarily from changes to school housing aid and teacher retirement. She also included \$110,896 less for education aid based on mid-year adjustments to charter school enrollment. The recommendation includes the requested number of positions, but allocated them differently.

*She subsequently requested amendments to add federal Race to the Top funding and restore statewide savings to the Davies Career and Technical School. **The Assembly reduced the Governor's original recommendation by \$2.2 million from all sources, including \$0.8 million from general revenues which was primarily savings identified in the third quarter reports.***

Education Aid Update. The Board requested the enacted amount for state aid to local districts, including charter and state schools. State law provides for a mid-year adjustment for charter schools that experience a greater than 10 percent change in enrollment as of October 1 of each year. *The Governor recommended \$110,896 less than requested based on that adjustment. **The Assembly concurred.***

Education Telecommunications Access Fund. The Board requested \$430 less than enacted from restricted receipts for total funding of \$1.5 million for the anticipated need in the program. The request includes shifting \$0.1 million from Internet expenses to fund an additional 0.4 full-time equivalent position, for a total of 1.0 position to reflect more staff time spent on this program and \$4,387 for the cost-of-living adjustment. The fund provides financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the Internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line and supplemented with \$0.4 million from general revenues; the federal allocation varies each year.

The Board carried forward revenues of \$0.2 million from FY 2014. Revenue collections have been lower in FY 2015 than the Department's revenue estimate, but the carry forward funding will likely provide the difference. *The Governor recommended funding essentially as requested and included \$0.4 million from general revenues. **The Assembly concurred.***

Teacher Retirement. The Board requested the enacted amount of \$89.5 million for the state's share of teacher retirement costs. The state funds a percentage of the employer's share of the necessary contribution to the Teacher Retirement System, and municipalities contribute the balance of the employer's share. The employer's share is determined annually, by the State Employees' Retirement System and based on actuarial reports is applied to the covered payroll.

The agency's second quarter report projected \$0.5 million less than enacted for the state's share of teacher retirement costs based on an analysis of prior year expenditures and the current year projected salary base. Actual expenditures generally tend to be lower than the final appropriation. *The Governor's recommendation is \$0.5 million less than requested to reflect the revised projections. **Based on the third quarter report, the Assembly further reduced expenditures by \$0.4 million.***

School Housing Aid. Revised FY 2015 school construction aid is requested at \$0.5 million above the enacted level of \$67.9 million. This includes a reduction of \$0.1 million from municipalities refinancing existing bonds and \$0.6 million for additional projects that were completed by the June 30, 2014 deadline. The enacted budget reduced the request by \$2.0 million based on a history of budgeting more funding than required for the program. *The Governor recommended \$0.3 million less than requested, which is \$150,568 more than enacted to reflect updated data that showed interest earnings offsetting final payments. **The Assembly concurred.***

Group Home Aid. The Board requested \$6.1 million to fund beds for communities hosting group homes, which is \$45,000 more than enacted and consistent with the current law, which requires a supplemental payment of \$15,000 for any group home beds opened by December 31 of each year. Based

on information from the Department of Children, Youth and Families, three beds were added after the count used for determining the FY 2015 enacted budget, including two beds in Burrillville and one in Pawtucket.

The 2007 Assembly made statutory changes to align the payment of communities' group home aid to reflect more closely the actual number of group home beds open at the time the budget is in effect. The legislation uses the count of beds that are open as of December 31 for the budget year's aid. It should be noted that adding the supplemental payments of \$15,000 per bed is inconsistent with the payment of group home beds in the enacted budget, in which any additions or reductions were subject to the transition formula instead of the full adjustment based on the impact of group home beds on enrollment data used to calculate the funding formula. *The Governor recommended \$30,000 more than requested to reflect two more beds in Burrillville open as of December 31, 2014. The Assembly concurred.*

Statewide Student Transportation. The Board's request is \$0.6 million more than enacted from restricted receipts for the statewide transportation system from a 5.5 percent increase included in a new contract signed subsequent to the submittal of the FY 2015 request and the addition of buses and routes. The 2009 Assembly adopted legislation mandating use of a statewide transportation system for all students. Districts reimburse the state for their share of the cost, offsetting this expenditure. Those fees are deposited into a restricted receipt account and used to fund the expenses. *The Governor recommended funding as requested. The Assembly concurred.*

Textbook Reimbursement. The Board requested the enacted level of \$240,000 from general revenues for textbook reimbursement. The state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. *The Governor recommended \$124,255 less than enacted and requested to reflect updated utilization. The Assembly concurred.*

Race to the Top. The Board requested \$8.3 million for education reforms funded by the Race to the Top grant for FY 2015, which is \$0.2 million more than enacted, based on planned expenditure activities. The Department's total award of \$75.0 million was expected to be spent from FY 2011 through September 30, 2014; however, the state was able to obtain a no-cost extension through June 30, 2015. A requirement of the award is that 50.0 percent of funds be used directly for education aid; most of the remaining funds are used for consultants and staff positions. The Department received authorization for up to 22.0 positions to administer the program; the enacted budget includes 5.5 positions and the revised request includes 10.0 positions, discussed separately. *The Governor recommended funding as requested. The Assembly concurred.*

Race to the Top - Early Childhood. The Department requested \$6.2 million from federal Race to the Top – Early Childhood grant funds, which is \$2.5 million more than enacted based on planned activities for FY 2015. This increase reflects use of carryover funds from FY 2014. In December 2011, the state was awarded \$50.0 million to be used to improve education for pre-school students. This grant involves multiple human services agencies and the Department of Elementary and Secondary Education with funding allocated over four years beginning in FY 2012 and ending December 31, 2015. *The Governor recommended funding as requested. She subsequently requested an amendment to add \$1.0 million from federal funds to reflect program expenditures that were expected to occur in FY 2016 that will begin in FY 2015. The Assembly concurred.*

Nutrition Grants. The Board requested authorization to spend \$51.9 million from federal nutrition program funds. This is \$0.1 million more than the enacted level. This includes unspent funds carried forward from FY 2014, updates to grant awards and a one-time award for food preparation equipment. *The Governor recommended funding as requested. The Assembly concurred.*

Special Education Grants. The Board requested authorization to spend \$44.8 million, \$0.2 million less than enacted from federal special education funds to reflect the actual grant awards. The funds are distributed to school districts and provide administrative support. Most of the funds must be distributed to local education agencies serving children directly. Federal funds are combined with state and local funds to provide children with disabilities free and appropriate public education, including special education and related services. *The Governor recommended funding as requested.* **The Assembly concurred.**

Title I Grants. The Board requested \$54.1 million in revised federal fund expenditures from Title I funds. This is \$1.6 million more than enacted from the restoration of most of the latest sequestration reduction and available carry forward funds related to the disadvantaged youth program. Most Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students. Title I fund distributions to states are calculated through four distinct formulas based upon different levels of poverty; however, funds are allocated to districts as one amount. *The Governor recommended funding as requested.* **The Assembly concurred.**

School Improvement Grants. The Board requested \$0.2 million from federal stimulus funds for school improvement grants. The grant period had ended, which is why no funding was included in the enacted budget, but the state was given an extension to spend the funds through December 31, 2014. These grants provide support for persistently low achieving schools through a competitive process. *The Governor recommended funding as requested.* **The Assembly concurred.**

Vocational Education Grants. The Board requested \$5.5 million from federal vocational education grants, which is \$0.3 million more than the enacted level to reflect the actual grant awards. Vocational Education funds are used to improve vocational education programs statewide. *The Governor recommended funding as requested.* **The Assembly concurred.**

Teacher Quality Grants. The Board requested \$12.4 million from federal funds that support teacher quality and professional development. This is \$0.9 million less than enacted to reflect a reduction in available funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

Longitudinal Data Systems. The Board requested an additional \$250,000 from federal funds for a total of \$1.8 million for information technology expenses related to developing statewide data hubs and networks and a data warehouse. This increase reflects unspent funds carried forward from FY 2014 and updated project schedules. These data projects are aimed to link and track student data from elementary grades through post-secondary schooling, including adult and vocational education programs and health indicators, to show statewide trends and patterns of student progress and outcomes. *The Governor recommended funding as requested.* **The Assembly concurred.**

Race to the Top Positions. The enacted budget reduced the 22.0 positions the Department was authorized to fill for the federal Race to the Top program by three-quarters, 16.5 positions, to reflect that the grant ended September 30, 2014. However, the Department obtained a no-cost extension through June 30, 2015. The revised request includes authorization and funding for 4.5 additional positions. It includes \$1.0 million, \$0.4 million more than enacted, to fund all 10.0 positions through September 23, 2014 and 6.0 of the positions through June 30, 2015. It is unclear why the request increased the authorization since 4.0 of the 4.5 additional positions were no longer filled at the time the request was submitted and the Department had not exceeded its authorized number of positions during that time. As of December 30, 2014, 6.0 positions remained filled. *The Governor recommended funding as requested; however, it appears she included authorization for only 3.5 additional positions.* **The Assembly concurred.**

All Other Salaries and Benefits. The Board requested \$19.0 million for all other salaries and benefits for the Department's remaining 148.4 administration positions. This is \$0.4 million less than enacted and includes \$39,115 less from general revenues to partially reflect the statewide medical benefit savings. The request shifts positions around within the administrative program and transfers a 0.4 position to the E-rate program, discussed earlier. It also includes an additional \$0.5 million in turnover savings from maintaining about 5.5 more vacant positions.

Based on the revised request, the cost-of-living increase is \$0.6 million, \$0.3 million from general revenues. The Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017 that includes 2.0 percent salary increases effective April 6, 2014 and October 5, 2014, offset by increased cost sharing measures for medical benefits.

The Governor recommended \$0.1 million less than requested, including \$0.2 million less from general revenues. General revenue reductions include additional turnover, and new statewide medical benefit savings, partially offset by increases from federal and restricted sources to utilize available funding.
Based on spending through the third quarter, the Assembly included additional turnover savings of \$0.4 million from general revenues.

Grants and Programming Revisions. The Board requested \$0.6 million more from federal funds and the enacted level of general revenues and restricted receipts for all other expenditures. This reflects carry forward funding from FY 2014, adjustments for actual grant awards and projected expenditures. It includes minor adjustments among expenditure categories, though over 90 percent of the increased request goes directly to the local education agencies. *The Governor recommended funding as requested.*
Based on spending through the third quarter, the Assembly reduced expenditures by \$0.1 million from general revenues.

Met School Capital Projects. The Board requested an additional \$3.2 million from Rhode Island Capital Plan funds for FY 2015 for Met School capital projects based on revised construction schedules for three ongoing projects and adding a wheelchair ramp and solar panels on the East Bay Campus buildings. The revised request appears to include more funding than the capital budget request for the HVAC project. *The Governor recommended \$2.5 million less than requested to reflect reductions to all three projects.*
The Assembly concurred.

Other Capital Projects. The Board's request for capital projects funded at state owned career and technical schools from Rhode Island Capital Plan funds is \$15,152 less than enacted based on lower costs than expected for the repairs at the Woonsocket Career and Technical School. *The Governor shifted expenditures of \$0.8 million for repairs at the Woonsocket Career and Technical School to later years as part of a revised construction schedule.* **The Assembly further shifted \$1.0 million for the Woonsocket Career and Technical School from FY 2015 to FY 2018. A detailed analysis of all capital projects is included in the Capital Budget section of this publication.**

Davies Career and Technical School. The Board requested an additional \$156,240 from all funds for FY 2015, including increases of \$150,553 from federal funds, \$5,687 from restricted receipts and the enacted level of general revenues. The request includes additional federal funding for vocational and special education and Race to the Top funds to reflect new awards and unspent funds carried forward from FY 2014. Changes to restricted receipts include the receipt of donated funds offset by a reduction in funding from the sending districts.

The request assumes a position that was assumed vacant in the enacted budget will be filled and based on the revised request, the cost-of-living increase is \$0.4 million, primarily from general revenues; however, since the school is funded through the funding formula and only receives a single allocation for the year, the school will have to find savings elsewhere within its allocation.

Since FY 2012, Davies falls under the education funding formula and its state aid is determined by the funding formula calculation just as any other local education agency's is. FY 2015 is the fourth year of the funding formula. At the same time, it will receive a local share of funding from the individual districts that send students to the school. These flow into a restricted receipt account, which partially offsets the loss of state aid. These dollars are also determined by the funding formula.

*The Governor recommended \$16,796 less from general revenues than requested to reflect statewide medical benefit savings and the medical benefits holiday. She subsequently requested an amendment to restore the funds since its budget should not be reduced by the value of the statewide savings because it gets a single state allocation pursuant to the education funding formula. **The Assembly concurred.***

Davies Career and Technical School - Capital. The Board requested an additional \$1.2 million from Rhode Island Capital Plan funds for FY 2015. This includes an additional \$0.6 million for both the HVAC project and the asset protection projects. The revised request includes \$0.1 million more for the HVAC project than the capital budget request, to reflect use of unspent funds from FY 2014. *The Governor recommended \$0.4 million less than requested to reflect shifting anticipated expenditures for the replacement of the HVAC system from FY 2015 to later years. **The Assembly further shifted \$1.4 million from FY 2015 to FY 2016 through FY 2018 from continued project delays.***

Rhode Island School for the Deaf. The Board requested \$132,090 more than enacted for the School for the Deaf for FY 2015. The request for general revenues is \$22,403 less than the enacted amount and consistent with the medical benefit savings. The request includes increases of \$88,725 from federal sources and \$65,768 from restricted receipts, primarily to support the cost-of-living adjustment. The revised request includes \$224,088 more for salaries and benefits, which includes adjustments to several positions and the elimination of 1.0 position, for a total of 59.0 positions at the School for the Deaf. The request restores turnover savings for approximately one position and includes approximately \$171,000 for the cost-of-living adjustment. Reductions to contracted services, such as information technology system support and specialized care, such as speech pathologists, behavior specialists and personal care attendants, in addition to reductions for electricity and other operating expenses partially offset the increase, though it is not clear if these reductions can be achieved.

*The Governor recommended \$13,962 less from general revenues than requested to reflect the medical benefits holiday, partially offset by adjustments to reflect current planning values and staffing levels. She also recommended 60.0 full-time equivalent positions, consistent with the enacted authorization and one position above the request. **The Assembly concurred.***

Public Higher Education

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|--------------------------------------|------------------------|------------------------|------------------------|------------------------|
| Expenditures by Program | | | | |
| Office of Postsecondary Commissioner | \$ 10,148,391 | \$ 9,658,557 | \$ 10,586,735 | \$ 10,586,735 |
| University of Rhode Island | 730,875,328 | 743,589,467 | 733,962,103 | 733,893,971 |
| Rhode Island College | 168,149,638 | 171,374,139 | 175,117,201 | 175,117,201 |
| Community College of RI | 152,596,846 | 156,167,029 | 156,030,503 | 156,078,809 |
| Total | \$1,061,770,203 | \$1,080,789,192 | \$1,075,696,542 | \$1,075,676,716 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 449,717,695 | \$ 458,686,332 | \$ 464,708,242 | \$ 464,708,242 |
| Contracted Services | 20,361,721 | 20,454,821 | 20,897,234 | 20,897,234 |
| Subtotal | \$ 470,079,416 | \$ 479,141,153 | \$ 485,605,476 | \$ 485,605,476 |
| Other State Operations | 216,046,233 | 195,928,291 | 197,299,397 | 197,299,397 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 280,823,781 | 306,515,026 | 289,413,011 | 289,344,879 |
| Capital | 37,672,206 | 44,342,111 | 51,281,068 | 51,329,374 |
| Capital Debt Service | 54,959,531 | 54,862,611 | 52,097,590 | 52,097,590 |
| Operating Transfers | 2,189,036 | - | - | - |
| Total | \$1,061,770,203 | \$1,080,789,192 | \$1,075,696,542 | \$1,075,676,716 |
| Sources of Funds | | | | |
| General Revenue | \$ 179,174,880 | \$ 190,954,911 | \$ 188,298,201 | \$ 188,230,069 |
| Federal Aid | 5,204,666 | 5,092,287 | 5,099,787 | 5,099,787 |
| Restricted Receipts | 630,618 | 644,000 | 644,000 | 644,000 |
| Other | 876,760,039 | 884,097,994 | 881,654,554 | 881,702,860 |
| Total | \$1,061,770,203 | \$1,080,789,192 | \$1,075,696,542 | \$1,075,676,716 |
| Uses of Funds | | | | |
| Unrestricted Use Funds | \$ 607,981,704 | \$ 615,755,668 | \$ 623,612,330 | \$ 623,544,198 |
| Restricted Use Funds | 453,788,499 | 465,033,524 | 452,084,212 | 452,132,518 |
| Total | \$1,061,770,203 | \$1,080,789,192 | \$1,075,696,542 | \$1,075,676,716 |
| FTE Authorization | 3,604.1 | 3,496.2 | 3,498.4 | 3,498.4 |
| <i>Limited to Third Party Funds</i> | <i>642.9</i> | <i>750.8</i> | <i>750.8</i> | <i>750.8</i> |
| Total Authorized Positions | 4,247.0 | 4,247.0 | 4,249.2 | 4,249.2 |
| FTE Average | 3,924.2 | | | |

FY 2015 Revised Request. The Board's revised request is \$3.0 million above the FY 2015 enacted level. This includes an additional \$0.9 million from general revenues to fund a reconstituted Office of Higher Education as the Office of Postsecondary Commissioner. It also includes \$7.1 million more from tuition and fee revenues, \$3.5 million more from other unrestricted sources, and \$8.5 million less from restricted sources. The request for 4,249.2 full-time equivalent positions is 2.2 more positions than the enacted authorization for the Office of Postsecondary Commissioner.

The Governor recommended \$5.1 million less than enacted from all sources, which is \$8.1 million less than requested. General revenues are \$2.7 million less than enacted and \$3.5 million less than requested of which \$2.6 million reflects changes in debt service expenditures on general obligation bonds for the University and College and \$0.5 million represents statewide medical benefit savings.

The Assembly removed \$68,132 from general revenue support of a community service grant for an inactive program and added \$48,306 from Rhode Island Capital Plan funds for asset protection projects at the Community College to restore funding to the FY 2015 enacted level and concurred with the remainder of the recommendation.

Unrestricted Source Expenditures. The unrestricted budget consists of those funds that can be used for any legitimate purpose. Those purposes fall within the education and general operations of the institutions. They include state general revenue appropriations, tuition and general fees, and sponsored research overhead. The unrestricted budget is similar to the general revenue budget of other agencies and departments. The FY 2015 unrestricted budget request includes spending of \$627.3 million. This is \$11.5 million more than the enacted budget including \$0.9 million from general revenues.

*The Governor recommended \$624.3 million. This is \$8.6 million more than enacted and \$3.0 million less than requested. General revenues are \$2.7 million less than enacted and \$3.5 million less than requested to reflect debt service savings and statewide medical benefit savings. **The Assembly removed \$68,132 from general revenue support for an inactive community service grant and concurred with the remainder of the recommendation.***

Office of Postsecondary Commissioner. The revised budget includes \$5.5 million from general revenues, which is \$1.0 million more than enacted to reflect funding for approximately 13 of 14.0 requested full-time equivalent positions for a newly constituted Office of Postsecondary Commissioner. This includes 2.2 new full-time equivalent positions effective April 2015. The new Commissioner began work in August 2014 and has presented a new organization chart that includes several new functions including communications director and legislative relations, legal support and Board meetings ombudsman, fiscal research analyst, policy research analyst and assistant commissioner for workforce development. *The Governor recommended \$31,273 less from general revenues than requested. This includes \$5,196 in statewide medical benefit savings, as well as minor reductions to staff training, telephones and other office supplies. **The Assembly concurred.***

University of Rhode Island. The University requested \$390.2 million which includes \$7.0 million, or 2.7 percent more than enacted from tuition and fees, \$0.1 million less than the enacted level of general revenues to reflect medical benefit savings and \$16,265 less from other University sources. The University projected FY 2015 enrollment of 14,332, which is an overall decrease of 115 or 1.0 percent compared to the enrollment assumptions in the FY 2015 enacted budget. The revised allocation assumes 148 or 2.0 percent fewer in-state students. The enacted budget also assumed 6,149 students would be out-of-state. Out-of-state students pay 125 percent higher tuition than in-state students.

Changes to the enacted budget include \$6.8 million more for salaries and benefits and \$7.8 million less for student aid partially to reflect the revised enrollment projections. Changes to salaries and benefits include \$160,164 in medical benefit savings. All other changes include \$0.3 million more for contracted services, \$3.1 million more for operating expenditures, of which \$1.4 million is for utilities and \$0.1 million less for debt service. There is a requested \$0.1 million increase for the Crime Lab to upgrade all of the positions and add funding for additional operating support.

There is also a significant increase in unrestricted expenditures for capital projects. The University is spending \$1.8 million in FY 2015 from prior unrestricted year end fund balances to construct the LGBTQ Center. The University will spend a total of \$2.0 million between FY 2013 and FY 2015 for the

construction of this center. The budget also includes \$0.9 million from both unrestricted and restricted sources for a new Gateway Welcome Center project. According to the University, the Gateway project is seen as a highly important asset for bolstering the recruitment of new students and is, therefore, critical to sustaining its most predominant revenue streams from student tuition and fees.

The budget also includes \$2.0 million from unrestricted sources for the fourth floor of the chemistry building. The capital budget includes \$7.5 million for the fourth floor of the chemistry building for an air-handling unit, the fit-out of instructional labs on the first and second floors, and the full fit-out of the research space on the fourth floor. Of the total, \$2.0 million is from University unrestricted year-end balances, \$1.5 million has been committed from private sources for FY 2016, and \$4.0 million is being requested from Rhode Island Capital Plan funds for FY 2016.

*The Governor's recommendation is \$1.7 million less than requested including \$2.0 million less from general revenues to reflect \$1.7 million of debt service savings on general obligation bonds, \$0.2 million in statewide medical benefit savings and \$0.1 million for the Rhode Island Crime Lab. **The Assembly eliminated the \$68,132 community service grant for the Senior Standard Medical Information System as the company running the program ceased operations in June 2014.***

Rhode Island College. The College requested \$3.5 million more or 0.3 percent less than enacted. Changes to the enacted budget include \$1.6 million less for salaries and benefits, \$0.7 million more in student aid, and \$1.3 million more for all other expenses based on updated revenue projections. General revenues are requested at the enacted level and include medical benefit savings of \$127,620.

*The Governor's recommendation is \$1.0 million less than requested including \$1.2 million less from general revenues to reflect \$0.9 million of debt service savings on general obligation bonds and \$0.1 million in statewide medical benefit savings. She also reduced requested unrestricted student aid by \$0.1 million to account for the enacted medical benefit savings. **The Assembly concurred.***

Community College of Rhode Island. The Community College requested the enacted level of expenditures but made adjustments within category of expenditure. This includes \$0.1 million or 0.1 percent less for salaries and benefits and includes medical benefit savings of \$165,990. Expenditures for building repairs and capital renovations are \$0.6 million less than enacted. The Community College also postponed the purchase of six vehicles to FY 2016 for savings of \$0.4 million, and reduced student aid by \$0.4 million. It added \$0.4 million for utility costs and \$0.4 million for bad debt and \$0.7 million for all other contracted services and operating expenditures. General revenues are requested at the enacted level.

*The Governor recommended \$0.2 million less than requested including \$0.3 million less from general revenues to reflect \$0.2 million in statewide medical benefit savings and a \$0.2 million reduction to operating supplies to account for the enacted medical benefit savings. **The Assembly concurred.***

Restricted Source Operating Expenditures. The restricted budget is composed of what are generally thought of as restricted receipt funds or enterprise funds. They include the residence hall funds, dining funds and any other funds whose sources are limited to use for certain purposes. Federal funds are considered restricted use. The revised restricted budget includes \$16.8 million less general operating expenditures from restricted sources. The revised request includes \$2.9 million less for salaries and benefits, \$0.2 million less for contracted services, \$4.6 million less for operations and \$9.1 million less for grants. *The Governor recommended funding as requested and added \$0.1 million for a new federal grant in the Office of Postsecondary Commissioner for statewide data systems. **The Assembly concurred.***

Restricted Capital Improvements. The revised budget includes an \$8.4 million increase, including \$8.9 million from Rhode Island Capital Plan funds based on revised project schedules and the request for funding for new projects. *The Governor recommended \$5.2 million less than requested to reflect her capital budget recommendations.* **The Assembly added \$48,306 from Rhode Island Capital Plan funds for asset protection projects at the Community College to restore funding to the FY 2015 enacted level. These projects are described in detail in the Capital Budget section of this publication.**

Restricted Debt Service. The revised budget decreases restricted use debt service costs by \$0.1 million to reflect the most recent estimates. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island State Council on the Arts

| | | FY 2014 Reported | | FY 2015 Enacted | | FY 2015 Revised | | FY 2015 Final |
|----------------------------------|-----------|---------------------|-----------|--------------------|-----------|--------------------|-----------|------------------|
| Expenditures by Category | | | | | | | | |
| Salaries and Benefits | \$ | 569,724 | \$ | 598,368 | \$ | 607,679 | \$ | 607,679 |
| Contracted Services | | 25,704 | | 25,500 | | 40,500 | | 40,500 |
| Subtotal | \$ | 595,428 | \$ | 623,868 | \$ | 648,179 | \$ | 648,179 |
| Other State Operations | | 61,366 | | 83,981 | | 111,861 | | 111,861 |
| Aid to Local Units of Government | | - | | - | | - | | - |
| Assistance, Grants, and Benefits | | 1,368,897 | | 1,604,574 | | 1,511,574 | | 1,511,574 |
| Capital | | 255,258 | | 602,536 | | 701,372 | | 701,372 |
| Capital Debt Service | | - | | - | | - | | - |
| Operating Transfers | | - | | - | | - | | - |
| Total | \$ | 2,280,949 | \$ | 2,914,959 | \$ | 2,972,986 | \$ | 2,972,986 |
| Sources of Funds | | | | | | | | |
| General Revenue | \$ | 1,310,474 | \$ | 1,483,075 | \$ | 1,491,068 | \$ | 1,491,068 |
| Federal Aid | | 686,230 | | 799,348 | | 735,546 | | 735,546 |
| Restricted Receipts | | - | | - | | - | | - |
| Other | | 284,245 | | 632,536 | | 746,372 | | 746,372 |
| Total | \$ | 2,280,949 | \$ | 2,914,959 | \$ | 2,972,986 | \$ | 2,972,986 |
| FTE Authorization | | 6.0 | | 6.0 | | 6.0 | | 6.0 |
| FTE Average | | 6.0 | | 6.0 | | 6.0 | | 6.0 |

FY 2015 Revised Request. The Rhode Island State Council on the Arts requested \$66,991 more than enacted from all sources including \$9,084 more from general revenues. *The Governor recommended \$8,964 less than requested including \$1,091 less from general revenues and \$7,873 less from federal funds. The Assembly concurred.*

Staffing and Operations. The Council requested \$18,275 more than enacted, including \$8,484 more from general revenues and \$9,791 more from federal funds. This primarily reflects a cost-of-living adjustment and statewide medical benefit savings and \$600 to reflect updated costs for the storage of grant and financial information at the state archives. *The Governor recommended \$8,964 less than requested, including \$7,873 less from federal funds to correct a benefits error in the request and \$1,091 less from general revenues to reflect statewide medical benefit savings. The Assembly concurred.*

Grants. The Council requested \$0.1 million less than enacted from federal funds for grants that are awarded to artists and organizations throughout the state to reflect an adjustment to available National Endowment for the Arts funds. Grant recipients range from individual artists to venues such as the Providence Performing Arts Center. The Council requested the enacted level of \$1.1 million from general revenues for discretionary grants. *The Governor recommended funding as requested. The Assembly concurred.*

Online Grant Application System. The Council requested \$27,880 including \$27,280 more from federal National Endowment for the Arts Grant fund for the development and maintenance of a new online grant application system. This would provide the Council with an expansion of its online

application interface allowing the Council to process grant applications more efficiently. *The Governor recommended funding as requested.* **The Assembly concurred.**

Percent for Arts Program. The Council's request includes \$113,836 more than enacted for public arts projects at T.F. Green Airport, Wickford Junction, and Warwick Intermodal Station. This includes updated project costs and completion dates. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island Atomic Energy Commission

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 886,311 | \$ 1,044,239 | \$ 1,064,345 | \$ 1,064,345 |
| Contracted Services | 1,010 | - | - | - |
| Subtotal | \$ 887,321 | \$ 1,044,239 | \$ 1,064,345 | \$ 1,064,345 |
| Other State Operations | 157,635 | 97,708 | 448,215 | 448,215 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | - | - | - |
| Capital | 88,809 | 129,227 | 92,528 | 92,528 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 1,133,765 | \$ 1,271,174 | \$ 1,605,088 | \$ 1,605,088 |
| Sources of Funds | | | | |
| General Revenue | \$ 859,903 | \$ 913,197 | \$ 907,737 | \$ 907,737 |
| Federal Aid | 12,301 | - | 351,171 | 351,171 |
| Restricted Receipts | - | - | - | - |
| Other | 261,561 | 357,977 | 346,180 | 346,180 |
| Total | \$ 1,133,765 | \$ 1,271,174 | \$ 1,605,088 | \$ 1,605,088 |
| FTE Authorization | 8.6 | 8.6 | 8.6 | 8.6 |
| FTE Average | 8.6 | | | |

FY 2015 Revised Request. The Rhode Island Atomic Energy Commission requested \$0.4 million more than enacted from all sources including \$29,781 more from general revenues, \$0.3 million more from federal funds and \$59,228 more from University of Rhode Island sponsored research funds. *The Governor recommended \$90,925 less than requested including \$35,241 less from general revenues.* **The Assembly concurred.**

Salaries and Benefits. The Commission requested \$34,368 more than enacted, including \$24,685 more from general revenues, \$5,830 more from federal funds and \$3,853 more from University Research funds. This reflects fully funding 8.6 positions and a cost-of-living adjustment. Approximately 17 percent of salary and benefit costs are funded by the University of Rhode Island. *The Governor recommended \$14,262 less than requested including \$29,603 less from general revenues to reflect turnover savings from two retirements and additional statewide medical benefit savings and \$15,341 more from federal Department of Energy funds available for staffing costs.* **The Assembly concurred.**

Instrumentation Upgrades. The Commission's revised request includes \$315,000 for the upgrade of instrumentation associated with the health physics program. The Commission did not anticipate funding for these grants in FY 2015 because of federal budget reductions. The Commission indicated that funding for the program was restored. It should be noted that most of the instrumentation at the Rhode Island Nuclear Science Center has not been upgraded since it was built in 1960. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Grants and Operations. The Commission's revised request includes \$75,471 more than enacted, including \$5,096 more from general revenues, \$15,000 more from federal funds and \$55,375 more from University funds for all other grants and operations. These federal grants fund cancer and nuclear engineering research. The Commission did not anticipate funding for these grants in FY 2015 because of federal budget reductions, but funding was restored. The request also includes \$55,375 more than enacted from University funds but the Commission indicated that this request was made in error. Other expenses include general office and maintenance costs and federally funded nuclear education and cancer research projects. *The Governor recommended \$66,663 less than requested including \$5,638 less from general revenues and \$61,025 less from University funds to correct the error and adjust expenses to reflect updated expenditure projections.* **The Assembly concurred.**

Capital. The Commission's revised request includes the enacted level of funding from Rhode Island Capital Plan funds for capital asset protection projects. The Commission spent \$59,257 in FY 2013 and \$45,770 in FY 2014. *The Governor recommended \$10,000 less than requested.* **The Assembly concurred. A detailed analysis of the project is included in the Capital Budget section of this publication.**

Rhode Island Higher Education Assistance Authority

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Expenditures by Program | | | | |
| Scholarship and Grant Program | \$ 4,333,323 | \$ 147,000 | \$ 147,000 | \$ 147,000 |
| Loans Program | 10,244,455 | 15,465,693 | 7,293,103 | 7,293,103 |
| Tuition Savings Program | 8,295,894 | 8,334,268 | 8,392,527 | 8,392,527 |
| Total | \$ 22,873,672 | \$ 23,946,961 | \$ 15,832,630 | \$ 15,832,630 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 2,121,361 | \$ 1,910,235 | \$ 1,946,130 | \$ 1,946,130 |
| Contracted Services | 6,573,393 | 7,830,000 | 4,015,000 | 4,015,000 |
| Subtotal | \$ 8,694,754 | \$ 9,740,235 | \$ 5,961,130 | \$ 5,961,130 |
| Other State Operations | 1,595,595 | 1,925,000 | 1,724,500 | 1,724,500 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grant, and Benefits | 12,333,323 | 12,281,726 | 8,147,000 | 8,147,000 |
| Capital | - | - | - | - |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | 250,000 | - | - | - |
| Total | \$ 22,873,672 | \$ 23,946,961 | \$ 15,832,630 | \$ 15,832,630 |
| Sources of Funds | | | | |
| General Revenue | \$ 4,333,323 | \$ 147,000 | \$ 147,000 | \$ 147,000 |
| Federal Aid | 10,244,455 | 15,465,693 | 7,293,103 | 7,293,103 |
| Restricted Receipts | - | - | - | - |
| Other | 8,295,894 | 8,334,268 | 8,392,527 | 8,392,527 |
| Total | \$ 22,873,672 | \$ 23,946,961 | \$ 15,832,630 | \$ 15,832,630 |
| FTE Authorization | 23.0 | 22.0 | 22.0 | 22.0 |
| FTE Average | 22.3 | | | |

FY 2015 Revised Request. The Authority requested \$8.1 million less than enacted for FY 2015, the majority of which are from federal funds. General revenues are at the enacted level. The Authority requested 15.0 full-time equivalent positions, 7.0 less than the enacted authorization. *The Governor recommended \$27,154 more than requested and no reduction to positions to reflect a three month delay in contracting additional guaranty services.* **The Assembly concurred.**

Need-Based Scholarships and Grants. The Authority requested \$8.0 million for need-based scholarships and grants in FY 2015 which is \$4.1 million less than the enacted budget. The enacted budget includes \$4.1 million from Authority operating reserve funds and \$8.0 million from tuition savings fees for total grants of \$12.1 million. The Rhode Island Higher Education Assistance Authority Board voted not to use the \$4.1 million from reserve funds and to only use the \$8.0 million from tuition savings fees. The Board decided to reduce the maximum grant award from \$750 to \$500. In FY 2014, approximately 18,355 students received state grant offers, up to a maximum of \$750. For FY 2015, the Authority estimated that 23,000 students will receive grants up to a maximum of \$500. *The Governor recommended funding as requested.* **The Assembly concurred.**

Scholarships and Grants

| Uses | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final | Change to Enacted |
|---|----------------------|---------------------|---------------------|-----------------------|
| Need-Based Scholarships and Grants | | | | |
| General Revenues | \$ - | \$ - | \$ - | \$ - |
| Tuition Savings Fees | 8,000,000 | 8,000,000 | 8,000,000 | - |
| Guaranty Agency Reserves | 4,134,726 | - | - | (4,134,726) |
| <i>Subtotal</i> | <i>\$ 12,134,726</i> | <i>\$ 8,000,000</i> | <i>\$ 8,000,000</i> | <i>\$ (4,134,726)</i> |
| Other Grant Programs | | | | |
| Academic Promise | \$ - | \$ - | \$ - | \$ - |
| <i>Subtotal</i> | <i>\$ -</i> | <i>\$ -</i> | <i>\$ -</i> | <i>\$ -</i> |
| Total | \$ 12,134,726 | \$ 8,000,000 | \$ 8,000,000 | \$ (4,134,726) |
| Sources | | | | |
| General Revenues | \$ - | \$ - | \$ - | \$ - |
| Tuition Savings Fees | 8,000,000 | 8,000,000 | 8,000,000 | - |
| Guaranty Agency Reserves | 4,134,726 | - | - | (4,134,726) |
| Total | \$ 12,134,726 | \$ 8,000,000 | \$ 8,000,000 | \$ (4,134,726) |

Full Service Contract Conversion. The Authority generates revenues from guaranteeing loans, which it uses for its programs and expenditures. In September 2009, the United States House of Representatives voted to end private loan guarantees effective July 1, 2010. Since then there have been a series of actions at the federal level that have impacted Authority revenues. On March 30, 2010, President Barack Obama signed the provision into law under the Health Care and Education Reconciliation Act of 2010. In addition to ending subsidies to lenders, the legislation made the federal government the originator of educational loans. The federal budget passed by Congress in November 2013 significantly affects the Authority's income received from rehabilitated loans beginning July 1, 2014, reducing the Authority's funding by approximately 40 percent.

Throughout FY 2014 the Authority discussed various options before the House Oversight Committee on the wind down of the agency precipitated by the action on the federal level. Given the organization of the Agency, net revenues would decline to unsustainable levels over the next two to three years. The Authority submitted its final proposal to the House Oversight Committee on May 1, 2014. That included, among other things, negotiating with Sallie Mae for a full-service student loan platform, and reducing staffing levels to 15.0 full-time equivalent positions.

The revised request reflects the elimination of 7.0 full-time equivalent positions and the conversion from a partial-service to full-service contract with Navient (formerly called Sallie Mae) beginning January 1, 2015 for net savings of \$148,207 based on preliminary estimates. The full-service contract will include loan status management processing, payment processing, and defaulted loan payment processing, which Authority staff currently performs. The 7.0 positions that would be eliminated are 3.0 default prevention collection agents that work with borrowers, 2.0 information technology staff, 1.0 administrative staff and 1.0 accounting staff.

*The Governor restored \$0.1 million from federal funds and maintained the enacted level of positions to reflect a three month delay in the implementation of the full-service contract. **The Assembly concurred.***

Collections Related Expenses. The revised request includes a reduction of \$4.0 million in costs related to the management of its loan portfolio, including commissions to contracted collection agencies, costs associated with the defaulted loan portfolio and fees paid to Navient for managing collections for the agency based on revised estimates of federal revenues and expenses. The enacted budget includes \$5.0 million in collection agencies commissions, \$2.3 million in portfolio management fees, and \$0.6 million in guaranty services.

Because of decisions at the federal level, the Authority currently has between three and five years remaining to manage its existing loan portfolio. The 2013 federal budget affects the Authority's income received from rehabilitated loans. Guaranty agencies like the Authority receive a majority of their funding from default reduction and collection activities. Agencies use these proceeds to provide default prevention services to students and families. Federal budget actions have reduced the agency's revenue by approximately 40 percent beginning July 1, 2014. *The Governor recommended funding as requested.* **The Assembly concurred.**

Tuition Savings Program Analysis. The revised budget includes \$75,000 from tuition savings fees to contract for an analysis of the tuition savings program, *CollegeBoundfund*, in response to a decline in the number of accounts and reports of poor fund performance over the past several years. The number of accounts has been declining in recent years and totaled 417,000 at the end of 2013, down from a peak of approximately 500,000 in 2011. In conjunction with the State Investment Commission, the Authority has contracted with Capital Cities to do an in depth analysis of the *CollegeBoundfund*. The Agency's contract with AllianceBernstein, the manager of the *CollegeBoundfund*, expires June 30, 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

WaytoGo Web Portal. The Authority requested \$675,000 from federal funds for the WaytoGo Rhode Island web portal, which is \$25,000 more than enacted to pay for additional training of guidance counselors, teachers and school administrators. The Authority indicated that because it only has one staff person assigned to WaytoGo currently, it needed to increase contracted services. WaytoGo Rhode Island is a comprehensive website that contains tools for elementary, middle, high school, and college students. The Authority uses guaranty agency operating funds, but as these are diminished, this expense now competes with other priorities. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Salaries and Benefits. The revised request includes an additional \$0.1 million for salaries and benefits for the remaining 15.0 full-time equivalent positions. This includes \$54,572 for the cost-of-living adjustment and \$84,376 for unachieved turnover savings. Because of the significant reduction in the Authority's primary source of funding, the 2014 Assembly included turnover savings of \$0.3 million from federal funds and removed authorization for 1.0 position to provide authorization for 22.0 positions, its filled level at the time. As of the pay period ending October 18, 2014, the Authority had 21.0 filled positions, including the 7.0 slated for elimination noted earlier in this publication. *The Governor reduced expenditures by \$31,053 to reflect additional turnover savings based on current filled positions.* **The Assembly concurred.**

All Other Operations. The Authority's revised request includes \$0.6 million for all other operations, a decrease of \$0.1 million from federal funds. The reduction was made to align expenditures with FY 2014 spending levels at the direction of the Board. Historically the Authority has over-budgeted federal funds so as to avoid exceeding the appropriation. The Board instructed the Authority to submit a budget that reflects those expenditures at a more realistic level and to reflect the Authority's diminishing revenues. *The Governor recommended funding as requested.* **The Assembly concurred.**

Historical Preservation and Heritage Commission

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 1,574,159 | \$ 1,718,591 | \$ 1,688,724 | \$ 1,688,724 |
| Contracted Services | 34,685 | 3,100 | 3,400 | 3,400 |
| Subtotal | \$ 1,608,844 | \$ 1,721,691 | \$ 1,692,124 | \$ 1,692,124 |
| Other State Operations | 76,718 | 110,899 | 90,278 | 90,278 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 178,419 | 2,173,686 | 2,175,729 | 2,180,229 |
| Capital | 136,303 | 1,903,700 | 2,122,450 | 2,122,450 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 2,000,284 | \$ 5,909,976 | \$ 6,080,581 | \$ 6,085,081 |
| Sources of Funds | | | | |
| General Revenue | \$ 1,282,682 | \$ 1,320,610 | \$ 1,206,107 | \$ 1,206,107 |
| Federal Aid | 522,900 | 2,183,588 | 2,255,295 | 2,259,795 |
| Restricted Receipts | 45,108 | 434,910 | 428,630 | 428,630 |
| Other | 149,594 | 1,970,868 | 2,190,549 | 2,190,549 |
| Total | \$ 2,000,284 | \$ 5,909,976 | \$ 6,080,581 | \$ 6,085,081 |
| FTE Authorization | 16.6 | 16.6 | 16.6 | 16.6 |
| FTE Average | 16.3 | | | |

FY 2015 Revised Request. The Historical Preservation and Heritage Commission requested \$13,914 more than enacted, including \$94,156 more from general revenues, \$37,499 less from federal funds, \$6,280 less from restricted receipts, and \$36,463 less from other funds. *The Governor recommended \$0.2 million more than requested, including \$0.2 million less from general revenues, \$0.1 million more from federal funds, and \$0.3 million more from other funds, primarily Rhode Island Capital Plan funds. She subsequently requested an amendment to add \$4,500 from federal funds.* **The Assembly concurred.**

Eisenhower House. The Commission requested \$23,515 less than enacted from all funds for staffing, operations, and renovations to Eisenhower House. This includes \$12,629 more from general revenues for house staffing and operations, \$8,309 more than enacted for increasing personnel costs for one full-time position and two part-time landscapers and \$4,300 more for house operations consistent with anticipated expenses following its reopening on May 15, 2015. The request also includes \$36,144 less from Rhode Island Capital Plan funds, reflective of an updated project schedule and construction estimates for substantial renovations to the house.

The Governor recommended \$0.2 million more than requested, primarily from Rhode Island Capital Plan funds, shifted from FY 2016 to reflect the completion of renovations in the current year. The recommendation also includes \$12,606 less than requested from general revenues to reflect current staffing, statewide medical benefit savings, and decreased building maintenance expenses following completion of renovations. **The Assembly concurred.**

All Other Salaries and Benefits. The Commission requested \$56,552 more than enacted from all sources for salaries and benefits for the remaining 15.0 full-time equivalent positions. This includes \$75,479 more from general revenues, \$11,545 more from restricted receipts, and \$247 more from Department of Transportation reimbursement funds, offset by \$30,719 less from federal funds. This shift in costs to state sources reflects an expected decrease in allowable expenses from the Commission's federal Hurricane Sandy Disaster Relief grant award and anticipated available funds from restricted receipts. The Commission requested \$247 more from Department of Transportation reimbursement funds for an archeological expert to assist in Department construction projects. Consistent with the enacted budget, the request assumes no turnover savings, but does reflect salary increases and medical benefit savings. However, as of November 15, 2014, the Commission reported two vacant positions.

The Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017, which includes 2.0 percent salary increases effective April 6, 2014 and October 5, 2014 offset by increased cost sharing measures for medical benefits. Based on the revised request, the cost-of-living increase is \$47,166 from all sources, of which \$28,911 is from general revenues.

*The Governor recommended \$0.1 million less than requested from all funds, including \$0.2 million less from general revenues and \$0.1 million more from federal funds reflecting a shift of personnel expenses to available federal Hurricane Sandy Disaster Relief grant funds. She included statewide medical benefit and turnover savings consistent with current staffing. **The Assembly concurred.***

Heritage and Preservation Programs. The Commission requested \$25,095 less than enacted for its heritage and preservation programs, including \$490 less from general revenues, \$6,780 less from federal funds, and \$17,825 less from restricted receipts. The request reflects anticipated available federal Hurricane Sandy Disaster Relief funds and includes a shift of restricted receipts to fund increasing personnel costs. *The Governor recommended funding as requested. She subsequently requested an amendment for an additional \$4,500 from federal funds for Commission efforts to increase the number of Rhode Island properties and landmarks listed on the National Register of Historic Places. **The Assembly concurred.***

All Other Operations. The Commission requested \$5,972 more than enacted for all other operations, including \$6,538 more from general revenues, consistent with historical expenditures for utilities and office supplies, and \$566 less from Department of Transportation reimbursement funds to support archeological review of Department construction projects. *The Governor recommended \$275 more than requested from general revenues reflecting an increase in the Commission's internet and information technology expenses. **The Assembly concurred.***

Office of the Attorney General

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Expenditures by Program | | | | |
| Criminal | \$ 21,284,765 | \$ 26,442,544 | \$ 29,372,820 | \$ 29,372,820 |
| Civil | 5,485,599 | 5,733,404 | 6,184,174 | 6,184,174 |
| Bureau of Criminal Identification | 1,382,120 | 1,542,124 | 1,575,883 | 1,391,883 |
| General | 2,857,513 | 3,073,613 | 3,043,735 | 3,043,735 |
| Total | \$ 31,009,997 | \$ 36,791,685 | \$ 40,176,612 | \$ 39,992,612 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 23,096,255 | \$ 23,863,118 | \$ 24,614,603 | \$ 24,431,079 |
| Contracted Services | 1,361,711 | 1,707,122 | 4,533,098 | 4,533,098 |
| Subtotal | \$ 24,457,966 | \$ 25,570,240 | \$ 29,147,701 | \$ 28,964,177 |
| Other State Operations | 1,974,298 | 3,226,111 | 3,705,930 | 3,705,954 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | - | - | - | - |
| Capital | 4,577,733 | 7,995,334 | 7,322,981 | 7,322,481 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 31,009,997 | \$ 36,791,685 | \$ 40,176,612 | \$ 39,992,612 |
| Sources of Funds | | | | |
| General Revenue | \$ 23,235,530 | \$ 23,607,146 | \$ 24,544,068 | \$ 24,360,068 |
| Federal Aid | 1,648,980 | 1,634,631 | 2,679,629 | 2,679,629 |
| Restricted Receipts | 5,900,916 | 11,249,908 | 12,702,915 | 12,702,915 |
| Other | 224,571 | 300,000 | 250,000 | 250,000 |
| Total | \$ 31,009,997 | \$ 36,791,685 | \$ 40,176,612 | \$ 39,992,612 |
| FTE Authorization | 233.1 | 236.1 | 236.1 | 236.1 |
| FTE Average | 227.3 | | | |

FY 2015 Revised Request. The Office of the Attorney General requested \$4.4 million more than enacted from all sources, including \$1.9 million from general revenues, \$1.0 million from federal funds, \$1.5 million from restricted receipts and \$17,234 more from other funds. *The Governor recommended \$1.0 million less than requested.* **The Assembly reduced general revenue funding by \$184,000 based on the Office's third quarter report and concurred with the remainder of the recommendation.**

Tobacco Enforcement Litigation Reappropriation. The Office requested \$439,341 from general revenues that the Governor reappropriated from FY 2014 to FY 2015 associated with costs for outside counsel since the Office's current litigant is viewed as a potential state witness during litigation proceedings. This case is brought by the leading United States tobacco product manufacturers against the states under the "Master Settlement Agreement" alleging their lack of efforts in enforcing the agreement for non-participating manufacturers. *The Governor included \$100,000 for litigation costs. As of March 1, 2015, the Office spent \$31,615.* **The Assembly concurred.**

Pension Settlement Lawsuit. The Office's revised request adds \$250,000 from general revenues for costs related to the pension lawsuit currently in Superior Court. The Office of the General Treasurer is responsible for the rest. It is anticipated that it will take two years to complete the legal process to settle the lawsuit. As of February 1, 2015, there had been no expenses related to the lawsuit. *The Governor recommended funding as requested.* **The Assembly concurred.**

Social Security Investigations. The revised budget includes \$169,578 from federal funds for an agreement with the Social Security Administration to support two positions for investigations. The agreement with the Social Security Administration and Office of the Inspector General is for the Cooperative Disability Investigations Unit, which will address fraud by investigating questionable statements and activities of claimants, medical providers, interpreters and other service providers who facilitate or promote disability fraud. *The Governor recommended funding as requested.* **The Assembly concurred.**

Medicaid Fraud Unit. The Office requested \$1.3 million, including \$0.3 million from general revenues to support the activities of the Medicaid Fraud Unit. This includes \$0.3 million less from federal funds offset by an increase in general revenues. The Office can charge 75 percent of unit expenses to Medicaid; however, the enacted budget incorrectly includes a Medicaid match rate of 80 percent and the revised budget corrects this.

The Office spent \$1.2 million from all sources in FY 2013 and FY 2014 so it appears that the enacted budget overstates the ability to claim Medicaid for fraud unit expenses. *The Governor recommended \$18,455 less than requested to adjust for medical benefit savings and increased savings from keeping positions vacant. It should be noted that the recommendation does not decrease matching Medicaid funds.* **The Assembly concurred.**

Other Criminal Division Staffing. The Office requested \$0.7 million more than enacted from all sources, including \$0.6 million more from general revenues for other salaries and benefits expenses for 148.1 full-time equivalent positions within its Criminal Division. The request includes \$0.5 million for the cost-of-living adjustments and \$0.2 million to fill vacant positions and adjust for medical benefit savings. *The Governor recommended \$0.3 million less than requested from general revenues; she did not recommend filling vacant positions and included \$0.1 million of additional medical benefit savings.* **The Assembly concurred.**

Civil Division Staffing. The Office requested \$0.3 million more than enacted from all sources, including \$0.2 million more from general revenues for salaries and benefits for 45.0 full-time equivalent positions within its Civil Division. The request includes \$0.2 million for the cost-of-living-adjustments and restores \$0.1 million in savings included in the enacted budget from keeping a position vacant and reflects statewide medical benefit savings. *The Governor recommended \$128,617 less from general revenues; she did not recommend filling vacant positions and included \$18,179 in additional statewide medical benefit savings.* **The Assembly concurred.**

Other Salary and Benefit Adjustments. The Office requested \$0.3 million more from all sources, including \$0.1 million more from general revenues for all other salary and benefit adjustments for its 40.0 remaining positions. This includes \$0.2 million for the cost-of-living adjustments and \$0.1 million for other adjustments, including statewide medical benefit savings. *The Governor recommended \$2,586 less than requested; this includes \$13,960 from additional medical benefit savings partially offset by restored turnover savings.* **The Assembly assumed \$184,000 in additional turnover savings based on the Office's third quarter report.**

Background Checks. The Office requested \$1.0 million more than enacted from federal funds to reflect a federal grant awarded to perform background checks for health care workers who are providing services

to the state's children and elderly. Funding will be used to rebuild the Office's automated fingerprint identification system and incorporate the national background check initiative. The Office indicated the project has been awarded to Cogent 3M at a cost of \$1.5 million. *The Governor recommended funding as requested and included \$750,000 from unused bond proceeds for the project.* **The Assembly concurred.**

Google Capital. The Office's revised request adds \$1.5 million for projects funded from Google settlement funds for total costs of \$11.5 million. *The Governor recommended funding as requested.* **The Assembly concurred. The projects are included in the Capital Budget section of the publication.**

Asset Protection. The Office requested \$17,234 more than enacted from Rhode Island Capital Plan funds for total funding of \$317,234 to reflect a carried forward balance from FY 2014 for its asset protection projects. This reflects the Office's need for continuous upgrade to its heat, ventilation and air conditioning system, as well as other interior renovations, including office spaces. The request is consistent with the approved capital plan. *The Governor recommended \$50,000 less than requested.* **The Assembly concurred.**

All Other Operations. Excluding all other adjustments, the Office requested \$406,184 more than enacted from all sources, including \$246,207 more from general revenues, \$157,313 less from federal funds and \$52,651 less from restricted receipts for all other operations. This includes general office maintenance and supplies, parking fees, and travel. *The Governor recommended \$135,650 less than requested, including \$154,200 less from general revenues, consistent with historical spending.* **The Assembly concurred.**

Department of Corrections

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 8,178,194 | \$ 9,533,210 | \$ 9,815,416 | \$ 9,815,416 |
| Parole Board | 1,214,147 | 1,313,799 | 1,349,510 | 1,349,510 |
| Custody and Security | 121,309,208 | 119,558,624 | 125,312,558 | 125,312,558 |
| Institutional Support | 21,074,634 | 35,253,504 | 30,708,519 | 23,908,519 |
| Institutional Based Rehab/Pop | 9,729,664 | 9,620,945 | 10,185,599 | 10,185,599 |
| Healthcare Services | 19,205,059 | 18,916,896 | 20,956,127 | 20,956,127 |
| Community Corrections | 15,094,258 | 15,129,522 | 15,018,934 | 15,018,934 |
| Total | \$ 195,805,164 | \$ 209,326,500 | \$ 213,346,663 | \$ 206,546,663 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 163,663,561 | \$ 162,641,349 | \$ 168,143,677 | \$ 168,143,677 |
| Contracted Services | 8,146,723 | 9,804,000 | 11,037,858 | 11,037,858 |
| Subtotal | \$ 171,810,284 | \$ 172,445,349 | \$ 179,181,535 | \$ 179,181,535 |
| Other State Operations | 15,100,266 | 15,472,911 | 18,010,134 | 18,010,134 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 2,854,054 | 1,556,148 | 1,191,908 | 1,191,908 |
| Capital | 6,040,560 | 19,852,092 | 14,963,086 | 8,163,086 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 195,805,164 | \$ 209,326,500 | \$ 213,346,663 | \$ 206,546,663 |
| Sources of Funds | | | | |
| General Revenue | \$ 188,152,167 | \$ 187,745,480 | \$ 196,263,428 | \$ 196,263,428 |
| Federal Aid | 1,834,575 | 1,654,703 | 2,009,400 | 2,009,400 |
| Restricted Receipts | 53,383 | 398,879 | 404,403 | 404,403 |
| Other | 5,765,039 | 19,527,438 | 14,669,432 | 7,869,432 |
| Total | \$ 195,805,164 | \$ 209,326,500 | \$ 213,346,663 | \$ 206,546,663 |
| FTE Authorization | 1,419.0 | 1,419.0 | 1,419.0 | 1,419.0 |
| FTE Average | 1,348.8 | | | |
| Prison Population | 3,214 | 3,170 | 3,239 | 3,239 |

FY 2015 Revised Request. The Department requested \$226.0 million, \$16.7 million or 8.0 percent more than enacted from all sources of funds, including \$13.8 million more from general revenues. The Department's revised request is based on a population of 3,239, an increase of 69 inmates above the enacted level. *The Governor recommended \$4.0 million more than enacted, including \$8.5 million more from general revenues offset by \$4.8 million less from Rhode Island Capital Plan funds. She included the enacted level of authorized positions and the requested population of 3,239 inmates.*

The Assembly reduced Rhode Island Capital Plan funding by \$6.8 million based on revised construction schedules on several projects and concurred with the remainder of the recommendation.

Population. The Department’s original budget request for FY 2015 included a population of 3,170 and the Governor’s recommendation and the FY 2015 enacted budget concurred. The Department contracts with a firm to prepare population estimates that revised the enacted population upward to 3,239. That is the population upon which the revised budget request is based. The House Fiscal Staff uses a simple model using trend data, and population through the second quarter suggested an average population of 3,196, which is 26 more than projected for in the enacted budget, and 43 less than included in the revised request.

Population reductions result in the greatest savings when there are enough to allow for the closure of housing modules. The maximum capacity of the prison is governed by the terms of an overcrowding lawsuit. In FY 2008, the Department reached an agreement with the federal courts to increase the allowed capacity at facilities from 4,085 to 4,265. The Donald Price Medium Security facility accounted for 360 bed spaces, but as of November 2011, there were no inmates housed there.

The following table depicts the recent history of budgeted and actual prison population from FY 2008 through the FY 2015 final budget. The average population for the first seven months of FY 2015 was 3,196. Total cost per inmate including staff, can be expressed by dividing the Institutional Corrections’ budget by the number of inmates. This is \$61,501 for the FY 2015 revised budget, where the enacted budget includes \$57,839, or \$3,662 less per inmate.

| History | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Request</i> | 2,583 | 3,803 | 4,008 | 3,709 | 3,416 | 3,231 | 3,152 | 3,170 |
| Governor | 3,289 | 3,848 | 4,008 | 3,643 | 3,416 | 3,231 | 3,152 | 3,170 |
| Enacted | 3,289 | 3,848 | 3,767 | 3,450 | 3,239 | 3,194 | 3,152 | 3,170 |
| Revised Request | 4,018 | 3,869 | 3,669 | 3,350 | 3,264 | 3,146 | 3,192 | 3,239 |
| Governor Revised | 3,925 | 3,869 | 3,659 | 3,350 | 3,265 | 3,146 | 3,192 | 3,239 |
| Final | 3,925 | 3,788 | 3,551 | 3,273 | 3,192 | 3,146 | 3,192 | 3,239 |
| <i>Actual</i> | 3,860 | 3,773 | 3,502 | 3,273 | 3,191 | 3,160 | 3,214 | 3,183 |

*The Governor’s revised recommendation is based on an average population of 3,239 as requested, which is 69 more inmates than enacted. **The Assembly concurred.***

Population: Per Diem Expenditures. The Department requested \$1.5 million more than enacted from general revenues for population related expenditures that are calculated on a per diem basis. This is based on prior year expenditures for items such as food, inmate clothing and linens, and janitorial supplies, which account for \$0.5 million of the increase. Another major contributor to these expenses are medical costs, which include both inpatient and outpatient services as well as contracted dentistry services. In prior years, dental services were completed for emergency situations and were dependent on the availability of staff. The Department decided it would be more efficient to contract these services beginning in FY 2015, and added \$0.5 million to per diem costs to reflect this change. The final change reflects \$0.5 million of increased costs for pharmaceuticals. This increase is not associated with new drugs for Hepatitis C, which is discussed elsewhere in this analysis, but is based on historical projections and anticipated costs for FY 2015. The Department spent \$4,202 per inmate for FY 2014. The enacted budget includes annual inmate costs of \$3,865, and the revised request increases these costs to \$4,655. The annual costs per inmate comparisons include all per diem expenditures, including those that are related to the new treatment for Hepatitis C. *The Governor recommended \$0.2 million less than requested to reflect medical treatment savings. **The Assembly concurred.***

Hepatitis C Treatment. The Department requested \$1.5 million for medication and physician consultants related to providing a cure for inmates with Hepatitis C. The enacted budget does not contain funding for the medication or the consultants, who prioritize treatment and administer the medications. The request is based on using the drug Sovaldi, which costs approximately \$84,000 for the required

dosage to cure Hepatitis C, and the Department has included similar expenses for both FY 2015 and FY 2016. Consistent with United States Supreme Court rulings, the Department is required to provide the treatment to inmates, which is based on certain criteria, including an individual's stage of the disease, length of prison sentence and the existence of other health complications.

The prioritization of treatment is established by a departmental panel of five infectious disease experts who are mandated to meet the community standard of care, which is consistent with the standards established by the Medicaid program. The Department has noted that approximately one-third of its population has Hepatitis C, but it will provide the medication for only 15 cases each year for FY 2015 and FY 2016, based on projected caseloads and prioritization.

The Department submitted a corrective action plan in November 2014 that identified general revenue savings of \$0.1 million based on revised pharmaceutical costs. *The Governor included \$1.4 million more than enacted to reflect the savings in the corrective action plan.* **The Assembly concurred.**

Affordable Care Act Savings. The enacted budget includes \$0.8 million of savings associated with expanded health coverage available under the Affordable Care Act. The Department has increased the savings by an additional \$0.5 million for a total projected savings of \$1.3 million in FY 2015. These savings are realized due to the expansion of Medicaid eligibility and a streamlined process which allows for the billing of hospital stays to go directly to the Office of Health and Human Services. The Department will be billed less for eligible stays based on the presumption of Medicaid eligibility for all inmates when they are received in the hospital setting. This avoids a more lengthy and expensive eligibility determination, and shifts the cost for the hospital treatments from 100 percent state funding in the Department's budget to the state Medicaid program. Inmates are not eligible for Medicaid while incarcerated, except when they are receiving treatment in a community hospital for a period of more than 24 hours. *The Governor recommended funding as requested.* **The Assembly concurred.**

Electronic Medical Records. The Department requested \$0.2 million more than enacted from general revenues for upgrades to the Department's electronic medical record tracking system. Of the amount, \$0.1 million would be used for the design of updated templates for the system, with another \$0.1 million programmed for software licensing updates. The Department indicated these upgrades are required in order to continue the tracking of all medical records, and consultant services are necessary for the maintenance and operation of the Department's system that tracks the inmate population's medical history and treatments. *The Governor recommended \$0.1 million more than enacted which reflects funding only the software license updates.* **The Assembly concurred.**

RIBCO Cost-of-Living Adjustment. The Department's request includes \$1.6 million for the cost-of-living adjustment associated with the new contract for the Rhode Island Brotherhood of Correctional Officers, which represents 1,155 of the Department's 1,419 authorized positions. The contracts for all but the professional unit have not been resolved; the request assumes that correctional officers will receive a cost-of-living adjustment consistent with other state employees, who received 2.0 percent salary increases effective April 6, 2014 and October 5, 2014. The enacted budget did not include the funding for the increases. Statewide, it was assumed the savings required to pay for the increases would be generated primarily from turnover savings. In the case of this union, it typically settles contracts long after other unions. *The Governor recommended funding as requested. As of the end of May, there was no contract settlement with the Brotherhood.* **The Assembly concurred.**

Construction Supervision. There are two situations for which the Department would like to use Rhode Island Capital Plan funds to pay for correctional officer overtime related to capital projects at correctional facilities. The first instance occurs when officers are needed to stay with outside vendors performing work at the facilities for security reasons. The Governor's previously recommended budget included shifting these overtime costs to Rhode Island Capital Plan funds in fiscal years 2014 and 2015. Instead,

the Assembly's budget assumed the Department would integrate overtime expenses into the project costs incurred by the vendor as part of its capital budget request.

The Department intends to comply for future contracts with outside vendors; however, the Department requested \$0.6 million from general revenues for overtime costs for projects already underway. A new element, also included in the FY 2016 request, is the allocation of these funds for correctional officer supervision of inmates working at the Department's facilities. Work includes demolition, masonry work and painting. *The Governor recommended funding as requested. The Assembly concurred.*

Correctional Industries Offset. The Department requested \$0.7 million from general revenues to restore savings included in the FY 2015 enacted budget that were to be generated by shifting supervision costs for work crews from general revenues to the Correctional Industries' internal service fund. Correctional Industries receives payments from state agencies and municipalities on behalf of work crews for various work assignments, including painting, moving, and janitorial services. Funding is also generated from the sale of goods produced by correctional industries. The Department noted that it does not have sufficient funding in the Correctional Industries account to offset these costs and is requesting general revenues to reflect the failure of this savings initiative. It should be noted this savings initiative was originally proposed by the Department in its FY 2013 revised request, and each subsequent request through the enacted budget. Despite their inclusion in several budgets, the savings have not been achieved. *The Governor did not recommend restoring the funding. The Assembly concurred.*

State Criminal Alien Assistance Funds. The Department requested \$0.2 million more than enacted from general revenues to reflect a decrease in federal State Criminal Alien Assistance funds. This is a formula grant awarded to the Department for incurring costs of incarcerating undocumented immigrants who are being held as a result of state and/or local charges or convictions. The enacted budget anticipates a total of \$0.8 million, consistent with the grant funds awarded for FY 2014. The federal award for FY 2015 is expected to be \$0.2 million less than enacted and the Department's revised request increases general revenues to offset the anticipated shortfall. *The Governor recommended funding as requested. The Assembly concurred.*

Blizzard Overtime Costs. During the end of January, the state experienced heavy snowfall that led to the Governor declaring a State of Emergency. Pursuant to the current contract with the Rhode Island Brotherhood of Correctional Officers, its members receive double time pay during the event. Because the event occurred subsequent to the Department's request, no funding was included for these overtime costs. *The Governor recommended \$0.4 million for the overtime expenses incurred during the blizzard. The Assembly concurred.*

Other Institutional Corrections Staffing. The Department requested \$6.2 million more than enacted, primarily from general revenues, for salaries and benefits within its Institutional Corrections program. The increase primarily reflects two issues. The first is increased overtime expenses based on housing modules remaining open, despite the fact that the enacted budget was based on the assumption these modules would be closed. The second contributing factor is turnover savings included in the enacted budget which the Department is requesting be funded in the revised budget.

The request restores \$1.9 million to recognize the modules assumed closed in the enacted budget have remained open during the current year. The enacted budget includes turnover savings of \$7.5 million, while the revised request restores \$2.0 million of that amount for projected turnover savings of \$5.5 million for FY 2015. The request also includes \$0.7 million of medical benefit savings which offset the requested increase. Without these savings, the requested increase would be approximately \$5.0 million.

In November 2014, the Department submitted a corrective action plan that included general revenue savings of \$1.0 million based on a revised payroll projection.

*The Governor recommended \$2.9 million more than enacted, which reflects the inclusion of \$1.9 million to reflect funding for modules assumed closed in the enacted budget that remained open. The increase over the enacted restores \$1.6 million of requested turnover savings; this also reflects \$0.6 million of additional medical benefit savings. **The Assembly concurred.***

All Other Salaries and Benefits. The Department requested \$0.6 million more than enacted, primarily from general revenues, for all other salaries and benefits for 215.0 full-time equivalent positions for the three remaining departmental programs. The increase in the request restores \$0.6 million of the \$1.1 million of turnover savings included in the enacted budget, and also includes a cost-of-living adjustment and updated benefit rates based on Budget Office planning values. *The Governor recommended \$0.3 million less than enacted, which includes \$0.1 million in additional medical benefit savings and added \$0.2 million of additional turnover savings. **The Assembly concurred.***

Staff Development Grants. The Department requested \$19,534 more than enacted from federal funds to reflect increased federal grants that support existing staff development programs for the current fiscal year. These grants support a variety of functions, including staff activities aimed at crime control and prevention and overall improvement of the criminal justice system. These activities include information sharing, research and evaluation of existing programs, database system improvement and professional development training. *The Governor recommended funding as requested. **The Assembly concurred.***

Educational Grants. The Department requested \$0.5 million from federal funds to support its existing educational programs, including special education for eligible inmates. This is \$0.2 million more than enacted to reflect increased grant awards anticipated for FY 2015. The request includes increases for math and reading programs, adult continuing basic education services, and programs that encourage released female offenders to acquire postsecondary education. *The Governor recommended funding as requested. **The Assembly concurred.***

Recidivism Reduction Grant. The Department requested \$0.3 million more than enacted from federal funds to reflect carry forward funding from a grant awarded to develop and implement comprehensive strategies that address the challenges of offender reentry and recidivism reduction. This is a project grant established under the federal Second Chance Act, to help ensure safe and successful transition from prison or jail to the community. Funding is provided to enhance the Department's transitional services in order to provide released offenders essential treatment services to maintain a self-sustaining and law-abiding life. *The Governor recommended funding as requested. **The Assembly concurred.***

New Vehicle Purchase. The enacted budget did not include funding for the purchase of new vehicles by the Department. The revised request includes \$250,000 from general revenues for new vehicles, which the Department noted are necessary to replace current vehicles which have become too costly to repair. *The Governor did not include the funding. **The Assembly concurred.***

Institutional Corrections All Other Operations. The Department requested \$0.3 million more than enacted, primarily from general revenues, for all other Institutional Corrections' operations for the current year. This reflects several adjustments to general revenue funded operating expenditures at the Intake Services Center, and \$0.1 million more from federal funds to reflect increased awards and expenditures from criminal justice and offender reentry grants. *The Governor recommended \$0.3 million more than enacted, \$0.1 million less than enacted from general revenues to reflect operating savings achieved at the Intake Services Center. **The Assembly concurred.***

Management Information Systems. The Department requested \$0.4 million more than enacted from general revenues for various components of its management information systems. These components include funding for the statewide upgrade to Windows 7, software for its Livescan fingerprinting system, iris scanning system, and software license costs for Office 365. *The Governor recommended \$32,233 less*

than requested to reflect a downward revision to computer maintenance costs. The Assembly concurred.

Capital Projects. The Department requested \$2.5 million more than enacted from Rhode Island Capital Plan funds, including \$1.9 million carried forward from FY 2014 for its capital projects scheduled for FY 2015. This reflects delays to several asset protection projects and other renovation projects, particularly the Intake Services Center project and general renovations to the maximum security facility. *The Governor recommended \$4.9 million less than enacted, \$7.4 million less than requested to reflect the availability of Rhode Island Capital Plan funds.* **The Assembly reduced FY 2015 Rhode Island Capital Plan fund expenditures by \$6.8 million to reflect revisions to project schedules. A more detailed description of the capital projects is available in the Capital Budget section of this publication.**

All Other Operations. Excluding costs associated with Institutional Corrections, the Department requested \$0.1 million more than enacted for all other operations. This includes increases of \$0.3 million from general revenues offset by a \$0.2 million reduction from federal funds. The general revenue change reflects increased costs for software maintenance agreements and contracted services for computer programming. The federal fund adjustment primarily includes decreases to three separate Department of Justice grants to reflect updated awards and expenditures. *The Governor recommended \$0.4 million less than enacted primarily to reflect available receipts for federally funded operating expenditures.* **The Assembly concurred.**

Judicial Department

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Supreme Court | \$ 31,216,042 | \$ 30,268,377 | \$ 31,641,748 | \$ 32,115,373 |
| Defense of Indigent Persons | 3,611,652 | 3,562,240 | 3,542,240 | 3,542,240 |
| Commission on Judicial Tenure & Discipline | 107,834 | 115,513 | 119,161 | 119,161 |
| Superior Court | 22,045,433 | 22,493,957 | 23,085,632 | 23,085,632 |
| Family Court | 22,352,346 | 20,955,333 | 23,356,449 | 23,356,449 |
| District Court | 12,163,405 | 11,801,337 | 12,239,032 | 12,457,835 |
| Traffic Tribunal | 8,326,527 | 8,760,119 | 8,430,692 | 8,430,692 |
| Workers' Compensation Court | 7,228,824 | 7,712,640 | 7,614,932 | 7,614,932 |
| Total | \$ 107,052,063 | \$ 105,669,516 | \$ 110,029,886 | \$ 110,722,314 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 78,948,998 | \$ 80,011,752 | \$ 82,306,785 | \$ 82,328,836 |
| Contracted Services | 1,995,973 | 2,109,813 | 1,848,285 | 1,848,285 |
| Subtotal | \$ 80,944,971 | \$ 82,121,565 | \$ 84,155,070 | \$ 84,177,121 |
| Other State Operations | 11,167,757 | 10,607,659 | 12,328,515 | 12,848,515 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 10,652,587 | 10,951,188 | 10,483,921 | 10,634,298 |
| Capital | 4,286,748 | 1,989,104 | 3,062,380 | 3,062,380 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 107,052,063 | \$ 105,669,516 | \$ 110,029,886 | \$ 110,722,314 |
| Sources of Funds | | | | |
| General Revenue | \$ 91,551,391 | \$ 91,636,668 | \$ 94,058,445 | \$ 94,058,445 |
| Federal Aid | 2,986,862 | 1,909,247 | 3,190,765 | 3,409,568 |
| Restricted Receipts | 10,426,434 | 10,773,601 | 11,346,527 | 11,820,152 |
| Other | 2,087,376 | 1,350,000 | 1,434,149 | 1,434,149 |
| Total | \$ 107,052,063 | \$ 105,669,516 | \$ 110,029,886 | \$ 110,722,314 |
| FTE Authorization | 726.3 | 723.3 | 723.3 | 723.3 |
| FTE Average | 669.7 | | | |

FY 2015 Revised Request. The Judiciary requested an additional \$13.9 million of spending for FY 2015 including \$6.9 million more from general revenues. Compared to the Department's original FY 2015 request, the revised request for general revenues of \$98.5 million is \$2.2 million more. *The Governor recommended \$2.4 million more than enacted and \$4.4 million less than requested. The recommendation for Rhode Island Capital Plan funds is \$0.1 million more than enacted and \$5.1 million less than requested. The Assembly added \$0.2 million from federal funds for a new grant award for the Veterans' Court and \$0.5 million from restricted receipts for vendor payments associated with the case management system. It concurred with the remainder of the recommendation.*

Pay-Go Judges Pensions. The revised request includes a decrease of \$0.4 million from general revenues for retirement costs for judges and magistrates who are not part of the state employees' retirement system. This revision reflects actual costs for current retirees. Currently, all seven active judges that are not in the system meet the eligibility threshold to retire. Subsequent to the request, the Department noted that the requested general revenue reduction was overstated by \$0.2 million. It appears the actual decrease is \$0.2 million from the enacted budget. *The Governor recommended funding as included in the original request.* **The Assembly concurred.**

Salaries and Benefits. The Judiciary requested \$5.4 million more than enacted for salaries and benefits. This includes \$5.7 million from general revenues and \$0.2 million from federal funds, offset by \$0.6 million less from restricted receipts. The increase reflects \$2.3 million for a cost-of-living adjustment that the enacted budget assumed agencies would fund through turnover savings. The increase includes a shift of \$0.6 million of personnel expenditures from restricted receipts to general revenues, which would partially increase the amount of available restricted receipts for other uses. A portion of the shift is due to a decline in available receipts from small claims mediation. The request also restores \$1.1 million of turnover savings included in the enacted budget. The revised request contains \$1.8 million of turnover savings, which based on the Judiciary's average salary per position of \$75,194 is equivalent to 23.4 positions. The request appears to inadvertently overfund medical benefit costs by approximately \$1.0 million.

The Governor recommended \$2.2 million more than enacted and \$3.5 million less than requested, primarily from general revenues. The recommendation does not shift personnel costs to general revenues and includes \$1.0 million less to reflect a correction to medical benefit costs, \$0.3 million of additional statewide medical benefit savings and \$0.5 million of additional turnover for total turnover savings of \$2.2 million for FY 2015, which equates to 29.5 positions. As of the first pay period in March, the Judiciary had 41.8 vacant positions. **The Assembly concurred.**

Law Library. The Judiciary requested \$0.2 million more than enacted from general revenues for subscription purchases by the law library. The enacted budget included the savings related to subscriptions for legal software, periodicals and books. The request restores the funding to historical expenditure levels. *The Governor recommended funding as requested.* **The Assembly concurred.**

Case Management System. The Judiciary requested \$2.5 million, including \$0.9 million from general revenues and \$1.6 million from restricted receipts to purchase computers, servers and software for the ongoing implementation of its case management system. The enacted budget does not include funding for the system, which will enable electronic filing for all courts through the internet, and will replace the current system which relies on duplicative data input and paper files.

The restricted receipts are derived from the Department's indirect cost recoveries on federal grants. It should be noted that the revised request shifts \$0.5 million of expenditures budgeted for personnel to general revenues, while using the restricted receipts for capital expenditures related to the system. This essentially reverses the Assembly's decision to fund a portion of personnel costs from restricted receipts, consistent with the Governor's recommendation. It should be noted that the first quarter report from the Budget Office indicates funding for the system will be made available from the state's Information Technology Investment Fund.

The recommendation did not include general revenues or information technology funds. The Governor recommended \$0.9 million from restricted receipts, which is \$1.6 million less than requested from all sources.

The Governor subsequently requested an amendment to add \$0.5 million from restricted receipts in FY 2015 to pay the vendor managing the Judiciary's case management system. **The Assembly added \$1.5**

million for FY 2015 and \$0.9 million for FY 2016 from the Information Technology Investment Fund reflected in the Department of Administration's budget. It concurred with the remainder of the recommendation.

Veterans' Treatment Calendar. The Veterans' treatment calendar functions as a specialized calendar within District Court. The specialized calendar is a jail diversion program aimed at addressing veterans charged primarily with misdemeanor offenses.

The Governor subsequently requested an amendment to add \$0.2 million from federal funds to reflect a new grant award. Funding will allow the Judiciary to expand operations to serve a larger population of veterans and provide additional services. The Assembly concurred.

Court Technology. The Judiciary requested \$0.1 million more from general revenues for information technology improvements throughout the court system, which are not related to its case management system. Expenditures include new wiring for the courtrooms and barcode printers for the inventory of files and equipment. *The Governor recommended funding as requested. The Assembly concurred.*

Facilities and Operations. The Department requested \$0.3 million more from general revenues for contracted services and purchases related to facility repairs and maintenance. This includes janitorial services, inspection and repair of elevators and HVAC systems, as well as other routine building maintenance. The Department noted that the increase is being requested to reflect historical expenditure levels and higher contracted service costs due to the statewide minimum wage increase. *The Governor recommended funding as requested. The Assembly concurred.*

Child Support Enforcement. The Department requested \$1.0 million more than enacted from federal funds to properly reflect its award and expenditures from the child support enforcement grant. The Judiciary utilizes the grant funds to enforce the support obligations owed by absent parents to their children, locate absent parents, establish paternity, and obtain child, spousal and medical support. *The Governor recommended funding as requested. The Assembly concurred.*

Capital Projects. The Department requested \$5.1 million more than enacted from Rhode Island Capital Plan funds for capital projects during FY 2015. This includes an additional \$2.8 million for the expansion of the Noel Judicial Complex in Kent County and \$0.8 million more for upgrades to the Licht Judicial Complex in Providence. Funding is consistent with the amounts requested in the Judiciary's capital budget request. *The Governor recommended \$0.1 million more than enacted, which is \$5.0 million less than requested to reflect the delay of Judiciary infrastructure projects. The Assembly concurred. These changes are discussed in greater detail in the Capital Budget section of this publication.*

All Other Operations. The Department requested \$0.2 million less for all other operations. This includes decreases of \$0.2 million from restricted receipts and \$40,260 from federal funds, offset by \$29,406 more from general revenues. Adjustments include additional funding for general operating expenses such as office equipment, supplies, and property insurance. The adjustments also include reductions for temporary office and legal services. *The Governor recommended general revenue funding as requested, and included \$0.2 million more than requested from federal funds and restricted receipts to reflect revised balances in several accounts. The Assembly concurred.*

Military Staff

| | FY 2014 Reported* | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 6,865,869 | \$ 7,742,984 | \$ 7,636,881 | \$ 7,636,881 |
| Contracted Services | 1,208,463 | 1,267,908 | 1,371,307 | 1,371,307 |
| Subtotal | \$ 8,074,332 | \$ 9,010,892 | \$ 9,008,188 | \$ 9,008,188 |
| Other State Operations | 4,585,761 | 5,076,261 | 5,071,878 | 5,121,878 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 322,505 | 497,000 | 502,000 | 502,000 |
| Capital | 2,913,821 | 3,869,921 | 4,261,771 | 4,261,771 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 15,896,419 | \$ 18,454,074 | \$ 18,843,837 | \$ 18,893,837 |
| Sources of Funds | | | | |
| General Revenue | \$ 1,676,222 | \$ 1,842,096 | \$ 2,164,935 | \$ 2,164,935 |
| Federal Aid | 12,436,636 | 14,779,178 | 14,518,597 | 14,518,597 |
| Restricted Receipts | 150,113 | 442,800 | 388,300 | 438,300 |
| Other | 1,633,448 | 1,390,000 | 1,772,005 | 1,772,005 |
| Total | \$ 15,896,419 | \$ 18,454,074 | \$ 18,843,837 | \$ 18,893,837 |
| FTE Authorization | 112.0 | 85.0 | 85.0 | 85.0 |
| FTE Average | 104.0 | | | |

*The Military Staff formerly included the Emergency Management Agency

FY 2015 Revised Request. The Military Staff's request includes \$0.9 million more than enacted including \$0.3 million more from general revenues, \$0.3 million less from federal funds, \$0.1 million less from restricted receipts, and \$0.9 million more from Rhode Island Capital Plan funds. This primarily reflects cost-of-living adjustments and additional funding for capital projects. *The Governor's recommendation included \$0.5 million less than requested, primarily to reflect updated capital project expenditures. She subsequently submitted an amendment adding \$50,000 from Google settlement funds to reflect an update to counterdrug-related expenditures.* **The Assembly concurred.**

Firefighters. The Military Staff requested \$10,143 less than enacted for salaries and benefits for the Rhode Island National Guard firefighters program, including \$0.2 million more from general revenues and \$0.2 million less from federal funds. The request funds 30.0 full-time positions, including 17.0 full-time firefighters that are specialized in fire containment and disaster response involving National Guard vehicles, 10.0 crew chiefs, and 3.0 assistant chiefs.

The Rhode Island National Guard was notified in October 2013 that the federal National Guard Bureau will only reimburse the state for the cost of firefighters being paid at a level consistent with federal Government Service pay scales, capped at \$59,617 annually. The average salary cost per firefighter in the Rhode Island Air National Guard is \$65,652 per year in the agency's FY 2015 revised request. The Military Staff indicated that the change only applies to those firefighters hired after 2012.

The request also shifts \$0.1 million for a portion of costs associated with a firefighter who has qualified as injured on duty from federal funds to general revenues. The Staff indicated that beginning in FY 2015, the National Guard Bureau no longer pays the salaries of firefighters that are injured on duty. For FY 2016, the state will be responsible for the full cost of firefighters injured on duty. *The Governor recommended \$0.2 million less than requested, including \$53,187 less from general revenues. This funds 28.0 positions, which is 2.0 fewer than requested to account for turnover savings. This provides full funding for the firefighter injured on duty.* **The Assembly concurred.**

All Other Salaries and Benefits. The Military Staff requested \$0.2 million less than enacted, including \$44,913 less from general revenues for salaries and benefits for the remaining 55.0 full-time equivalent positions. This primarily reflects \$0.2 million for a cost-of-living adjustment offset by \$0.3 million from turnover savings. Turnover savings were not included in the agency's enacted budget. *The Governor recommended \$0.3 million more than requested, including \$0.2 million more from general revenues and \$0.1 million more from federal funds, primarily to reflect overtime expenditures associated with the blizzard of 2015.* **The Assembly concurred.**

Counterdrug Asset Forfeiture. The Military Staff's revised request includes \$54,500 less from restricted receipts expenditures planned from asset forfeitures generated from the Guard's counterdrug activities. The funds are part of the state's overall Google settlement, and will be used for travel expenses and other supplies in support of the Guard's counterdrug operations. Total Google settlement funds allocated to Military Staff are \$5.1 million; the FY 2015 revised request includes \$0.1 million. *The Governor recommended funding as requested. She subsequently requested an amendment to add \$50,000 from Google forfeiture funds to reflect updated expenditures.* **The Assembly concurred.**

Military Funeral Honors. The National Guard requested \$18,200 more than enacted from general revenues to reflect the projected cost for military funeral honors in FY 2015. Retired military members are paid a \$50 stipend to perform military honors at the funerals, including a firing party as well as a bugler playing "Taps". The National Guard pays stipends for two individuals. *The Governor recommended \$13,200 less than requested based on year-to-date expenditures.* **The Assembly concurred.**

Building Maintenance. The Military Staff requested \$0.1 million more from all funds, including \$44,063 from federal funds and \$81,505 from general revenues for building maintenance and small-scale repairs, including \$37,042 more than enacted for custodial and landscaping services. *The Governor recommended \$0.1 million less than requested from general revenues, shifting small scale repairs to the asset protection capital project as discussed in the Capital Budget section of this publication.* **The Assembly concurred.**

Capital Projects. The Military Staff requested \$0.7 million more than enacted from Rhode Island Capital Plan funds and \$0.2 million less from federal funds for capital projects at buildings under its purview throughout the state. The revisions primarily reflect an expansion of the asset protection project and the renovation of the Benefit Street Arsenal. *The Governor recommended \$0.5 million less than requested from Rhode Island Capital Plan funds reflecting several adjustments to current spending.* **The Assembly concurred. Specific project information is included in the Capital Budget section of this publication.**

Utilities and Other Operations. The Military Staff requested \$0.3 million more for all other expenses for the National Guard. This includes \$0.2 million from federal funds and \$86,165 more from general revenues. The general revenue increase primarily reflects the state match for increased costs for insurance, electricity and fuel, which are shared expenses with the federal National Guard Bureau. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island Emergency Management Agency

| | FY 2014 Reported* | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 2,517,349 | \$ 3,388,157 | \$ 3,216,246 | \$ 3,216,246 |
| Contracted Services | 742,336 | 1,039,219 | 839,963 | 839,963 |
| Subtotal | \$ 3,259,685 | \$ 4,427,376 | \$ 4,056,209 | \$ 4,056,209 |
| Other State Operations | 4,341,985 | 1,796,093 | 3,679,533 | 3,679,533 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 7,734,036 | 13,950,446 | 15,573,238 | 15,573,238 |
| Capital | 980,988 | 448,312 | 461,943 | 461,943 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | 1,888,778 | - | - | - |
| Total | \$ 18,205,472 | \$ 20,622,227 | \$ 23,770,923 | \$ 23,770,923 |
| Sources of Funds | | | | |
| General Revenue | \$ 1,785,251 | \$ 1,959,858 | \$ 1,861,076 | \$ 1,861,076 |
| Federal Aid | 16,269,138 | 18,273,640 | 21,438,224 | 21,438,224 |
| Restricted Receipts | 151,083 | 221,729 | 216,680 | 216,680 |
| Other | - | 167,000 | 254,943 | 254,943 |
| Total | \$ 18,205,472 | \$ 20,622,227 | \$ 23,770,923 | \$ 23,770,923 |
| FTE Authorization | 32.0 | 32.0 | 32.0 | 32.0 |
| FTE Average | 27.0 | | | |

*Reflects EMA as a stand alone agency.

FY 2015 Revised Request. The Rhode Island Emergency Management Agency requested \$10.0 million more than enacted, including \$10.2 million more from federal funds, \$0.2 million less from Rhode Island Capital Plan funds, \$11,908 less from restricted receipts and \$2,959 less from general revenues. This primarily reflects delays in awarding federal disaster aid and other federal grants. *The Governor recommended \$6.9 million less than requested including \$0.1 million less from general revenues, \$7.0 million more from federal funds, and \$0.3 million more from Rhode Island Capital Plan funds.* **The Assembly concurred.**

Statewide Communications Network. The Agency requested \$0.4 million more than enacted including \$0.4 million from federal funds and \$8,713 from general revenues for the Rhode Island Statewide Communications Network. These include major system maintenance costs, heating, ventilation, and air conditioning systems, and the replacement of radio control boards funded through available federal sources. General revenue funding primarily reflects a contract with Motorola to maintain the radio system that is used to expedite emergency phone calls, maintain communication with all political subdivisions in the state and the emergency radio communication system that allows all hospitals, the Department of Health, and Emergency Management to be on a private radio system in order to effectively respond to all types of disasters. The general revenue increase reflects the actual cost for the contract which was renegotiated in FY 2014. *The Governor recommended funding as requested.* **The Assembly concurred.**

Salaries and Benefits. The Agency requested \$0.1 million less from all sources for salary and benefit expenditures for 32.0 positions. The request includes \$80,049 less from restricted receipts, \$20,618 less from general revenues and \$5,831 less from federal funds. This primarily reflects a cost-of-living adjustment of \$0.1 million offset by statewide medical benefit savings and additional turnover savings.

The Governor recommended \$0.1 million less than requested including \$95,823 less from general revenues, \$44,590 less from federal funds and \$75,000 more from restricted receipts. This reflects turnover savings, the use of funds achieved through indirect cost recovery for staffing costs and statewide medical benefit savings. The Assembly concurred.

Disaster Funding. The Agency requested \$1.1 million more than enacted from federal funds for reimbursements to entities in the state that have applied for federal disaster relief. The increase reflects actual reimbursements to be made in FY 2015 for entities affected by Hurricane Sandy, Tropical Storm Irene, and the blizzards of 2012 and 2013. *The Governor shifted \$2.0 million from FY 2015 to FY 2016 based on anticipated requests for reimbursements from state and local agencies. The Assembly concurred.*

Emergency Operations and Performance Grants. The Agency requested \$4.9 million more than enacted from federal funds to reflect revised awards and projected expenditures for emergency operations. Funds are used for construction and renovation of a state or local government's principal emergency management operations centers, and also to provide support for emergency operations. These grants are primarily passed through to local emergency management agencies. *The Governor recommended \$2.7 million less than requested to reflect revised federal grant expenditure projections. The Assembly concurred.*

Other Federal Grants. The Agency requested \$3.8 million more than enacted from federal funds to reflect revised grant awards and expenditures. The request includes changes to multiple grants to reflect funds carried forward from previous years, as well as updated expenditure plans. The major increases in grant funding involve the Federal Emergency Management Flood Clean Up reimbursements, staff training for emergency and Ebola response, and Homeland Security related security upgrades throughout the state. *The Governor recommended \$2.3 million less than requested to reflect available federal Homeland Security, and Emergency Management grants; she shifted \$1.1 million to FY 2016. The Assembly concurred.*

All Other Operating. The Agency requested \$0.1 million more than enacted including \$68,141 more from restricted receipts, and \$8,946 more from general revenues for all other operating expenditures. The request includes minor adjustments to operating costs and adds funding to reflect recovery of indirect costs on some of its federal grants. Because many of its grants are a pass through for municipal and state entities, an indirect rate is not permitted on them. As of the end of FY 2015, the Agency developed a new indirect cost policy that accurately reflects the grants that can be charged for administrative overhead. *The Governor recommended \$0.1 million less than requested from federal funds to reflect reduced operating costs. The Assembly concurred.*

Capital. The Agency requested \$0.2 million less than enacted from Rhode Island Capital Plan funds and excludes funding for the ongoing Hurricane Sandy Cleanup project. *The Governor included \$0.3 million more than requested from Rhode Island Capital Plan funds to represent the full 25.0 percent match for Hurricane Sandy Cleanup funds. The Assembly concurred. These projects are described in greater detail in the Capital Budget section of this publication.*

Department of Public Safety

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 4,834,118 | \$ 5,292,389 | \$ 5,186,788 | \$ 5,269,660 |
| E-911 | 5,361,045 | 5,428,479 | 5,288,026 | 5,288,026 |
| Fire Marshal | 3,205,360 | 5,331,144 | 5,086,827 | 5,086,827 |
| Capitol Police | 3,702,559 | 3,703,351 | 3,523,466 | 3,523,466 |
| Sheriffs | 17,121,347 | 18,048,299 | 18,222,645 | 18,222,645 |
| Municipal Police Training Academy | 452,968 | 642,779 | 470,752 | 498,752 |
| State Police | 76,932,436 | 88,108,405 | 85,569,789 | 85,620,408 |
| Total | \$ 111,609,833 | \$ 126,554,846 | \$ 123,348,293 | \$ 123,509,784 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 76,170,738 | \$ 77,470,061 | \$ 80,517,270 | \$ 80,646,345 |
| Contracted Services | 749,994 | 327,400 | 762,439 | 794,639 |
| Subtotal | \$ 76,920,732 | \$ 77,797,461 | \$ 81,279,709 | \$ 81,440,984 |
| Other State Operations | 9,681,767 | 11,819,420 | 10,155,330 | 10,155,330 |
| Aid to Local Units of Government | 200,000 | - | 200,000 | - |
| Assistance, Grants, and Benefits | 20,836,395 | 28,461,110 | 20,990,672 | 21,190,888 |
| Capital | 3,970,939 | 8,476,855 | 10,722,582 | 10,722,582 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 111,609,833 | \$ 126,554,846 | \$ 123,348,293 | \$ 123,509,784 |
| Sources of Funds | | | | |
| General Revenue | \$ 96,048,576 | \$ 95,294,034 | \$ 97,978,879 | \$ 98,287,230 |
| Federal Aid | 6,597,933 | 6,894,275 | 8,110,857 | 8,272,348 |
| Restricted Receipts | 4,060,157 | 12,863,854 | 9,523,426 | 9,215,075 |
| Other | 4,903,167 | 11,502,683 | 7,735,131 | 7,735,131 |
| Total | \$ 111,609,833 | \$ 126,554,846 | \$ 123,348,293 | \$ 123,509,784 |
| FTE Authorization | 634.2 | 633.2 | 633.2 | 633.2 |
| FTE Average | 588.0 | | | |

FY 2015 Revised Request. The Department of Public Safety requested \$1.5 million more than enacted from all sources, including \$4.7 million more from general revenues, \$0.4 million less from federal sources, \$3.4 million less from restricted receipts, and \$0.5 million more from other fund sources.

Subsequently, the Department submitted a corrective action plan with initiatives to reduce general revenue expenditures by \$4.7 million to offset the requested increases. The corrective action items are discussed in the separate items, where appropriate. *The Governor recommended \$4.7 million less than requested, including \$2.0 million less from general revenues, \$1.6 million more from federal funds, \$52,340 more from restricted receipts, and \$4.3 million less from other sources, primarily Rhode Island Capital Plan funds. She subsequently requested an amendment to add \$0.2 million from federal funds. The Assembly concurred.*

Staffing Authorization. The Department requested the authorized level of 633.2 full-time equivalent positions. This includes the authorized level of positions for all divisions. As of the pay period ending November 29, 2014, the Department reported 597.6 filled positions, 35.6 less than the authorized level.

The Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017 that includes 2.0 percent salary increases effective April 6, 2014 and October 5, 2014, offset by increased cost sharing measures for medical benefits. Based on the revised request, the combined FY 2015 cost for the increases is \$2.6 million from all funds, of which \$2.3 million is from general revenues. *The Governor recommended staffing consistent with the authorized level.* **The Assembly concurred.**

E-911 Telephone System

Salaries and Benefits. The Department requested \$10,822 more than enacted from general revenues for E-911 salaries and benefits. The request includes \$126,537 to fund the cost-of-living increases, offset by a decrease of \$115,715 reflective of statewide medical benefit savings and unanticipated vacancies in the first quarter of the current year.

In its November 2014 corrective action plan, the Department included additional turnover savings of \$65,490, consistent with vacancies in the second quarter of FY 2015. It also included \$3.1 million in savings from unspecified staff reductions. The Department subsequently reported that to achieve the proposed savings, 26.8 full-time equivalent positions would need to be laid off effective January 1, 2015, including 6.2 E-911 positions for savings of \$0.3 million.

The Governor recommended \$0.2 million less than requested to reflect current vacancies and additional statewide medical benefit savings. The recommendation does not include the layoffs proposed in the Department's corrective action plan. **The Assembly concurred.**

Telecommunication Systems and Next Generation 911. The Department requested \$36,536 more than enacted from general revenues for telecommunication expenditures for E-911 access, including the completion and deployment of the first phase of Next Generation 911 technology, which will allow text-based communications with both public safety answering points. Hardware purchases for Next Generation 911 began in FY 2014 and are anticipated to be completed in FY 2015. The request includes \$65,000 to purchase new network servers and network services, as the Division's servers have reached the end of their useful life and cannot interface with Next Generation 911.

The Department reported that the deployment of Next Generation 911 technology in the current year was not determined until the end of FY 2014, when the country's largest wireless carriers agreed with the Federal Communications Commission to provide text-based emergency services at no additional cost to consumers or the states. Purchases are partially offset by savings from the Division's renegotiation of telephone and internet services contracts. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations. The Department requested \$3,785 more than enacted from general revenues for all other E-911 operations. This includes \$2,900 more for utility costs, consistent with FY 2014 expenditures, and \$805 more for general and office supplies, consistent with actual expenditures for the property and casualty insurance policy covering the secondary public safety access point. *The Governor recommended funding as requested.* **The Assembly concurred.**

Fire Marshal

Salaries and Benefits. The Department requested \$9,548 more than enacted from all sources for salaries and benefits for the Office of the Fire Marshal. This includes \$948 more from general revenues, \$8,067 more from restricted receipts, and \$533 more from Quonset Development Corporation funds for building inspections. The revised request includes \$88,262 from all funds, of which \$76,853 is from general revenues, to fund the cost-of-living increases for Fire Marshal staff. The Department requested funding for 33.0 positions and included turnover savings consistent with maintaining 3.0 positions vacant for the fiscal year, one more vacancy than assumed in the enacted budget. The request reflects statewide medical benefit savings and includes \$17,000 less than enacted from general revenues for overtime, essentially consistent with historical expenditures.

In its November 2014 corrective action plan, the Department included additional turnover savings of \$15,982 from Office salaries and benefits, consistent with current vacancies. It also included \$3.1 million in savings from unspecified staff reductions. The Department subsequently reported that to achieve the proposed savings, 26.8 full-time equivalent positions would need to be laid off, including 4.2 Fire Marshal positions effective January 1, 2015, for savings of \$0.2 million.

*The Governor recommended \$9,573 more than requested, including \$20,085 less from general revenues, essentially consistent with the corrective action plan and additional statewide medical benefit savings. The Governor did not recommend the layoffs proposed in the Department's corrective action plan. **The Assembly provided total funding as recommended; however, shifted \$0.3 million of personnel costs associated with 3.2 Fire Training Academy positions from restricted receipts to general revenues to reflect available funds.***

Leased Office Space. The Department requested \$0.3 million from general revenues for the lease of office space for the Office of the Fire Marshal in the third quarter of FY 2015. The Fire Marshal's staff was moved from its previous location in the Cranston Street Armory in April 2014, due to reportedly hazardous and difficult working conditions in the building. Staff was relocated to the Department of Administration, the Fire Training Academy, and the E-911 secondary public safety answering point. A call for proposals was announced in September 2014; proposals were due by October 31, 2014. The length of the lease would be for three years, with two optional six month extensions. The Department's capital request includes funds for a feasibility study regarding constructing new Fire Marshal office space at the Fire Training Academy. The Department reported that one proposal was received; however, the terms of the offered lease did not meet the Department's needs.

The Department's November 2014 corrective action plan excludes the cost of the lease.

*The Governor recommended funding essentially consistent with the corrective action plan; she excluded funding for leased office space, but included \$29,660 from all sources, including \$17,500 from general revenues, to support the purchase and installation of phone lines and data equipment in the Office's temporary locations. **The Assembly concurred.***

Grant Adjustments. Excluding salaries and benefits, the Department requested \$0.6 million more than enacted from federal funds for the purchase of equipment and fire safety supplies in support of the Fire Marshal's Bomb Disposal unit and for hazardous materials training programs held at the State Fire Training Academy. These funds are carried forward from FY 2014. *The Governor recommended \$20,000 more than requested to reflect available funds. **The Assembly concurred.***

Fire Training Academy. Consistent with its capital budget request, the Department requested \$0.1 million more than enacted from Rhode Island Capital Plan funds for the second phase of construction at the Fire Training Academy, reflective of increased project costs and a revised project schedule. *The*

*Governor recommended \$1.0 million less than requested to reflect an updated project schedule. **The Assembly concurred. This project is described in greater detail in the Capital Budget section of this publication.***

Other Operations. The Department requested \$63,712 more than enacted from all sources for all other Fire Marshal operations. This includes \$18,552 more from general revenues and \$45,160 more from restricted receipts. The request includes \$16,427 less for fuel and utilities, reflective of the anticipated occupancy of leased office space in the third quarter of the current year. Requested decreases for utility costs are offset by increases for other operating expenditures. This includes \$212 more for veterinary bills for the Bomb Disposal unit's canines, \$16,457 more for maintenance of the Fire Marshal fleet of vehicles, and \$17,395 more for office supplies. The request is consistent with FY 2014 expenditures.

*The Governor recommended \$22,009 less than requested from all sources, including \$13,309 less from general revenues, primarily for staff travel and training costs, to offset the increased phone line installation and data equipment costs for the Office's temporary locations. **The Assembly concurred.***

Capitol Police

Salaries and Benefits. The Department requested \$132,027 less than enacted from general revenues for Capitol Police salaries and benefits. The request includes \$102,014 from general revenues to fund the cost-of-living increases. The increases are offset by \$0.1 million of turnover savings reflective of an unanticipated vacancy in the first half of the fiscal year, statewide medical benefit savings, and a shift of \$0.1 million of personnel costs from general revenues to Capitol Police Rotary funds.

It should be noted that the current staffing authorization for the Capitol Police is 40.0 full-time equivalent positions funded from general revenues. The enacted budget assumes an additional 11.0 positions are funded through an internal service fund and are not reflected in the expenditure totals. The request includes the total authorization of 51.0 full-time positions; however, it shifts funding for 2.0 positions from general revenues to the internal service fund, which is funded from payments made by other state agencies. The requested decrease in general revenues is not a reduction in expense, just a shift in where the expense appears.

In its November 2014 corrective action plan, the Department included \$3.1 million in savings from unspecified staff reductions. The Department subsequently reported that to achieve the proposed savings, 26.8 full-time equivalent positions would need to be laid off effective January 1, 2015, including 4.8 Capitol Police positions for savings of \$0.2 million.

*The Governor recommended \$47,858 less than requested to reflect current vacancies and additional statewide medical benefit savings. She included the proposed cost shift for 2.0 positions to Capitol Police Rotary funds, but did not include the layoffs proposed in the Department's corrective action plan. **The Assembly concurred.***

Safety Gear and Supplies. The Department requested \$42,147 more than enacted from general revenues for the purchase of safety gear and equipment for the Capitol Police. This includes \$50,000 for bulletproof vests, requested in anticipation of the finalization of a new officer employment contract. In December 2014, the Administration and the Department agreed to provide each officer protective clothing, including the vests. The vests are considered an integral component to each officer's uniform and will be worn by each at all times while on duty. *The Governor did not recommend the vest purchase as requested; she instead included the purchase as a State Police expense, funded from available Google forfeiture funds, as permitted by the Department of Justice. **The Assembly concurred.***

All Other Operations. The Department requested \$7,853 more than enacted from general revenues for all other Capitol Police operations. This includes \$12,000 more for fleet expenses, \$6,704 less for general office expenses, and \$572 more for utility costs. The request is consistent with FY 2014 expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

Sheriffs

Extended Work Week. The Department requested the enacted amount of \$0.1 million from general revenues to extend the standard 35 hour work week to a 37.5 hour work week for 12.0 full-time equivalent positions in the Division of Sheriffs. In his recommended FY 2015 budget, Governor Chafee included \$0.1 million to increase the work week from 35 hours to 40 hours for 6.0 positions. The Assembly concurred. The change reflects a 2005 agreement between the Division of Sheriffs and the Department of Administration to increase the hourly work week of specific employees. Documents supporting the Governor's recommendation reflected the intent to transition 6.0 positions to the extended work week each successive fiscal year after FY 2015. There are currently 58.0 full-time deputy sheriffs with a 40 hour work week; 98.0 positions were planned to transition over a period of no more than 16 years, contingent upon funding.

In the first quarter of FY 2015, the Department determined that the extension of 12.0 employees' work week from 35 to 37.5 hours would be more beneficial than the enacted extension, to fulfill staffing needs reported by the Judiciary. The Department reported that it had negotiated with the Sheriffs' union regarding the change in work week. As of December 2014, no positions had been transitioned. However, the Department anticipated the change to occur in the third quarter of the current year and that retroactive payments dating to the first pay period of the year would be made to the impacted employees. As of March 2015, the 12 employees' work weeks were extended. The retroactive payments were not made. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Salaries and Benefits. The Department requested \$0.5 million more than enacted from general revenues for all other salary and benefit expenses for the authorized level of 180.0 full-time equivalent positions for the Division of Sheriffs. The request includes \$0.5 million from general revenues to fund the cost-of-living increases and includes turnover savings of \$0.3 million, equivalent to 3.1 vacant positions.

Although the enacted budget includes \$0.4 million of turnover savings for the current year, consistent with absences experienced in the Division each year, it was assumed that the Department would fill all vacant deputy sheriff positions in the fourth quarter of FY 2014. As of December 13, 2014, the Department reported 6.0 vacant deputy sheriff positions. The Department reported that in early FY 2015, it determined that the internal promotion of 6.0 sheriffs from deputy to sergeant would be more beneficial to Division operations than the filling of vacant positions as it has been determined that more supervision of staff is needed.

In its November 2014 corrective action plan, the Department included additional turnover savings of \$0.3 million from Sheriffs' salaries and benefits, consistent with current vacancies. It also included \$3.1 million in savings from unspecified staff reductions. The Department subsequently reported that to achieve the proposed savings, 26.8 full-time equivalent positions would need to be laid off effective January 1, 2015, including 19.4 sheriff positions for savings of \$0.9 million.

The Governor recommended additional turnover savings of \$0.4 million more than initially requested and \$0.1 million more than included in the corrective action plan, reflecting current vacancies. However, the recommendation does not include the proposed layoffs. **The Assembly concurred.**

All Other Operations. The Department requested \$53,560 less than enacted from general revenues for all other Division of Sheriffs operations. This includes \$44,600 less than enacted for uniform purchases, consistent with a change in Division policy regarding the annual replacement of members' uniforms. Also included is \$40,000 less than enacted for prisoners' food, reflective of the Department's purchase of meal replacement bars rather than premade, ready-to-eat meals. The Department requested \$10,000 less than enacted for standard safety gear, consistent with the equipping of current staff in FY 2013 and FY 2014.

Reductions are partially offset by \$55,062 more for maintenance payments for Sheriffs locations in other Departments' facilities, including the Judiciary and the Department of Corrections, consistent with FY 2014 expenditures. *The Governor recommended \$62,799 more than requested to reflect current spending, including \$0.1 million more for building maintenance payments to other agencies, offset by reductions for fleet maintenance and travel costs.* **The Assembly concurred.**

Municipal Police Training Academy

Personnel and Operations. The Department requested \$168,743 less than enacted from all funds for personnel and operations for the Municipal Police Training Academy. This includes \$19,037 more from general revenues and \$187,780 less from federal funds. The Department requested \$2,512 more than enacted from general revenues for the authorized level of 2.0 full-time equivalent positions for the Municipal Police Training Academy, including \$5,732 to fund the cost-of-living increases, offset by \$3,220 less for statewide medical benefit savings.

The Department requested \$0.2 million less than enacted from all funds for Academy operations. This includes \$16,525 more from general revenues, including \$18,277 more for the Academy's lease payment. The Department noted that the payment reflects the Academy's lease costs for FY 2014 and FY 2015, because the contract between the Department and the Community College was delayed. The increase is slightly offset by reductions in expenses for record storage and classroom lecturers, consistent with historical expenditures. The Department requested \$0.2 million less than enacted from federal funds for continuing education courses, reflective of available field sobriety test and school of community policing grant funding.

In its November 2014 corrective action plan, the Department included \$3.1 million in savings from unspecified staff reductions. Subsequent to the submission of its plan, the Department reported that to achieve the proposed savings, 26.8 full-time equivalent positions would need to be laid off effective January 1, 2015, including 0.2 of a Training Academy position, for savings of \$10,424.

The Governor recommended \$3,284 less than requested from general revenues, reflective of additional statewide medical benefit savings. She subsequently requested an amendment to add \$28,000 from federal funds reflective of available Byrne grant funds for continuing education classes. **The Assembly concurred.**

State Police

Retirement System Correction. The Department requested \$0.6 million from general revenues for payments to the Employees' Retirement System, consistent with current state laws defining compensation and retirement benefits, effective for FY 2013. In April 2013, the Department was informed that retirement contributions must be made for contractual payments made to sworn members of the Division equivalent to 10 holidays, effective July 1, 2012. The Department made the payments for FY 2014; however, it did not include funds in its revised FY 2014 request or FY 2015 operating request, therefore the expense was not included in the enacted budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

Promotions. The Department requested \$1.9 million from general revenues for salary and benefit expenses reflective of the promotion of 35 sworn members of the State Police in FY 2014, including 11 members promoted to the rank of corporal, 10 to the rank of sergeant, 8 to lieutenant, 4 to captain, 1 to major, and 1 to lieutenant colonel. This is 18 more promotions than occurred in FY 2013. Current law requires that there be at least one colonel, two lieutenant colonels, and three majors serving as superintendent and command staff of the State Police. The remainder of the force's composition is left to the superintendent's discretion. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Salaries and Benefits. The Department requested \$1.2 million more than enacted from all sources for all other State Police salaries and benefits, including \$1.4 million more from general revenues, \$0.5 million less from federal funds, \$0.2 million more from restricted receipts, and \$16,476 more from Department of Transportation reimbursement funds. The request includes \$1.6 million from all funds, of which \$1.4 million is from general revenues, to fund the cost-of-living increases and restores \$0.5 million of turnover savings assumed in the enacted budget, reflective of FY 2014 expenditures.

In its November 2014 corrective action plan, the Department included \$0.2 million of "known" turnover savings from State Police vacancies, likely making the requested restoration of turnover savings unnecessary for the current year. The Department also included \$3.1 million in savings from general revenues from the layoff of 26.8 full-time equivalent positions effective January 1, 2015, including 17.8 State Police positions for savings of \$1.5 million.

The Governor recommended \$0.6 million less than requested from all funds, including \$1.0 million less from general revenues. The recommendation includes \$0.1 million more turnover savings than included in the corrective action plan, consistent with current vacancies, and additional statewide medical benefit savings. The Governor also recommended shifting \$0.4 million of detective overtime costs from general revenues to federal sources, to reflect available Internet Crimes Against Children and Highway Safety grant funds. She subsequently requested an amendment to add \$50,619 from federal grant funds made available after submission of her recommended budget. **The Assembly concurred.**

Pay-Go Pensions. The Department requested \$115,234 less than enacted from general revenues for State Police pay-go pension benefits. The request includes 198 regular pensions, 44 widows' pensions, and 15 disability pensions. *The Governor recommended funding as requested.* **The Assembly concurred.**

Training and Equipment Purchases. The Department requested \$0.3 million more than enacted from general revenues for State Police supplies and equipment. The enacted budget does not include expenditures for tactical equipment, communications equipment, and firearms that the State Police have deemed necessary for operations undertaken in the fourth quarter of FY 2014 and the first quarter of FY 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

56th Training Academy Recruitment. The Department requested \$0.1 million from restricted receipts for recruitment, screening, and testing of the 56th State Police Training Academy class. The Department began recruitment and testing in the fourth quarter of FY 2014, funded from Google, Inc. forfeiture funds. The Department is testing candidates between November 2014 and summer 2015. Personnel and operating expenditures for the 56th Academy are included in the FY 2016 operating request. *The Governor recommended funding as requested.* **The Assembly concurred.**

Information Technology Upgrades. The Department requested \$0.1 million from general revenues for the purchase of new laptops for the Division of State Police. The laptops installed in the Uniform Division's vehicles utilize the Windows XP operating system, which is unsupported by Microsoft; data is vulnerable and the laptops cannot be upgraded. The Department reported that the machines have reached the end of their useful life and must be replaced. It should be noted other fund sources are typically

available to the Department for these types of purchases, including restricted receipts available from Google, Inc. forfeiture funds. Additionally, current law authorizes the Division of State Police to receive forfeited property from gambling cases, forgery and counterfeiting cases, and cases involving controlled substances. The Department reported no formal spending plan for these funds; as of December 2014, it there was \$0.3 million available from this source. *The Governor recommended funding as requested.* **The Assembly concurred.**

Modernization. Excluding costs associated with recruitment for the 56th Training Academy, the Department requested \$7.2 million, which is \$4.3 million less than enacted from restricted receipts from forfeiture funds for State Police modernization programs including fleet purchases and staff training. As of December 2014, the Department did not have a long-term spending plan for its share of forfeiture funds. Final FY 2014 expenditures were \$3.3 million, \$9.6 million less than the FY 2014 final appropriation. Final FY 2013 expenditures were \$2.7 million, \$9.5 million less than the final appropriation from restricted receipts. In FY 2014, the Department indicated that it would grant \$0.5 million to local public safety agencies; however, no funds were spent.

In 2011, the Department of Public Safety was named as one of the five state agency recipients of funds forfeited by Google, Inc. due to the corporation's violation of the Federal Food, Drug and Cosmetic and Controlled Substances Acts. Part VIII, Section A(1)d of the Federal Guide to Equitable Sharing for State and Local Law Enforcement Agencies establishes permissible uses of forfeiture funds, including "law enforcement equipment." Per Rhode Island General Law Title 42, Chapter 41, Section 6, all expenditures of federal funds must be first appropriated or reappropriated by the Assembly and the Governor. *The Governor recommended \$50,000 more than requested for the purchase of bullet proof vests requested for the Capitol Police, as permitted by the Department of Justice.* **The Assembly concurred.**

Forfeited Property. The Department requested \$0.2 million more than enacted from restricted receipts for unspecified equipment purchases. Current law authorizes the Division of State Police to receive forfeited property resulting from specific cases; the Department typically requests funds from these sources to share with municipal police departments and other public safety agencies that assisted in the investigation of specific cases. However, from FY 2009 through FY 2012, no funds were shared. In FY 2013, eight municipalities and the Rhode Island National Guard assisted the Division in multiple cases and shared forfeited funds.

Although the Department received \$0.2 million of forfeited property in FY 2014, it expended only \$1,378 for the purchase of office supplies. No funds were shared with other agencies. As of December 2014, the Department did not have a spending plan in place for these funds. *The Governor recommended \$17,504 more than requested to reflect available funds.* **The Assembly concurred.**

Specialty Fleet Storage. The Department requested \$0.4 million more than enacted from restricted receipts for the purchase and installation of a prefabricated, six-bay secure garage to be located at the headquarters facility complex in North Scituate. The Department reported that its specialized vehicle fleet has outgrown the existing storage site in the State Police supply building. The request is essentially consistent with the Department's capital budget request. The Department's operating budget has historically included funds from restricted receipts and federal sources from the forfeiture of seized money or property to purchase new equipment, per Department of Justice guidelines. *The Governor recommended funding as requested.* **The Assembly concurred.**

Fleet Maintenance. The Department requested \$0.4 million less than enacted from general revenues for State Police fleet maintenance costs. The Division has purchased new vehicles in each fiscal year since FY 2011; this includes expenditures from Google, Inc. forfeiture funds for vehicles in FY 2013 and expenditures from federal funds to purchase vehicles in FY 2014. The request reflects an anticipated

decrease in routine maintenance costs for the newer, lower-mileage vehicles. *The Governor recommended funding as requested.* **The Assembly concurred.**

Grant Adjustments. The Department requested \$5,823 less than enacted from federal funds for adjustments to State Police grant programs, reflective of the awarding of a Paul Coverdell Forensic Science grant in late FY 2014, offset by reductions to reflect FY 2014 expenditures. *The Governor recommended \$0.8 million more than requested to reflect available funds from the Department's Internet Crimes Against Children, Commercial Vehicle Information, and State Homeland Security grants.* **The Assembly concurred.**

Capital. Consistent with its capital budget request, the Department requested \$0.4 million more than enacted from Rhode Island Capital Plan funds for unspecified asset protection projects at the headquarters building, expansion and renovation of ancillary buildings at the Department's headquarters facility in North Scituate, a feasibility study regarding the construction of a new Wickford barracks, and significant repairs and renovations to the Lincoln barracks. *The Governor recommended \$3.2 million less than requested to reflect modifications to the scope of projects and updates to project timelines.* **The Assembly concurred. Projects are discussed in greater detail in the Capital Budget section of this publication.**

All Other Operations. The Department requested \$3,772 more than enacted from all sources for all other State Police operations. This includes \$25,552 more from general revenues, consistent with FY 2014 expenditures for office supplies, medical services for sworn members, and utility costs. The Department requested \$18,780 less from restricted receipts for polygraph testing. The request eliminates \$3,000 from municipal police traffic enforcement training funds, reflective of the exhaustion of these funds in FY 2014. *The Governor recommended funding as requested.* **The Assembly concurred.**

Central Management

Salaries and Benefits. The Department requested \$89,026 more than enacted from all sources for salaries and benefits for the authorized level of 15.6 full-time equivalent positions in Central Management, including \$57,227 more from general revenues and \$31,799 more from federal funds. The request includes \$55,262 from all funds, of which \$37,518 is from general revenues to fund the cost-of-living increases. The Department reported that the remainder of the request is consistent with current planning values, staffing, and reflects statewide medical benefit savings.

In its November 2014 corrective action plan, the Department included \$0.1 million of additional turnover savings from Central Management, consistent with current vacancies. It also included \$3.1 million in savings from unspecified staff reductions. Subsequent to the submission of its plan, the Department reported that to achieve the proposed savings, 26.8 full-time equivalent positions would need to be laid off effective January 1, 2015, including 1.0 Central Management position for savings of \$0.1 million.

The Governor recommended \$42,192 less than requested, including \$35,283 from general revenues, to reflect current staffing and additional statewide medical benefit savings. The recommendation does not include the layoff proposed in the Department's corrective action plan. She subsequently requested an amendment to add \$82,872 from federal grant funds made available after submission of her recommended budget. **The Assembly concurred.**

Grant Adjustments. The Department requested \$0.3 million less than enacted from federal funds for Department of Justice grant programs administered by the Public Safety Grant Administration Office. The request is reflective of current grant awards and FY 2014 expenditures. *The Governor recommended \$0.2 million more than requested to reflect funds available from the Sexual Assault Services Program*

*grant, which was awarded to the Department following submission of its revised request. **The Assembly concurred.***

All Other Operations. The Department requested \$17,040 less than enacted from all sources for all other Central Management operations. This includes \$2,960 more from general revenues for records storage and office supplies and eliminates \$20,000 from restricted receipts reflective of a decrease in anticipated interest from Judge Advocate General program receipts. *The Governor recommended funding as requested. **The Assembly concurred.***

Office of the Public Defender

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 9,724,115 | \$ 9,997,617 | \$ 9,861,442 | \$ 9,761,442 |
| Contracted Services | 203,046 | 319,188 | 262,931 | 262,931 |
| Subtotal | \$ 9,927,161 | \$ 10,316,805 | \$ 10,124,373 | \$ 10,024,373 |
| Other State Operations | 903,157 | 959,125 | 974,088 | 974,088 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 50,593 | 60,000 | 60,000 | 60,000 |
| Capital | 36,769 | 43,750 | 43,750 | 43,750 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 10,917,680 | \$ 11,379,680 | \$ 11,202,211 | \$ 11,102,211 |
| Sources of Funds | | | | |
| General Revenue | \$ 10,742,068 | \$ 11,130,816 | \$ 11,048,671 | \$ 10,948,671 |
| Federal Aid | 175,612 | 248,864 | 153,540 | 153,540 |
| Restricted Receipts | - | - | - | - |
| Other | - | - | - | - |
| Total | \$ 10,917,680 | \$ 11,379,680 | \$ 11,202,211 | \$ 11,102,211 |
| FTE Authorization | 93.0 | 93.0 | 93.0 | 93.0 |
| FTE Average | 90.8 | | | |

FY 2015 Revised Request. The Office of the Public Defender requested \$0.1 million less than enacted from all funds, including \$41,200 less from general revenues and \$95,324 less from federal funds. *The Governor recommended \$177,469 less than enacted from all sources, including \$82,145 less from general revenues. This is \$40,495 less than requested primarily to reflect statewide medical benefit savings. The Assembly concurred, with the exception of reducing general revenues by \$0.1 million to reflect additional turnover savings.*

Salaries and Benefits. The Office requested \$0.1 million less than enacted from all sources, including \$64,186 less from general revenues for salaries and benefits. This includes an estimated \$0.3 million increase to fund the cost-of-living adjustment, as well as reductions of \$0.3 million to reflect holding positions vacant through the end of FY 2015 and \$48,512 to reflect statewide medical benefits savings and actual employee benefit selections. The request also includes a shift of \$35,212 of federally funded payroll expenses to general revenues to reflect the expiration of a federal juvenile response grant. *The Governor recommended \$36,777 less than requested to reflect additional statewide medical benefit savings. The Assembly reduced general revenues by \$100,000 to reflect additional turnover savings based on updated expenditures.*

Intake Interviewers and Case Management. The Office requested \$55,080 less than enacted from all sources, including \$7,345 more from general revenues and \$62,425 less from federal funds for case management services. The general revenue funding also includes the continued procurement of three seasonal part-time intake interviewers, who are expected to assist in data entry functions and conduct interviews to help determine individuals who are financially eligible for public representation. The

requested federal funds reflect the reduction of a grant for case management services, including the utilization of community resources to assist adult offenders with substance abuse and mental health issues. *The Governor recommended funding as requested.* **The Assembly concurred.**

Trial Related Expenses. The Office requested \$3,107 more than enacted from all sources, including \$1,293 less from general revenues and \$4,400 more from federal funds for contracted trial related expenses. The changes include \$1,000 less from general revenues for interpreters to better reflect anticipated expenditures in FY 2015 and the federal funds adjustment reflects an increase for the 5.5 percent surcharge cost from vendors providing qualified expert services. *The Governor recommended \$4,284 less than requested from general revenues based on the year-to-date spending and historical expenditures.* **The Assembly concurred.**

All Other Operations. The Office requested \$14,847 more than enacted from all sources, including \$16,934 more from general revenues and \$2,087 less from federal funds for all other operations. The primary reason for the change is \$13,434 more for court overhead charges based on updated charges issued by the Judiciary. *The Governor recommended \$116 more than requested. This primarily reflects \$786 more for court overhead charges partially offset by a reduction to office supplies.* **The Assembly concurred.**

Department of Environmental Management

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|
| Expenditure by Program | | | | |
| Office of the Director | \$ 7,400,561 | \$ 8,087,939 | \$ 8,737,953 | \$ 8,737,953 |
| Bureau of Natural Resources | 44,381,299 | 65,042,601 | 67,522,802 | 66,863,632 |
| Bureau of Environmental Protection | 27,687,854 | 30,680,987 | 31,052,679 | 31,052,679 |
| Subtotal | \$ 79,469,714 | \$ 103,811,527 | \$ 107,313,434 | \$ 106,654,264 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 46,448,176 | \$ 47,050,632 | \$ 47,906,219 | \$ 47,906,219 |
| Contracted Services | 4,361,770 | 7,616,259 | 8,504,484 | 8,504,484 |
| Subtotal | \$ 50,809,946 | \$ 54,666,891 | \$ 56,410,703 | \$ 56,410,703 |
| Other State Operations | 11,001,191 | 11,592,660 | 12,373,745 | 12,373,745 |
| Aid to Local Units of Government | 1,106 | - | - | - |
| Assistance, Grants, and Benefits | 4,817,930 | 6,555,017 | 10,428,041 | 10,428,041 |
| Capital | 12,839,541 | 30,946,959 | 28,050,945 | 27,391,775 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | 50,000 | 50,000 | 50,000 |
| Total | \$ 79,469,714 | \$ 103,811,527 | \$ 107,313,434 | \$ 106,654,264 |
| Sources of Funds | | | | |
| General Revenue | \$ 34,534,163 | \$ 35,540,105 | \$ 36,105,322 | \$ 36,105,322 |
| Federal Aid | 22,231,819 | 31,859,611 | 34,034,773 | 34,034,773 |
| Restricted Receipts | 13,377,916 | 15,934,989 | 16,478,862 | 16,478,862 |
| Other | 9,325,816 | 20,476,822 | 20,694,477 | 20,035,307 |
| Total | \$ 79,469,714 | \$ 103,811,527 | \$ 107,313,434 | \$ 106,654,264 |
| FTE Authorization | 399.0 | 399.0 | 399.0 | 399.0 |
| FTE Average | 383.7 | | | |

FY 2015 Revised Request. The Department requested \$4.5 million more than enacted. This includes increases of \$1.6 million from general revenues, \$2.2 million from federal funds, \$0.5 million from restricted receipts, and \$0.2 million from other funds.

The Department subsequently submitted a corrective action plan that would reduce general revenues by \$839,870. The plan would forego planned pay raises for most seasonal employees, eliminate overtime except for essential health and safety, leave no funding for emergency repairs in the Division of Parks and Recreation, and make unidentified operating reductions.

The Governor recommended \$3.5 million more than enacted from all sources, which is \$1.0 million less than requested. General revenues are \$0.6 million more than enacted and \$1.0 million less than requested. The Assembly adjusted funding for the Blackstone Valley Bike Path capital project based on a revised project schedule and concurred with the remainder of the recommendation.

Office of the Director

Regional Greenhouse Gas Initiative. Prior to FY 2015, Rhode Island General Law allowed the Department of Environmental Management and the Office of Energy Resources to use \$0.3 million or 5.0 percent, whichever is less, of the receipts from the Regional Greenhouse Gas auctions for administrative purposes. Article 7 of 2014-H 7133, Substitute A, as amended increased the administrative percentage to 10.0 percent or \$0.3 million, whichever is greater.

The Department's request includes \$136,941 more from restricted receipts to reflect this change. The Department indicated that it is utilizing existing staff for this purpose, and the change allows for the shift of staffing costs from general revenues to restricted receipts. Essentially, the Department now has an equivalent amount of general revenues to fund staffing and operations in other areas. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Salaries and Benefits. The Department requested \$0.2 million more than enacted to fully fund the authorized level of 34.0 positions in the Department's administrative program, including increases of \$173,175 from general revenues and \$3,845 from restricted receipts. The increase primarily reflects the cost-of-living adjustment for state employees, the restoration of turnover savings based on anticipated staffing costs in the Office of the Director, and statewide medical benefit savings. *The Governor recommended \$25,861 more than requested from all sources to better reflect the anticipated staffing needs in the Office of the Director. The changes also include a reduction in general revenues primarily to reflect additional statewide medical benefit savings.* **The Assembly concurred.**

Foundry Lease Payment. The Department requested \$21,745 more than enacted from general revenues for lease related expenses. This includes \$14,093 less for property taxes to reflect its actual payment and \$35,838 more for utilities at its headquarters facility, located at the Foundry building in Providence. In March 2005, the Department entered a ten-year lease agreement with the Foundry Associates, which is in effect from July 8, 2006 through July 7, 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

Bays, Rivers and Watersheds. The Department requested \$421,107 more than enacted from the Bays, Rivers and Watersheds restricted receipt account to more accurately reflect available funding and actual work for the remainder of the year. The funding is derived from a \$1 per hundred gallons charge on septage disposal in the state, 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.**

Office of the Director - All Other. The Department requested \$37,745 more than enacted for all other expenditures in the Office of the Director, including increases for information technology expenditures. The request includes \$29,545 more from general revenues and \$8,200 more from restricted receipts. The general revenue funding is for various information technology, legal, and management services, while the federal funds reflect \$150,000 for the one-stop reporting program that provides consulting and technology to the Department to upgrade its communication technology as well as ensuring it is capable of uploading air quality information to the national system. The restricted receipts primarily reflect \$100,000 for the abandoned vessel removal account which was created to reimburse public entities for their costs related to removal or disposal of an abandoned or derelict vessel, pursuant to 2012 legislation.

The Governor recommended \$33,414 less than requested from general revenues to adjust for actual spending. **The Assembly concurred.**

Bureau of Environmental Protection

Salaries and Benefits. The Department requested \$0.6 million more than enacted for other salaries and benefits to fully fund 180.0 full-time equivalent positions in the Bureau of Environmental Protection. The requested increase primarily reflects the cost-of-living adjustment, the restoration of turnover savings based on anticipated staffing costs in the Bureau, and statewide medical benefit savings. The changes include \$0.5 million more than enacted from general revenues, \$11,500 more from federal sources, \$46,068 more from restricted receipts, and \$266 less from other funds. This includes an estimated \$0.6 million to fund the cost-of-living adjustment for state employees, including \$0.3 million from general revenues. *The Governor's recommendation is \$0.3 million less from general revenues than requested, all to reflect additional turnover savings and additional statewide medical benefit savings.* **The Assembly concurred.**

Brownfields. The Department requested \$0.1 million more than enacted from federal funds for brownfields rehabilitation projects throughout the state. Properties classified as brownfields include any property that cannot be developed, expanded or reused due to the presence of an environmental hazard. Funding is used to both investigate what types of hazardous materials are present, as well as assisting in the remediation of these sites. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Federal Grants. The Department requested \$43,079 more than enacted from federal funds to more accurately reflect the Department's anticipated award for 17 grants in the Bureau of Environmental Protection. Major changes include \$0.2 million more for non-point source pollution management, \$0.1 million less for the Narragansett Bay study, and \$0.1 million more for the Groundwater - 106 program, which protects the quality of the state's surface water and groundwater resources. *The Governor recommended funding as requested.* **The Assembly concurred.**

Oil Spill Prevention, Administration and Response Fund. The Department requested \$2,300 less than enacted from the Oil Spill Prevention, Administration, and Response Fund, which is derived from a \$0.05 per barrel fee on petroleum products received at marine terminals in Rhode Island. The funding is used to promptly respond to, contain and remediate oil spills, maintain a state of emergency response readiness through responder training and equipment acquisition, and pay emergency loans to workers affected by a spill as well as damage compensation for legitimate claims that cannot otherwise be compensated by responsible parties or the federal government. *The Governor recommended funding as requested.* **The Assembly concurred.**

Environmental Protection - All Other. The Department requested \$0.1 million less than enacted for all other expenditures in the Bureau of Environmental Protection. This includes \$5,150 more from general revenues and \$117,086 less from restricted receipts. The restricted receipts amount includes \$0.1 million less for the Environmental Response Fund II to reflect anticipated revenues derived from fines which are levied against entities found in violation of the state's environmental regulations and used for expenses related to environmental emergency response and preparedness. The request also includes funding for underground storage tank reimbursement to reflect anticipated revenues derived from a \$0.01 motor fuel surcharge and used to reimburse responsible parties for costs associated with the clean-up of leaking underground storage tanks. *The Governor recommended funding as requested.* **The Assembly concurred.**

Bureau of Natural Resources

Minimum Wage Increase. The Department requested \$319,025 more than enacted to reflect the increase in the state minimum wage from \$8.00 per hour to \$9.00 per hour, effective on January 1, 2015. The requested increase reflects that all seasonal employees would receive a raise of \$0.50 per hour or

\$1.00 per hour, and it also assumes a full fiscal year at these higher pay levels. However, more than half of the season that falls in FY 2015 already passed prior to January 1 with none of the proposed changes to seasonal employee compensation.

The Department subsequently submitted a corrective action plan revising its request to \$60,792 for the increase, which reflects no raises for seasonal employees except those making less than \$9.00 per hour. This includes some of the rangers, clerks, and laborers in the seasonal program. The revisions also reflect that the raises occurred beginning on January 1, 2015.

*The Governor recommended \$72,100 more than enacted, which is \$246,925 less than requested to reflect an increase only for minimum wage employees in the remaining part of the season. **The Assembly concurred.***

Seasonal Program Additional Hours. The Department requested \$0.1 million more than enacted to reflect anticipated additional hours worked in the seasonal recreation program. The Department of Environmental Management has approximately 426 temporary employees which do seasonal work in the Division of Parks and Recreation. These temporary employees complement the work of the Department's full-time staff at the state's parks and beaches. *The Governor did not include the requested increase. **The Assembly concurred.***

Other Salaries and Benefits. The Department requested \$0.5 million more than enacted for other salaries and benefits to fund the authorized 185.0 full-time equivalent positions in the Bureau of Natural Resources. The requested increase primarily reflects the cost-of-living adjustment partially offset by reductions to reflect anticipated staffing costs in the Bureau and statewide medical benefit savings. The changes include \$0.4 million more than enacted from general revenues, \$0.1 million more from federal sources, \$0.1 million less from restricted receipts, and \$661 less from other funds. This includes an estimated \$0.7 million to fund the cost-of-living adjustment for state employees, including \$0.5 million from general revenues. *The Governor's recommendation is \$0.2 million less than requested, all from general revenues to reflect additional turnover savings and additional statewide medical benefit savings. **The Assembly concurred.***

Parks and Recreation. The Department requested \$0.3 million more than enacted from general revenues for its Division of Parks and Recreation, excluding salaries and benefits. The Department's proposed increases are primarily for building maintenance, groundskeeping services, state vehicles and other areas to reflect the actual spending in recent fiscal years.

The Department subsequently submitted a corrective action plan that assumes savings of \$350,000, which would eliminate funding for emergency repairs within the seven beach facilities, twelve state parks, and five campgrounds through the end of the fiscal year. This assumes a total of \$2.4 million, which is \$0.3 million less than its FY 2014 spending and \$0.5 million less than its FY 2011, FY 2012 and FY 2013 spending levels.

*The Governor recommended funding as requested and did not include the reductions proposed in the Department's corrective action plan. **The Assembly concurred.***

World War II State Park Transition to Woonsocket. The 2014 Assembly provided the City of Woonsocket with \$250,000 from general revenues for FY 2015 as the first year of a five-year initiative to transfer maintenance and operation of the World War II State Park from the state to Woonsocket following the completion of a capital project to revitalize the currently closed park. This assumes the Department of Environmental Management will enter into an agreement with the city to ensure support is available over the five-year period.

The Department indicated that the capital project currently has an estimated start date of April 2015 and will take approximately one year to complete. Given the expected timeline, the Department requested to delay the first \$250,000 of funding until FY 2016.

*The Governor shifted the enacted funding to FY 2016. **The Assembly concurred.***

Capital Projects. The Department requested funding as enacted from Rhode Island Capital Plan funds for nine capital projects. This includes funding for construction of the Blackstone Valley Bike Path, repairs to state-owned dams, improvements to Fort Adams State Park, repairs and improvements to the state-owned piers in Galilee and Newport, improvements to the state's recreational facilities, maintenance and renovations at Rocky Point State Park, and revitalization of the currently closed World War II State Park in Woonsocket. The operating request is consistent with the Department's FY 2016 through FY 2020 capital request. *The Governor recommended \$17.0 million for nine capital projects, which is \$9,862 less than requested. **The Assembly shifted \$0.7 million from FY 2015 to FY 2017 for the Blackstone Valley Bike Path to reflect a revised project schedule. A detailed analysis of the projects is included in the Capital Budget section of this publication.***

Federal Grants. The Department requested \$1.9 million more than enacted from federal funds to reflect changes to 39 separate federal grants throughout the Bureau of Natural Resources. Major changes include \$3.4 million more for Army Corps of Engineers work on the shoreline near Camp Cronin primarily to repair damage from Hurricane Sandy, \$1.0 million less for public access projects as part of the fish and wildlife construction program, and \$0.5 million less to purchase additional land for management areas. *The Governor recommended funding as requested. **The Assembly concurred.***

Payments to Host Beach Communities. The Department requested \$9,384 more than enacted from general revenues for payments to host beach communities, which totals \$403,884. The Department collects fees for daily and seasonal parking at seven facilities across the state and reimburses the four host communities of Charlestown, Westerly, Narragansett and South Kingstown 16.0 percent of all daily parking fees collected from Memorial Day to Labor Day. *The Governor recommended funding as requested. **The Assembly concurred.***

Department of Transportation Recreational Projects. The Department requested \$0.2 million more than enacted from other funds to reflect an increase in recreational projects funded by a transfer of federal funds from the Department of Transportation. These include maintenance of state trails, purchases of equipment and materials, and funding for materials for local communities to maintain state trails. The revised request primarily reflects unspent funds from FY 2014 carried forward into FY 2015 for continuing work on the projects. *The Governor recommended funding as requested. **The Assembly concurred.***

Natural Resources - All Other. The Department requested \$0.1 million more than enacted for all other expenditures in the Bureau of Natural Resources, which better reflects anticipated funding for the coastal resources, enforcement, and forestry programs. The request includes the enacted level of \$0.2 million from restricted receipts for capital costs related to operations of the state's saltwater fishing license program. *The Governor recommended \$75,450 less than requested from general revenues to better reflect historical expenditures in the divisions of agriculture, coastal resources, enforcement, and fish and wildlife. **The Assembly concurred.***

Coastal Resources Management Council

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|---------------------|---------------------|----------------------|---------------------|
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 3,206,237 | \$ 3,176,076 | \$ 3,481,435 | \$ 3,481,435 |
| Contracted Services | 348,790 | 660,723 | 2,379,995 | 2,379,995 |
| Subtotal | \$ 3,555,027 | 3,836,799 | \$ 5,861,430 | \$ 5,861,430 |
| Other State Operations | 109,110 | 110,532 | 126,578 | 126,578 |
| Assistance, Grants, and Benefits | 759,012 | 200 | 251,700 | 251,700 |
| Capital | 34,592 | 1,012,150 | 4,266,518 | 3,684,086 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | - | - | - | - |
| Total | \$ 4,457,741 | \$ 4,959,681 | \$ 10,506,226 | \$ 9,923,794 |
| Sources of Funds | | | | |
| General Revenue | \$ 2,160,560 | \$ 2,185,538 | \$ 2,312,843 | \$ 2,312,843 |
| Federal Aid | 2,127,181 | 1,774,143 | 7,110,951 | 7,110,951 |
| Restricted Receipts | 170,000 | 250,000 | 250,000 | 250,000 |
| Other | - | 750,000 | 832,432 | 250,000 |
| Total | \$ 4,457,741 | \$ 4,959,681 | \$ 10,506,226 | \$ 9,923,794 |
| FTE Authorization | 29.0 | 29.0 | 29.0 | 29.0 |
| FTE Average | 27.0 | | | |

FY 2015 Revised Request. The Council requested \$2.2 million more than enacted from all sources, including increases of \$0.2 million from general revenues, \$1.9 million from federal funds, and \$0.1 million from other funds. Most of the federal funds requested would be used for ecosystem restoration projects.

The Council did not submit a formal corrective action plan, but stated its intention to shift \$50,000 from general revenues to federal funds for personnel expenditures. *The Governor recommended \$5.5 million more than enacted, which is \$3.3 million more than requested. The changes primarily reflect additional federal funding for the South Coast Restoration Project and a general revenue reduction to reflect additional turnover savings. The Assembly adjusted funding for the South Coast Restoration capital project and concurred with the remainder of the recommendation.*

Salaries and Benefits. The Council requested \$0.4 million more than enacted from all sources for salaries and benefits, including increases of \$0.2 million from general revenues and \$0.2 million from federal funds. The request includes an estimated \$0.1 million to fund the cost-of-living adjustment for state employees. The Council had two vacancies, a principal civil engineer and a technical support specialist, both funded from federal sources. The Council's requested increase appears to assume these two vacancies will be filled for nearly all of FY 2015, but as of the pay period ending December 13, 2014, neither position had been filled. The Council requested to fund the principal civil engineer from general revenues, but the enacted budget assumes the position will be funded from federal sources, as in previous years. The Council attributed the shift to potential reductions in federal funds, but requested increases from all of its federal grants. *The Governor recommended \$89,922 less than requested, which is \$0.3*

million more than enacted. *The recommendation includes additional turnover savings and \$9,354 of additional statewide medical benefit savings.* **The Assembly concurred.**

Narragansett Bay Restoration. The Council requested \$0.1 million less than enacted from federal funds for restoration projects in Narragansett Bay. The restoration is completed by using living and organic materials to restore the habitat along areas of the coast that have been hardened with bulkheads and seawalls. The Council indicated the Narragansett Bay Habitat Restoration project was completed August 31, 2014, and it is in the process of paying final invoices to the vendors and closing out the project. *The Governor recommended funding as requested.* **The Assembly concurred.**

Aquatic Invasive Species. The Council requested \$40,000, or \$18,470 more than enacted from federal funds to reflect anticipated costs 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 concurred.* **The Assembly concurred.**

Coastal Ecosystems Adaptation. The Council requested \$29,574, or \$4,561 more than enacted to reflect the revised project schedule for a federal grant awarded by the National Oceanic and Atmospheric Administration. The funding is used to analyze potential impacts to coastal wetland ecosystems from climate change-induced accelerated sea level rise in the 21 Rhode Island coastal communities. The Council indicated that this project was extended until December 31, 2014 to reflect an unanticipated delay. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Projects. The Council requested \$2.3 million, or \$1.6 million more than enacted, including \$1.5 million from federal funds, \$0.3 million from restricted receipts from the Oil Spill Prevention, Administration and Response Fund, and \$0.6 million from Rhode Island Capital Plan funds and other fund sources for three projects in FY 2015. The Agency requested funding for a project already appropriated in the Department of Administration's budget as part of the Washington County Government Center project. *The Governor recommended \$3.4 million more than requested to reflect the availability of additional federal funds for the South Coast Restoration Project. She subsequently requested an amendment to shift \$0.6 million of Rhode Island Capital Plan funds from FY 2015 to FY 2016 and FY 2017 based on an updated schedule.* **The Assembly concurred. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

Shoreline Change Beach Special Area Management Plans. The Council requested \$0.6 million, or \$0.3 million more than enacted for a special area management plan divided into three phases to address erosion issues along the Rhode Island shoreline. The funding includes \$0.3 million from federal sources for two new projects and another \$0.3 million from other funds for a shoreline protection initiative that was included in the enacted budget and recommended in 2012-S 2922, Substitute A, a resolution passed by the Senate. The funds would be used to identify at-risk areas and infrastructure based on coastal hazard overlay, develop shoreline change mapping and analysis, and research storm surge inundation and wave analysis. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Operations. The Council requested \$27,225 more than enacted, including increases of \$1,440 from general revenues and \$25,785 from federal funds for all other expenditures. This request is \$18,814 more than the Council's FY 2014 spending for these items. The federal expenditure changes include \$14,500 more for information technology expenditures and \$10,000 more for office supplies to reflect historical spending, and also include \$2,000 more than enacted for contracts with the University of Rhode Island and Roger Williams University to develop management plans for coastal waters throughout the state. *The Governor recommended \$1,440 less than requested primarily to reflect a reduction in printing expenses based on historical spending.* **The Assembly concurred.**

Department of Transportation

| | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures by Program | | | | |
| Central Management | \$ 8,791,311 | \$ 10,970,706 | \$ 11,227,305 | \$ 14,887,305 |
| Management and Budget | 541,785 | 2,242,961 | 3,002,618 | 3,002,618 |
| Infrastructure Program | 392,145,919 | 511,906,879 | 433,709,804 | 471,564,200 |
| Total | \$ 401,479,015 | \$ 525,120,546 | \$ 447,939,727 | \$ 489,454,123 |
| Expenditures by Category | | | | |
| Salaries and Benefits | \$ 71,280,815 | \$ 73,098,739 | \$ 71,333,545 | \$ 71,333,545 |
| Contracted Services | 42,092,790 | 39,168,300 | 35,092,300 | 35,092,300 |
| Subtotal | \$ 113,373,605 | \$ 112,267,039 | \$ 106,425,845 | \$ 106,425,845 |
| Other State Operations | 30,542,470 | 27,378,773 | 30,981,478 | 31,080,333 |
| Aid to Local Units of Government | - | - | - | - |
| Assistance, Grants, and Benefits | 15,956,087 | 42,801,267 | 28,191,617 | 29,851,617 |
| Capital | 129,847,221 | 226,551,181 | 164,423,518 | 202,673,518 |
| Capital Debt Service | - | - | - | - |
| Operating Transfers | 111,759,632 | 116,122,286 | 117,917,269 | 119,422,810 |
| Total | \$ 401,479,015 | \$ 525,120,546 | \$ 447,939,727 | \$ 489,454,123 |
| Sources of Funds | | | | |
| General Revenue | \$ - | \$ - | \$ - | \$ - |
| Federal Aid | 284,457,818 | 352,114,755 | 271,020,767 | 309,680,767 |
| Restricted Receipts | 7,202,773 | 12,352,761 | 1,000,000 | 2,250,000 |
| Other | 109,818,424 | 160,653,030 | 175,918,960 | 177,523,356 |
| Total | \$ 401,479,015 | \$ 525,120,546 | \$ 447,939,727 | \$ 489,454,123 |
| FTE Authorization | 752.6 | 752.6 | 752.6 | 752.6 |
| FTE Average | 686.0 | | | |

FY 2015 Revised Request. The Department of Transportation requested \$450.1 million from all sources, including \$270.5 million from federal funds, \$178.6 million from other funds and \$1.0 million from restricted receipts. The request is \$75.0 million less than enacted, primarily from federal funds, which reflects a revision to the Department's projected expenditures from Federal Highway Administration funds for various construction projects throughout the state. It also reflects a reclassification of fees collected by the Division of Motor Vehicles and transferred to the Department from restricted receipts to other funds.

The Governor recommended \$77.2 million less than enacted, which is \$2.2 million less than requested. Adjustments include \$8.9 million less from Rhode Island Capital Plan funds for infrastructure projects offset by \$4.5 million more from available gasoline tax proceeds used to fund increased winter maintenance costs. The Assembly made several adjustments consistent with the Governor's requested amendments, which are noted below where appropriate.

Staffing. The Department's request includes the enacted level of 752.6 positions. The number of filled

positions steadily declined throughout the first half of FY 2015, which the Department began with 680.0 filled positions. The Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017 that includes 2.0 percent salary increases effective April 6, 2014 and October 5, 2014, offset by increased cost sharing measures for medical benefits. Based on the revised request, the combined FY 2015 cost for the increase is \$2.1 million from all funds sources. *The Governor recommended the authorized level of staffing. The Assembly concurred.*

Fund Sources

Due to the recent changes in transportation funding, it is important to distinguish which sources, both state and federal, are being used for infrastructure. The Department of Transportation receives funding through five major sources: federal funds, general obligation bond proceeds, gasoline tax proceeds, Rhode Island Capital Plan funds and transportation related fees collected by the Division of Motor Vehicles. General obligation bond proceeds have been historically used as the state's match for federal funds; however, increasing amounts of motor vehicle fees and Rhode Island Capital Plan funds are being transferred to the Department to be used as the state match in lieu of future bonding. It should be noted that FY 2015 will be the last year in which general obligation bonds will be used for the state match. Although no new bonds have been authorized since 2010, the Department is using \$7.0 million of unissued proceeds in FY 2015. The Department also receives funding from other sources, such as restricted receipts and funding derived from the sale of Department owned land. This analysis will explain the individual fund sources as well as expenditures from these sources. The following table illustrates the fund sources for FY 2015.

| Source | FY 2014 Reported | FY 2015 Enacted | FY 2015 Revised | FY 2015 Final |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Federal Highway Admin. Funds | \$ 202,789,465 | \$ 256,753,974 | \$ 175,620,135 | \$ 210,620,135 |
| Federal Stimulus Funds | (1,245,069) | - | - | - |
| Other Federal Funds | 87,913,693 | 106,999,687 | 92,507,704 | 99,060,632 |
| Gasoline Tax* | 92,141,744 | 68,290,950 | 93,505,403 | 93,678,777 |
| General Obligation Bonds** | [13,000,000] | [7,000,000] | [7,000,000] | [7,000,000] |
| Unallocated Bond Proceeds | - | [17,000,000] | [17,000,000] | [17,000,000] |
| Land Sale Revenue | 333,119 | 1,500,002 | 1,500,000 | 1,500,000 |
| Interstate 195 Land Sales | - | 19,800,000 | 16,200,000 | 16,200,000 |
| Rhode Island Capital Plan Funds | 11,465,301 | 36,323,529 | 32,447,370 | 32,447,370 |
| Restricted Receipts | 692,095 | 1,000,000 | 1,000,000 | 2,250,000 |
| Motor Vehicle Fee Transfer | 6,527,757 | 34,292,404 | 35,034,115 | 33,572,209 |
| Other Funds | - | 160,000 | 125,000 | 125,000 |
| Total | \$ 400,618,105 | \$ 525,120,546 | \$ 447,939,727 | \$ 489,454,123 |

*Excludes gasoline tax debt service for the Department and the Rhode Island Public Transit Authority.

**Bond proceeds are not shown as a fund source in the Department's budget, but are included for illustrative purposes.

The Department's fund sources are described in greater detail below.

Federal Funds - Highway Administration. The Department receives an average of \$200.0 million annually from the Federal Highway Administration. The Department's annual allotment of funds is based on existing and prior year contracts for projects, anticipated new construction, design and engineering costs, and other activities such as traffic studies. These funds appear in both the Department's capital and operating requests. In the capital plan, funds appear in the project labeled Highway Improvement Program. This plan is prepared seven to nine months in advance of actual receipt of federal funds, which the Department noted can lead to increases or decreases in funding during the state fiscal year.

The Highway Improvement Program represents those highway and intermodal projects that utilize federal funds administered by the Federal Highway Administration. The program utilizes state funds for matching purposes in the form of proceeds from general obligation bonds. Federal funds earmarked for

the Department's transit projects administered by the Federal Transit Administration are not included under this project, but are included in the Fixed Guideway Project. Rhode Island Public Transit Authority projects using transit funds are included in the Authority's capital budget submission. The Highway Improvement Program is directed towards implementing the Department's capital program as identified in the Transportation Improvement Program. This is adopted by the State Planning Council and approved by the Governor and establishes priorities for planning, design, and project implementation. The Department, in conjunction with the State Planning Council, has recently completed the 2013 through 2016 program.

The table below illustrates the proportion of funding allotted to each program area in the FY 2015 budget.

| Program Area | FY 2015 Final | Share of Total |
|----------------------------------|-----------------------|-------------------|
| Administrative Program | \$ 6,154,749 | 3% |
| Bike/Pedestrian Program | 5,595,226 | 3% |
| Bridge Program | 25,738,041 | 14% |
| CMAQ Program | 5,408,719 | 3% |
| Highway Program | 15,778,538 | 8% |
| Interstate Program | 10,239,264 | 5% |
| GARVEE Projects | 28,069,385 | 15% |
| Federal Highway Earmark Projects | 18,650,754 | 10% |
| Pavement Management Program | 17,438,455 | 9% |
| Traffic Safety Program | 19,769,800 | 11% |
| Transit | 27,976,131 | 15% |
| Other Programs | 5,688,480 | 3% |
| Total | \$ 186,507,543 | 100% |

Federal Stimulus Funds. Since 2009 the Department's requests have included federal funds for projects funded by the American Recovery and Reinvestment Act of 2009. The Department identified 63 separate projects for construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways, interstates and bridges. The Department's request for FY 2015 does not include any funding from this source. The Department was originally allocated \$139.1 million from stimulus funds, and the current request reflects the completion of funding and construction created through the Stimulus Act. *The recommendation excludes the funding.* **The Assembly concurred.**

Other Federal Funds. This source is comprised of the federal funds the Department receives that are not for capital improvement projects. A majority of this funding comes from the National Highway Transportation Safety Administration, and is used to fund safety activities such as enforcement, traffic studies, signage and research. Other federal funding comes from the Federal Transit Authority, which is being used for the development of commuter rail in the southern part of the state. This source has increased recently due to more available funds from the National Highway Transportation Safety Administration for grants to states, as well as the increase from Federal Transit Authority funds to reflect the Commuter Rail Project. The Department's revised request includes \$88.8 million from these funds. *The Governor recommended \$92.5 million to reflect revised awards and expenditures from this source.*

She subsequently requested an amendment to add \$3.7 million to reflect available funds from the Federal Highway Traffic Safety Administration for statewide initiatives to address child safety, motorcycle safety, primary seatbelt safety and alcohol impaired driving. **The Assembly concurred.**

General Obligation Bond Proceeds. The state has utilized general obligation bonds to provide a match totaling \$40 million for federal funds in addition to the match used for GARVEE projects, which is provided by the Motor Fuel Tax Revenue bonds. General Obligation bond debt service is paid with

gasoline tax revenue and the Motor Fuel Tax Revenue Bonds' debt service is paid by \$0.02 cents of the gasoline tax. Gasoline tax proceeds are used by the Department for operations; however, the amount of funding is not sufficient as a state match for capital expenditures, as it continues to be absorbed for increasing costs related to operations and debt service. The voters approved a \$60.0 million general obligation referenda in November 2002 that matched federal highway funds and was programmed for FY 2004 and FY 2005. The voters also approved a \$60.0 million general obligation referendum in November 2004 to match federal highway funds that were programmed in FY 2006 and FY 2007. The voters approved \$80.0 million in November 2006, 2008 and 2010 of \$40.0 million each year of the two-year period between referenda, with funding programmed through FY 2014.

With the changes to transportation funding taking effect, the current capital request excludes any new bonding authority for state matching funds, which were historically presented to the voters on the November ballot. This reflects an initiative by the 2011 Assembly to replace borrowing with pay-go sources, which would be accomplished by eliminating new general obligation bonds for the state match, and replacing them with transportation related fees.

The Assembly enacted legislation that established a transportation trust fund which provides that incremental increases of transportation related surcharges will be dedicated to the fund, with the purpose of reducing the Department of Transportation's reliance on borrowing while transitioning to a pay-go system. The incremental increases began in FY 2014 and will end in FY 2016, when they will generate approximately \$20 million annually. These funds will be combined with a dedicated annual stream of approximately \$20 million from Rhode Island Capital Plan funds, which will together, provide the \$40 million of state matching funds for transportation funding that is currently generated through debt issuance. The FY 2015 enacted budget includes the use of \$7.0 million of general obligation bonds remaining from the \$80.0 million authorized by the voters on the November 2010 ballot. The Department's revised request does not change this amount, and reflects the end of previously approved general obligation bond proceeds being used for state match. *The recommendation does not include new borrowing for the Department.* **The Assembly concurred.**

Unallocated Bond Proceeds. Until recently, the Department utilized \$80 million of biennial general obligation bond authorizations for the annual \$40 million state match for the Federal Highway Administration funds described above. During previous debt authorizations, the actual state match fluctuated based on the amount of federal funds received in a given fiscal year. In these cases, the bond proceeds were kept in a separate account and remained unallocated. Over several years, the funds accumulated to a level of approximately \$25 million, which the Department has used as "working capital" during the year to make payments to vendors.

In his FY 2015 recommendation, Governor Chafee included a portion of these funds to be used for maintenance related activities by the Department. As part of the transportation funding reforms previously described, the Assembly programmed these funds to be used as the state match for federal funding, including \$17 million in FY 2015 and \$8 million in FY 2016. Utilizing the funding in this manner will help the Department transition from financing the state match, to generating the match on a pay-go basis. The funds were necessary in fiscal years 2015 and 2016 to allow the increases to motor vehicle fees to be fully transferred to the Department, which will occur in FY 2017. The Department is able to use other state sources for vendor payments during the year. It should be noted that as with all general obligation bond proceeds, these sources are not shown in the Department's operating budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

Land Sale Revenue. This fund source is comprised of land sales from Department owned land. These proceeds can be used by the Department to purchase land and equipment, or to offset operating costs throughout the Department, including personnel expenses. Funding is being used for purchases related to the Department's materials testing facility on Jefferson Boulevard, which is currently being built out. The

Department requested \$1.5 million from this source in its FY 2015 revised request, which is based on projected land sales and anticipated purchases. *The Governor recommended funding as requested. The Assembly concurred.*

Interstate 195 Land Sales. The Department requested \$16.2 million, \$1.7 million less from other funds in its revised request to reflect updated payments for the relocation of Interstate 195. The Department sold the land made available from the relocation to finance approximately \$40.0 million of project expenses. The 2011 Assembly enacted 2011-H 5994 Substitute A, as amended, which provided that after the appraisal of the parcels, they would be purchased by the Commerce Corporation through the issuance of bonds. The payment of the bond proceeds to the Department has allowed it to complete the relocation project, while the Corporation is eligible to sell the parcels at its own pace.

The principal amount for the bonds is \$38.4 million, amortized over a ten-year period. The Department requested \$16.2 million, \$1.7 million less in its revised request to reflect projected expenses during FY 2015. *The Governor recommended funding as requested. The Assembly concurred.*

Rhode Island Capital Plan Funds. These funds are appropriated according to the Department's capital budget request and appear as other funds in its operating budget. Funds are used for projects such as the building of storage and maintenance facilities, as well as upgrades to Department owned property such as roof repairs or fire alarm installation. Beginning in FY 2013, approximately \$20 million from this source was included to be used as a portion of the state match for federal highway funds. The Department requested \$41.3 million from this source in its FY 2015 revised request. This is \$5.0 million more than enacted, including \$4.1 million more for heavy equipment purchases, with the remainder of the increases included to reflect revisions to the Department's capital plan. *The Governor recommended \$32.4 million, which is \$3.9 million less than enacted and \$8.9 million less than requested primarily to reflect a delay in the cooperative maintenance facility project and the removal of additional funding for capital equipment replacement. 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.*

She subsequently requested an amendment to assume an additional \$1.3 million from restricted receipts based on work the Department performed during FY 2015. The Assembly concurred.

Motor Vehicle Fee Transfers. The enacted budget includes a total of \$34.3 million of revenue derived from transportation related fees and surcharges collected by the Division of Motor Vehicles. This includes two separate initiatives established by the 2013 and 2014 Assemblies. The surcharges are being phased in from FY 2014 through FY 2016. As the surcharges are increased, more funding is transferred to the Department.

Fiscal year 2014 was the first year of the phased in vehicle surcharge fees, including a \$10.00 surcharge on biennial vehicle registrations, a \$5.00 surcharge on annual vehicle registrations and a \$10.00 surcharge on operator licenses purchased on a five-year basis. The biennial registration surcharge will increase in \$10.00 increments to a total of \$30.00, the annual registration surcharge will increase in \$5.00 increments to a total of \$15.00 and the license surcharge will increase in \$10.00 increments to a total of \$30.00 beginning in FY 2014 and ending in FY 2016.

The following table summarizes the incremental fee increases:

| Fiscal Year | Biennial Registration Fee | Annual Registration Fee | License Fee |
|--------------------|----------------------------------|--------------------------------|--------------------|
| 2013 | \$ 60.00 | \$ 30.00 | \$ 30.00 |
| 2014 | \$ 70.00 | \$ 35.00 | \$ 40.00 |
| 2015 | \$ 80.00 | \$ 40.00 | \$ 50.00 |
| 2016 | \$ 90.00 | \$ 45.00 | \$ 60.00 |

These fees will be transferred to the Department for use as a portion of the state match for federal funds. These fees account for \$11.4 million in FY 2015 and \$16.8 million for FY 2016, and are included in the enacted budget as restricted receipts

In addition to the above referenced surcharges, portions of other fees collected by the Division of Motor Vehicles will be transferred to the Department. The 2014 Assembly included Article 21 of 2014-H 7133, Substitute A, as amended, which transfers new revenue sources, as well as existing sources currently deposited into general revenues, into the Highway Maintenance account for the Department of Transportation to use for costs related to maintenance and repairs to highways, roads and bridges.

The new sources of funding include an increase in the vehicle emission inspection fee from \$39 to \$55, the transfer of rental car surcharges and the addition of a \$25 surcharge for good driving dismissals. The legislation also established a schedule to transfer the majority of all other transportation related fees currently collected by the Division of Motor Vehicles to the Highway Maintenance Account. These fees are worth approximately \$50 million per year and are deposited as general revenues. Increases to the inspection fee, the good driver dismissal surcharge and car rental surcharges are transferred as of FY 2015, and the remaining revenues will be transferred incrementally beginning with 25 percent in FY 2016 and 75 percent in FY 2017, with all of the funds being transferred in FY 2018.

The new funds were established in the Highway Maintenance account, which is within the Intermodal Surface Transportation Fund, and account for \$22.9 million. It should be noted that these funds have been shifted to the other fund source category in the revised request, which is consistent with other funds included in the Intermodal Surface Transportation Fund.

The funds provided by the 2014 Assembly are illustrated in the following table along with the corresponding revenue estimates.

| Source | FY 2015 Rev. Req. | FY 2015 Revised | FY 2015 Final |
|-----------------------------|--------------------------|------------------------|----------------------|
| Inspection Sticker Increase | \$ 10,504,800 | \$ 11,409,600 | \$ 9,709,600 |
| Title Fees | 9,034,844 | 9,038,844 | 9,253,599 |
| Rental Car Surcharge | 2,800,000 | 2,836,911 | 2,876,583 |
| Good Driving Surcharge | 600,000 | 400,000 | 400,000 |
| Total | \$ 22,939,644 | \$ 23,685,355 | \$ 22,239,782 |

The Governor recommended \$23.7 million, \$0.8 million more than requested to reflect the most recent revenue projections.

*The Governor subsequently requested an amendment to decrease expenditures by \$1.5 million based on revised estimates of revenues collected from emission inspection sticker fees, motor vehicle title fees and rental car surcharge fees. **The Assembly concurred.***

Other Funds. These funds are derived from the sale of department-owned surplus property and equipment, proceeds from the state infrastructure bank and proceeds derived from the sale of outdoor advertising at the Department's maintenance facilities. The Department's FY 2015 revised request

includes \$125,000 from these sources. *The Governor recommended funding as requested. The Assembly concurred.*

Gasoline Tax Proceeds. The distribution of proceeds derived from the 33.0 cent gasoline tax had remained unchanged from FY 2009 through FY 2014. Beginning in FY 2015, 3.5 cents of the gasoline tax previously provided to the Department will be transferred to the Rhode Island Turnpike and Bridge Authority. The distribution of the tax is shown in the table below.

| Entity | FY 2014 | FY 2015 | FY 2015 | FY 2015 |
|---------------------------------------|-------------|-------------|-------------|-------------|
| | Final | Enacted | Rev. Req. | Final |
| Department of Transportation | 21.75 | 18.25 | 18.25 | 18.25 |
| Rhode Island Public Transit Authority | 9.75 | 9.75 | 9.75 | 9.75 |
| Turnpike and Bridge Authority | - | 3.5 | 3.5 | 3.5 |
| Elderly Transportation | 1.0 | 1.0 | 1.0 | 1.0 |
| Underground Storage Tank Fund | 0.5 | 0.5 | 0.5 | 0.5 |
| Total (in cents) | 33.0 | 33.0 | 33.0 | 33.0 |

Department of Transportation Gasoline Tax. Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 33 cents per gallon. The disposition of proceeds is outlined in Section 31-36-20 of the General Laws. Upon receipt, all gasoline proceeds are deposited into the Intermodal Surface Transportation Fund from which statutory transfers are made to the Department of Transportation, the Rhode Island Public Transit Authority (RIPTA), Turnpike and Bridge Authority, and the elderly/disabled transportation program.

The FY 2015 enacted budget was based on a per penny yield of \$4.2 million and the Department utilized this estimate in its revised request, as well as a total receipt of 18.25 cents from gasoline tax proceeds. Rhode Island's gas tax is the second highest in New England, although it is far behind Connecticut's 49.3 cent tax and very close to Vermont and the national and regional averages. The following table shows those averages and other New England states.

| State | Gas Tax (In cents) |
|---------------------|--------------------|
| Connecticut* | 49.3 |
| Rhode Island | 33.0 |
| Vermont** | 32.2 |
| New England Average | 32.0 |
| Maine | 31.5 |
| U.S. Average | 31.1 |
| Northeast Average | 30.9 |
| Massachusetts*** | 26.5 |
| New Hampshire | 19.6 |

*Increased 4.0 cents on 7/1/13

**Increased 5.9 cents on 5/1/13

***Increased 3.0 cents on 7/1/13, indexed to inflation.

Nov. 2014, ballot referendum passed to remove indexing.

Despite the recent 3 cent increase, Massachusetts' gas tax is still 6.5 cents cheaper than Rhode Island's. It should be noted that when Massachusetts increased its gasoline tax in 2013, it also indexed future gasoline tax increases to inflation based on the Consumer Price Index. A ballot referendum was passed in November 2014 to remove the indexing aspect. New Hampshire has consistently had the lowest gasoline tax in New England, which remains at 19.6 cents in FY 2015.

The enacted budget for the Department's gasoline tax includes a surplus of \$1.0 million, which is increased by \$2.6 million to the revised surplus projection of \$3.6 million. This is based on projected gas

tax expenditures as well as the enacted gasoline tax yield, which are both subject to change. *The Governor's recommendation utilized a gas tax yield estimate of \$4.3 million, \$0.1 million more than enacted based on a revised estimate from the Office of Revenue Analysis. The increase provides an additional \$1.9 million to the Department for its operations.*

She subsequently requested an amendment to add \$3.1 million based on updated gasoline tax yield estimates. The Assembly concurred.

The following table shows the recent history of available gasoline tax proceeds and other funds included in the FY 2015 budget.

| Non Federal Sources | FY 2014 Reported | FY 2015 Enacted | FY 2015 Rev. Req. | FY 2015 Revised | FY 2015 Final |
|--|-----------------------------|----------------------------|------------------------------|----------------------------|--------------------------|
| <i>Gas Tax Yield per Cent</i> | 4.236 | 4.195 | 4.195 | 4.299 | 4.398 |
| <i>RIDOT Cents</i> | 21.75 | 18.25 | 18.25 | 18.25 | 18.25 |
| <i>RIPTA Cents</i> | 9.75 | 9.75 | 9.75 | 9.75 | 9.75 |
| <i>Turnpike and Bridge Authority Cents</i> | - | 3.50 | 3.50 | 3.50 | 3.50 |
| Transportation Revenues | | | | | |
| Balance Forward | \$ 382,715 | \$ 1,034,900 | \$ 3,702,547 | \$ 4,082,967 | \$ 4,039,463 |
| Gas Tax | 135,720,032 | 132,127,065 | 132,127,065 | 135,421,619 | 138,531,425 |
| Motor Vehicle Fee Transfer | 6,527,757 | 34,292,404 | 34,292,404 | 35,034,115 | 33,572,209 |
| Surplus Property & Outdoor Advertising | - | 160,000 | 125,000 | 125,000 | 125,000 |
| Restricted Receipts | 692,095 | 1,000,000 | 1,000,000 | 1,000,000 | 2,250,000 |
| Interstate 195 Land Sales | - | 19,800,000 | 16,200,000 | 16,200,000 | 16,200,000 |
| Land Sales | 333,119 | 1,500,002 | 1,500,000 | 1,500,000 | 1,500,000 |
| Rhode Island Capital Plan Funds | 11,465,301 | 36,323,529 | 41,312,694 | 32,447,370 | 32,447,370 |
| Total Revenues | \$ 155,121,019 | \$ 226,237,900 | \$ 230,259,710 | \$ 225,811,071 | \$ 228,665,467 |
| Transportation Expenses | | | | | |
| General Maintenance | \$ 21,335,110 | \$ 18,617,726 | \$ 24,193,434 | \$ 24,522,518 | \$ 24,522,518 |
| Winter Maintenance | 16,689,191 | 13,215,263 | 14,587,227 | 19,100,269 | 19,100,269 |
| Vehicle Maintenance | 5,130,586 | 3,795,817 | 5,459,446 | 5,384,446 | 5,384,446 |
| Other Operations | 10,927,040 | 17,975,211 | 8,480,373 | 8,708,096 | 9,004,399 |
| GARVEE Bond Debt Service | 8,472,804 | 8,389,020 | 8,389,020 | 8,598,198 | 8,598,198 |
| G.O. Debt Service* | 30,486,574 | 46,078,667 | 47,949,497 | 46,180,792 | 46,180,792 |
| State Match - Gas Tax | 3,315,957 | 1,376,507 | 2,721,441 | 2,370,000 | 2,370,000 |
| State Match - RICAP | 7,736,360 | 27,650,000 | 27,650,000 | 27,650,000 | 27,650,000 |
| Internal Service Funds Transparency* | 2,657,800 | 2,428,900 | 2,764,320 | 2,599,365 | 2,599,365 |
| Restricted Receipts | 692,095 | 1,000,000 | 1,000,000 | 1,000,000 | 2,250,000 |
| Interstate 195 Land Sales | - | 19,800,000 | 16,200,000 | 16,200,000 | 16,200,000 |
| Land Sales | 333,119 | 1,500,002 | 1,500,000 | 1,500,000 | 1,500,000 |
| Surplus Property & Outdoor Advertising | - | 160,000 | 125,000 | 125,000 | 125,000 |
| Equipment Replacement | 2,000,000 | 2,500,000 | 6,604,500 | 2,500,000 | 2,500,000 |
| Facilities | - | 6,173,529 | 7,058,194 | 2,297,370 | 2,297,370 |
| RIPTA - Gas Tax | 41,304,920 | 40,896,473 | 40,896,473 | 41,916,216 | 42,878,775 |
| Turnpike and Bridge Authority | - | 14,680,785 | 14,680,785 | 15,046,847 | 15,392,381 |
| Total Expenditures | \$ 151,081,556 | \$ 226,237,900 | \$ 230,259,710 | \$ 225,699,117 | \$ 228,553,513 |
| Surplus/Deficit | \$ 4,039,463 | \$ - | \$ - | \$ 111,954 | \$ 111,954 |

*Shown in the Department of Administration's budget

Expenditures

Federal Highway Administration Projects. The Department's revised request includes \$151.5 million from federal funds matched by \$11.4 million from motor vehicle fees and \$27.7 million from Rhode Island Capital Plan funds for highway projects in FY 2015. This is \$70.6 million less than enacted to reflect planned receipts and a revised construction schedule. The Department noted it must submit its projected federal fund expenditures before the end of the federal fiscal year, and budgets the projected

expenditures in anticipation of the actual federal award. The Department noted that this practice can lead to adjustments both during and prior to the state's fiscal year.

For FY 2015, revised expenditures include \$22.9 million for the five GARVEE funded projects, \$21.0 million for repairs and maintenance on bridges, \$4.5 million for congestion mitigation and road enhancements, \$12.8 million for highways, \$8.3 million for interstate projects, \$14.2 million for pavement and resurfacing and \$16.1 million for traffic safety improvement projects. *The Governor recommended funding as requested.*

*The Governor subsequently requested an amendment to add \$35.0 million. Her budget reflected a conservative estimate based on the shortfall in the Federal Highway Trust Fund that was set to expire on May 31, 2015. It was extended for two additional months. **The Assembly concurred. The following table shows program expenditures and their proportionate share of total Federal Highway Administration Fund expenditures included in the FY 2015 final budget.***

| Program Area | FY 2015 Final | Share of Total |
|----------------------------------|-----------------------|-------------------|
| Administrative Program | \$ 6,154,749 | 3% |
| Bike/Pedestrian Program | 5,595,226 | 3% |
| Bridge Program | 25,738,041 | 14% |
| CMAQ Program | 5,408,719 | 3% |
| Highway Program | 15,778,538 | 8% |
| Interstate Program | 10,239,264 | 5% |
| GARVEE Projects | 28,069,385 | 15% |
| Federal Highway Earmark Projects | 18,650,754 | 10% |
| Pavement Management Program | 17,438,455 | 9% |
| Traffic Safety Program | 19,769,800 | 11% |
| Transit | 27,976,131 | 15% |
| Other Programs | 5,688,480 | 3% |
| Total | \$ 186,507,543 | 100% |

Salaries and Benefits. The Department requested \$1.7 million less from all funds for salaries and benefits. This includes reductions of \$1.9 million from restricted receipts and \$0.7 million from federal funds offset by \$0.9 million more from other funds. The revised request includes \$2.1 million of funding for cost-of-living adjustments, which were assumed to be absorbed by the Department through turnover and vacancies. The Department's request includes these costs, increased turnover savings and statewide medical benefit savings of \$0.3 million. The revised request assumes turnover for about 35 positions; however, as of the final pay period in January, the Department had 92.6 vacant positions, which is the highest level of vacancies maintained by the Department through the first half of FY 2015. It appears the Department may have more turnover savings than identified in the revised request. *The Governor recommended \$32,535 less to reflect a reduction to projected overtime. The recommendation does not include \$0.3 million of savings that would be generated from a medical benefit holiday during FY 2015. **The Assembly concurred.***

National Highway Transportation Safety Administration Grants. The Department's revised request includes \$8.3 million, \$0.8 million less than enacted from the National Highway Transportation Safety Administration for FY 2015. The request reflects the actual federal award and planned expenditures. Major changes include decreases of \$0.6 million for highway safety programs and \$0.5 million for impaired driving prevention programs, offset by an increase of \$1.0 million for programs to reduce distracted driving. *The Governor recommended \$0.5 million more than requested to reflect an increase for the traffic safety information grant.*

*She subsequently requested an amendment to add \$3.7 million to reflect available funds from the Federal Highway Traffic Safety Administration for statewide initiatives to address child safety, motorcycle safety, primary seatbelt safety and alcohol impaired driving. **The Assembly concurred.***

Commuter Rail. The Department requested \$3.1 million less than enacted from federal transit funds for the Commuter Rail project, which will extend commuter rail service along Amtrak's northeast corridor south of Providence. Service operates between Providence and North Kingstown, with stops at T.F. Green Airport and the Wickford Junction. The Department noted the request also reflects projects at Kingston and Providence, as well as plans for future stops at Cranston and East Greenwich. The revised request also includes the enacted amount of \$250,000 from Rhode Island Capital Plan funds for preliminary design work for improvements to the Providence Station and Kennedy Plaza, as part of the Mass Transit Hubs project. This project is funded with \$35.0 million of general obligation bonds approved by the voters on the November 2014 ballot. The revised request for the Commuter Rail project reflects an updated construction schedule and is consistent with the Department's requested capital plan. *The Governor recommended funding as requested. **The Assembly concurred. This project is explained in greater detail in the Capital Budget section of this publication.***

Equipment. The Department requested \$0.1 million more than enacted from land sale revenue for equipment purchases in the Infrastructure Engineering Division. The request reflects slightly higher than anticipated land sale revenue, and the Department increased its request to reflect this change. Funding would be used for purchases related to the Department's materials testing facility on Jefferson Boulevard, which is currently being built out. It should be noted that these land sale revenues are separate and distinct from land sales associated with the relocation of Interstate 195. *The Governor recommended funding as requested. **The Assembly concurred.***

Interstate 195 Relocation. The Department requested \$16.2 million, \$1.7 million less than enacted from other funds in its revised request to reflect updated payments for the relocation of Interstate 195. The Department sold the land made available from the relocation to finance approximately \$40.0 million of project expenses. The 2011 Assembly enacted 2011-H 5994 Substitute A, as amended, which provided that after the appraisal of the parcels, they would be purchased by the Commerce Corporation through the issuance of bonds. The payment of the bond proceeds to the Department has allowed it to complete the relocation project, while the Corporation is eligible to sell the parcels at its own pace. The request is less than enacted to reflect projected expenses during FY 2015. *The Governor recommended funding as requested. **The Assembly concurred.***

Rhode Island Capital Plan Fund Projects. The Department requested \$41.3 million, \$5.0 million more than enacted from Rhode Island Capital Plan funds. The largest change in the revised request includes an additional \$4.1 million for maintenance equipment purchases, for which the enacted budget includes \$2.5 million. This reflects the Department's desire to expedite the replacement of its heavy vehicle fleet. Requested funding is consistent with the Department's capital request. *The Governor recommended \$32.4 million, \$3.9 million less than enacted and \$8.9 million less than requested to reflect a delay in the cooperative maintenance facility project and the removal of additional funding for capital equipment replacement. **The Assembly concurred. These changes are explained in greater detail in the Capital Budget section of this publication.***

Maintenance Operations. The Department requested \$0.8 million more than enacted from other funds for general 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 increase in the request includes an additional \$0.2 million for highway lighting costs as well as \$0.6 million more to reflect an increased level of maintenance activities throughout the state. *The Governor recommended \$0.5 million less than requested. **The Assembly concurred.***

Vehicle Maintenance. The Department requested \$1.9 million less than enacted from other funds for vehicle maintenance throughout the Department. The Department notes that vehicle maintenance costs have decreased due to new vehicle purchases, which have affected all divisions, and include vehicles such as dump trucks, pavers, tractors, grading equipment, backhoes and street sweepers. *The Governor recommended \$75,000 less than requested to reflect revised vehicle maintenance expenditures.* **The Assembly concurred.**

Winter Maintenance Operations. The Department requested \$12.8 million for operating expenses related to the winter maintenance program for FY 2015. Funding is used to pay for vendor contracts, as well as to purchase salt, sand and liquid de-icers. The average annual cost for winter maintenance operations from FY 2010 through FY 2014 is \$13.0 million, and the current request is \$0.2 million below that. The current request is \$0.4 million less than enacted to reflect anticipated costs for the upcoming winter season. *The Governor recommended \$19.1 million for winter maintenance expenditures, \$4.1 million more than enacted to reflect increased operations during the winter of 2015.* **The Assembly concurred.**

Turnpike and Bridge Authority Transfer. Consistent with the enacted budget, the Department's revised request includes \$14.6 million of gasoline tax revenue to be transferred to the Rhode Island Turnpike and Bridge Authority for operations related to the four bridges under its purview; the Newport Pell, Sakonnet River, Mount Hope and Jamestown bridges. Funding was provided by the 2014 Assembly in lieu of placing a toll on the newly constructed Sakonnet River Bridge. The funding is generated from 3.5 cents of the gasoline tax previously dedicated to the Department, which is able to make the transfer based on additional fund sources made available for infrastructure. These sources are discussed in greater detail in the *Fund Sources* section of this analysis. *The Governor recommended \$0.4 million more than enacted and requested to reflect an upward revision in the gasoline tax yield.*

She subsequently requested an amendment to add \$345,534 to reflect another upward revision in the gasoline tax yield. **The Assembly concurred.**

All Other Expenses. The Department requested \$0.6 million less than enacted from all sources for all other operating costs. The requested changes reflect minor adjustments to operating expenditures, as well as changes from federal grants for small scale capital improvements and disbursements of pass-through gasoline tax funding to the Rhode Island Public Transit Authority. *The Governor recommended \$1.3 million more than enacted primarily to reflect an increase of pass-through funding to the Rhode Island Public Transit Authority.*

She subsequently requested an amendment to add \$2.7 million to reflect another upward revision in the gasoline tax yield offset by a reduction of \$1.5 million based on revised estimates of revenues collected from emission inspection sticker fees, motor vehicle title fees and rental car surcharge fees. **The Assembly concurred.**

