

House Fiscal Advisory Staff

Governor's FY 2017 Budget at a Glance Summary and Special Reports



Submitted to the 2016 House of Representatives

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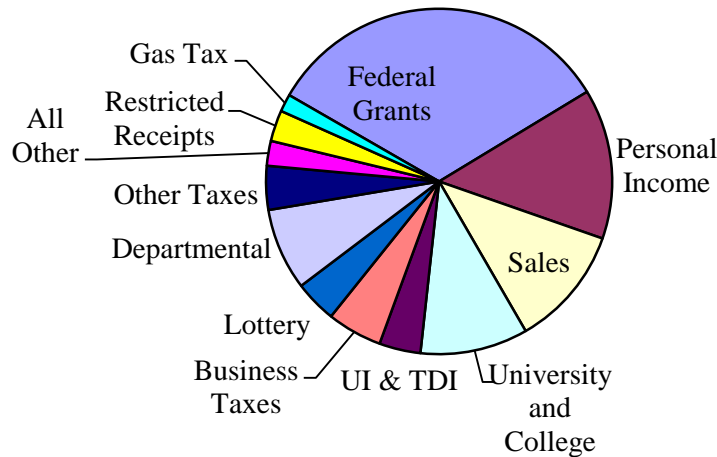
Hon. Carlos E. Tobon

Budget at a Glance

Governor's FY 2017 Budget at a Glance

The Governor's budget recommendations for FY 2017, along with her revisions to the FY 2016 enacted budget, are contained in 2016-H 7454, introduced on February 3, 2016. While most supporting documents were made available with the introduction, the Capital Budget was not provided until two weeks later, on February 17. By law the budget is due by the third Thursday in January, which was January 21, 2016 this year.

Sources of Funds



Budget Issues

- **FY 2017 Gap.** The Budget Office estimates that in preparing the FY 2017 budget, the Governor faced a projected revenue-expenditure gap of about \$190 million. This was higher than the House Fiscal Staff projections based on differing Budget Office assumptions. That gap was significantly reduced by increased resources from the FY 2015 closing and consensus revenue estimates, partially offset by overspending. The Governor's budget resolves much of the deficit through revenue items, a majority of which are non-recurring. There are numerous spending changes in human service agencies which amount to a reduction that appears to be structural in nature.
- **Out-Year Projections.** The out-years again appear to be significantly unbalanced. The forecast included with the Budget estimates a \$192.1 million gap for FY 2018, equating to 5.3 percent of useable revenues, that grows to \$332.6 million in FY 2021, 8.6 percent of useable revenues. The FY 2018 gap is primarily due to the use of one-time items in the resolution of the current budget gap. The estimate also reflects the growing impact of casino gaming in Massachusetts and the final phase-in of shifting transportation funding from general revenues.
- **Budget Assumptions.** Her budget follows the traditional Rhode Island budgeting practice of assuming passage of legislation submitted with the budget and approval by requisite federal agencies of changes under their purview. Should any of that legislation not pass, the budget will be significantly unbalanced. Notably, there is an assumption for \$8.0 million in undefined caseload savings in the current year, which would likely need immediate statutory authority.

- **Revenue and Caseload Estimating Conferences.** The Governor proposes changes to the timing, scope and process of the revenue and caseload estimating conferences including removing cash assistance spending from the purview of the Caseload Estimating Conference. She also proposes moving the conferences that occur in early November to late January.
- **Submission Deadline.** The Governor proposes delaying the budget submission deadline by three weeks from the third Thursday in January to the second Thursday in February. For years when a new governor is inaugurated, the deadline would be delayed five weeks from the first Thursday in February to the second Thursday in March.

Taxes and Revenues

Tax Changes

- **Earned Income Tax Credit.** The Governor proposes increasing the Earned Income Tax Credit for low and moderate wage earners from 12.5 percent of the federal credit to 15.0 percent effective for tax year 2017. The Governor's budget assumes an associated revenue loss of \$2.7 million for FY 2017. The loss would annualize to \$5.5 million in FY 2018.
- **Cigarette Tax.** The Governor's budget assumes \$7.1 million in revenues associated with proposed legislation to increase the cigarette excise tax by \$0.25 per pack, to \$4.00 per 20-pack, effective August 1, 2016. The total price per pack in Rhode Island remains lower than in Massachusetts because of minimum markup provisions. The Office of Revenue Analysis estimates that the final retail price per pack in Rhode Island would be approximately \$0.40 less per pack; it reports Rhode Island's price is currently \$0.69 less.

Enhanced Compliance and Collections

- **Intercompany Transaction Audit.** The Governor's budget assumes collecting an additional \$6.7 million in corporate income taxes owed to the state from transactions between related companies that are not part of a combined group, but are affiliated, and transactions between commonly controlled companies that may not have been taxed accurately prior to the institution of combined reporting. The project would permit the Division of Taxation to work with a vendor to analyze existing data to determine taxes owed. These revenues are expected to be non-recurring.
- **Fraud and Waste Data Tool Revenue Enhancement.** The Governor's budget assumes net revenues of \$3.5 million by investing a total of \$1.5 million for annual service agreements and purchasing a fraud and waste data tool that will combine data across agencies, including Department of Labor and Training, Department of Revenue and health and human service agencies to detect fraud and waste.
- **Revenue Agents and Officers.** The Governor's budget assumes a net budget impact of \$3.0 million from the addition of five new positions in the Division of Taxation to increase compliance efforts.
- **Nexus Program.** The Governor's budget assumes new revenue collections of \$1.0 million from the reinstatement of the Division of Taxation Nexus Program, which would identify and register businesses with a physical presence in the state to ensure that they pay all taxes owed. The Governor's recommended budget includes 1.0 new associated full-time position and assumes costs of \$0.1 million for the program. The net increase to the state would be \$0.9 million.
- **Retaliatory Assessments.** The Governor's budget assumes \$1.1 million in new insurance company gross premiums tax collections from increased enforcement of retaliatory tax structures for insurance policies,

which require that policies written for Rhode Island residents by out-of-state insurers are subject to the higher of the Rhode Island tax rate or that of the state where the insurer is domiciled.

Other Revenues

- ***Medical Marijuana.*** The Governor's FY 2017 budget includes legislation to restructure the taxing and regulation of the state's medical marijuana system. The proposal includes new registration requirements and fees and reduces the compassion center surcharge from 4.0 percent to 3.0 percent, effective July 1, 2016. Accounting for the cost of five new positions and software for the Department of Business Regulation to administer the program, the Governor's budget shows a net increase of \$8.5 million in revenues from the proposal.
- ***DMV Fees.*** The Governor's budget maintains the current law provision requiring the transfer of 75.0 percent of motor vehicle fees into the Highway Maintenance Account or \$25.4 million more than FY 2016. In FY 2016, 25.0 percent was transferred and in FY 2018, all of the fees will be transferred into the Account.
- ***Hospital Licensing Fee.*** The Governor's budget includes \$169.1 million in revenues from extending the hospital licensing fee into FY 2017 using the same two-tiered fee as included in FY 2016. The licensing fee appears annually in the Appropriations Act.
- ***Rhode Island Airport Corporation Transfer.*** The Governor proposes that the Rhode Island Airport Corporation transfer \$275,000 to state general revenues by June 30, 2017.
- ***Infrastructure Bank Transfer.*** The Governor proposes that the Infrastructure Bank transfer \$8.0 million to state general revenues by June 30, 2017.
- ***Resource Recovery Corporation Transfer.*** The Governor proposes that the Resource Recovery Corporation transfer \$1.5 million to state general revenues by June 30, 2017.
- ***Narragansett Bay Commission Transfer.*** The Governor proposes that the Narragansett Bay Commission transfer \$1.5 million to state general revenues by June 30, 2017.
- ***RIHEBC Transfer.*** The Governor's budget transfers \$5.0 million from Rhode Island Health and Educational Building Corporation reserves to state general revenues in FY 2017.
- ***Forward Capacity Market Revenue.*** The Governor's budget includes \$0.1 million in revenues from the state's participation in a Forward Capacity Market agreement, in which the state commits to a one hour twice per year test to demonstrate its ability to decrease demand for electricity. If successful, an incentive payment is made. The last four year agreement, which ended in FY 2014, yielded a total of \$0.4 million.
- ***State Fleet Passenger Vehicles.*** The Governor's budget assumes \$1.0 million in revenues from the sale of current vehicles. The Governor's budget proposes leasing approximately 250 light-duty passenger vehicles that are currently used by employees in numerous departments. A third party administrator would be responsible for maintenance and replacement with the leasing cost offset by the current costs to operate and maintain.
- ***Health Care Provider Taxes.*** The Governor's budget does not reflect the revenue losses associated with proposed reductions in rates paid to, or caseload reductions for, managed care and nursing home services. Managed care plans are subject to a 2.0 percent provider tax and the proposed reductions likely lower FY 2017 revenues by \$1.3 million. The nursing home reductions would reduce revenues from the 5.5 percent provider tax by \$0.2 million. FY 2016 reductions would also produce revenue losses not accounted for.

Tax Credits and Incentives

- ***Tax Stabilization Incentives.*** The 2015 Assembly enacted legislation authorizing the Commerce Corporation to reimburse municipalities up to 10.0 percent of foregone revenue resulting from tax stabilization agreements, subject to appropriation. The Governor's budget proposes allowing the Commerce Corporation to enter into up to five incentive agreements with municipalities for state reimbursement of up to 50.0 percent of foregone property tax revenue per year. Municipalities would be selected for the larger agreements via a competitive process.
- ***Rebuild Rhode Island Tax Credit.*** The Governor's budget includes \$20.6 million from debt refinancing for the Rebuild Rhode Island Tax Credit program. The Governor's FY 2016 budget indicated \$12.1 million from refinancing proceeds would be recommended for the program in FY 2017. The Governor also includes legislation to permit the funds for this credit be used by the Commerce Corporation to fund tax stabilization incentives.
- ***Anchor Tax Credit.*** The enacted budget includes \$1.8 million for the Anchor Tax Credit program, which creates a tax credit of an unspecified amount for businesses that successfully solicit the relocation of a separate business or the relocation of at least ten employees of that business on a permanent basis. Documents supporting the Governor's FY 2016 recommended budget indicated the Governor's intent to recommend an additional \$3.9 million in FY 2017 for a total of \$5.7 million. The Governor's budget includes legislation that would allow the Commerce Corporation to utilize funds allocated for this purpose to assign credits under the Rebuild Rhode Island tax credit program. The Governor recommends \$1.0 million less for this program in the current year and does not propose additional funding for FY 2017.
- ***New Qualified Jobs Tax Credit.*** The Governor's budget includes legislation altering the New Qualified Jobs Tax Credit program authorized by the 2015 Assembly. The proposal would eliminate the current credit maximum of \$7,500 per new job created and reduces the total number of new jobs needed to qualify by half. Total credits earned by a company for each job would still be capped at the amount of the employee's income tax withholdings.
- ***Research and Development Tax Credit.*** The Governor recommends \$5.0 million for a new tax credit program to assist businesses with costs associated with research and development. The refundable credit would be capped at the lesser of \$0.2 million or the amount of the municipal property taxes associated with the company's research and development investment.
- ***Wavemaker Fellowships.*** The Governor's budget includes legislation to significantly alter the Wavemaker Fellowship Tax Credit program authorized by the 2015 Assembly. Proposed changes include eliminating the existing annual limits for recipients who have attained a post-secondary degree in specific science, information technology, engineering, mathematics, and design fields. The proposal also includes allowing automatic approval of credits for applicants who meet specific criteria, eliminating the employer-blind requirement for the applicant selection, and allowing businesses to reserve credits for their eligible employees. The Governor's budget includes \$5.0 million for the program, which is \$3.2 million more than documents supporting the Governor's FY 2016 budget indicated would be recommended for FY 2017.

Economic Development

- ***Debt Restructuring.*** The FY 2016 enacted budget included a restructuring of general obligation bond debt, where principal payments are deferred and/or shortened to provide additional savings in particular years. The FY 2016 budget includes savings of \$64.5 million, with anticipated FY 2017 savings of \$19.4 million. The savings for FY 2017 are actually \$36.2 million, or \$16.8 million more than expected.

- **Main Street Streetscape Improvement Fund.** The Governor recommends an additional \$1.0 million for the Main Street Streetscape Improvement Fund. The 2015 Assembly provided \$1.0 million for the fund and authorized the Commerce Corporation to award loans, matching grants and other forms of financing to enhance sidewalks, signage of public space and lighting in order to create an attractive environment in local business districts. The recommendation is consistent with documents supporting the Governor's FY 2016 budget that indicated the use of an additional \$1.0 million from general revenues available from debt refinancing in FY 2017.
- **Affordable Housing.** The Governor's budget includes \$1.0 million from general revenues from debt restructuring to finance the production or preservation of affordable housing. The 2015 Assembly provided \$3.0 million to be used as part of a pilot affordable housing preservation and construction program through Rhode Island Housing. Documents supporting the Governor's FY 2016 recommended budget did not indicate a second year of funding from debt refinancing proceeds for the fund.
- **Housing Bond.** The Governor recommends \$40.0 million of new general obligation bonds to be submitted to the voters on the November 2016 ballot for affordable housing.
- **Innovate RI Small Business Programs.** The Governor's budget includes \$2.0 million, \$1.0 million more than enacted from general revenues, to support Small Business Innovation Research grants and the Bioscience and Engineering Internship Programs.
- **38 Studios Debt Service.** The Governor includes \$2.5 million in FY 2017 for debt service relating to 38 Studios, \$10.0 million less than enacted. This assumes use of settlement proceeds that the Corporation received. The Governor's budget also includes the enacted amount of \$12.5 million in FY 2016.
- **Commerce Corporation - Operations.** The Governor's budget includes \$7.5 million from general revenues to support general operations of the Corporation, which is \$0.1 million more than enacted.
- **First Wave Closing Fund.** The Governor's budget includes \$5.0 million from general revenues available from debt refinancing for the First Wave Closing Fund that may be used by the Commerce Corporation to provide businesses with working capital, for a total of \$10.0 million. The 2015 Assembly authorized the fund and provided \$5.0 million in FY 2016. Documents supporting the Governor's recommended FY 2016 budget indicated that no additional funding would be recommended.
- **Impact Faculty.** The Governor recommends the creation of a program to assist the state's institutions of higher education to attract and secure the hiring of faculty members who have had professional success commercializing their research. The Governor's budget includes \$2.8 million for the program, including \$1.5 million from debt refinancing proceeds.
- **Industry Cluster Grants.** Consistent with documents supporting the Governor's recommended FY 2016 budget, the Governor's budget includes \$1.3 million for the Industry Cluster Grants program, which enables the Commerce Corporation to provide startup and technical assistance grants ranging from \$75,000 to \$250,000 and to provide competitive grants ranging from \$100,000 to \$500,000 for activities within an industry cluster and to close industry cluster gaps.
- **P-Tech Initiative.** The Governor's budget includes \$1.4 million for the P-Tech Initiative, which establishes partnerships between high schools, higher education institutions, and employers to offer courses towards high school diplomas and associate's degrees. The enacted budget includes \$0.9 million for the program and the Commerce Corporation has partnered with three school districts. The recommendation would expand the program to at least five districts.

- ***Innovation Initiative.*** The Governor’s budget includes \$1.5 million from general revenues available from debt refinancing for Innovation Initiative vouchers for businesses with less than 500 employees. Vouchers of up to \$50,000 may be given for research and development assistance from a Rhode Island university, research center, or medical center.
- ***College and University Research.*** The Governor’s budget includes \$165,000 for a College and University Research Collaborative to conduct ongoing economic analysis by the state’s public and private higher education institutions to inform economic development policy.
- ***Historic Tax Credit Trust Fund Debt Service.*** The Governor’s budget include \$30.9 million and \$31.0 million from general revenues in FY 2016 and FY 2017, respectively, to fund debt service for historic tax credits.
- ***Building and Fire Permit Initiatives.*** The Governor recommends \$250,000 from general revenues to expedite building permit and fire inspection processes for state supported and certain municipal projects. The Governor’s recommended appropriation for the Commerce Corporation’s operations includes the enacted level of \$250,000 for these initiatives, bringing total recommended funding to \$0.5 million.
- ***Minimum Wage.*** The Governor’s budget includes legislation increasing the minimum wage from \$9.60 per hour to \$10.10 per hour, effective January 1, 2017. The 2015 Assembly increased the minimum wage from \$9.00 per hour to the current \$9.60, effective January 1, 2016.
- ***Air Service Development.*** The Governor’s budget includes \$1.5 million from general revenues for an initiative to support additional direct routes to major metropolitan areas.
- ***Rhody Rail Commuter Pass.*** The Governor’s budget includes \$1.5 million to create a Rhody Rail Pass program, which will offer users discounted fare options and rail information. The program is intended to improve rail connectivity between Rhode Island and the metropolitan Boston area.
- ***Quonset Piers.*** The Governor recommends a total of \$90.0 million from bond proceeds for extension and renovation of the Quonset Business Park’s piers. This includes \$70.0 million from new general obligation bonds to be put before the voters on the November 2016 ballot and up to \$20.0 million from revenue bonds to be issued by the Commerce Corporation.
- ***Innovation Campus Bond.*** The Governor recommends \$20.0 million of new general obligation bonds to be submitted to the voters on the November 2016 ballot for the construction of one or more innovation campuses. Documents supporting the Governor’s budget indicate that state funds would be used to leverage resources from the state’s higher education institutions, industry partners, federal funds, and philanthropic donations.

Local Government (See Section VI, Special Reports: State Aid to Local Government)

- ***Distressed Communities Relief Fund.*** The Governor recommends the enacted level of \$10.4 million for the Distressed Communities Relief Fund, but with redistribution of funding among qualifying communities. Distribution is based on updated tax levies. In the first year a community qualifies, it receives a transition payment of half its proportional share; in the year a community no longer qualifies, it also receives a transition payment of half its proportional share. The FY 2017 recommendation reflects the inclusion of Cranston as a qualifying community and includes a transition payment out of the program for East Providence, which no longer qualifies.

- ***Payment in Lieu of Taxes Program.*** The Governor recommends \$42.0 million for the Payment in Lieu of Taxes program that reimburses cities and towns for property taxes that would have been due on real property exempted from taxation by state law. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. The recommendation is \$1.9 million more than enacted and represents full funding for the program. The FY 2016 enacted amount of \$40.1 million represents 23.7 percent of the foregone tax.
- ***Motor Vehicles Excise Tax.*** The Governor's budget funds the Motor Vehicles Excise Tax program at the enacted amount of \$10.0 million. The 2010 Assembly enacted legislation lowering the mandated exemption to \$500, for which the state will reimburse municipalities an amount subject to appropriation. Municipalities may provide an additional exemption; however, it will not be subject to reimbursement.
- ***Library Resource Sharing Aid.*** The Governor recommends \$8.5 million for library aid. Current law allows 25.0 percent reimbursement of second prior year expenditures. This reflects a reduction of \$0.3 million or 30.8 percent to the statewide reference Library Resource grant, of which \$212,500 is for tutoring sessions, citizenship tests, and prepping for General Education Diplomas; \$63,826 is for the Heritage Quest and African American Heritage research databases, and \$35,000 is for business and marketing reference databases.
- ***Library Construction Aid.*** The Governor recommends \$2.2 million to fully fund library construction aid requirements. The state reimburses libraries up to half the total costs for eligible projects on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project. The three-year moratorium on the acceptance of applications for library construction aid projects ended June 30, 2014.
- ***Property Valuation Reimbursement.*** The Governor recommends \$1.8 million for FY 2016 and \$0.6 million for FY 2017 to reimburse communities conducting property valuation updates. The Budget includes legislation to alter the current property revaluation schedule that requires valuation updates every third and sixth year and a full revaluation every ninth year. The legislation would require updates to property valuations every fifth and tenth year, with full revaluations occurring every fifteenth year.
- ***Airport Impact Aid.*** The Governor recommends the enacted level of \$1.0 million for FY 2017 to the Commerce Corporation so that the Airport Corporation can provide impact aid payments to the seven communities that host the six state airports. The community payments are made proportionately based on the number of total landings and takeoffs.
- ***Municipal Incentive Aid.*** The Governor's budget does not include funding for the Municipal Incentive Aid program, for which FY 2016 was the third and final year of a \$5.0 million annual appropriation.

Education Aid (See Section VI, Special Reports: Education Aid)

- ***FY 2017 Formula Education Aid.*** The Governor recommends \$863.8 million for school formula aid for school districts, including Central Falls, the Metropolitan Career and Technical School, Davies Career and Technical School and charter schools pursuant to the funding formula. This is \$30.8 million more than enacted and fully funds current estimates for the core formula.
- ***Funding Formula Assumptions.*** The Governor funds the sixth year of the education funding formula adopted by the 2010 Assembly. The calculation for FY 2017 uses March 15, 2015 student enrollment data adjusted for FY 2017 projected charter school enrollments, a per pupil core instruction amount of \$8,979 and state share ratio variables updated with June 30, 2015 data. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going

to receive less state funding will have that loss phased in over ten years. Aid amounts are subject to final student enrollment data collected in March 2016.

- **Funding Formula Review.** The Governor includes legislation requiring the Department of Elementary and Secondary Education to conduct a review of the education funding formula no less than every five years and make recommendations to the Assembly.
- **Density Aid.** The Governor's budget includes \$2.6 million for a new category of aid which would provide additional state support for those districts that have at least 5.0 percent of their students enrolled at a school of choice, which includes charter schools or state schools. For FY 2017, six districts would be eligible for this funding, which provides \$300 per pupil for every student sent to a charter or state school.
- **Local Charter and State School Tuition.** The Governor recommends legislation that reduces the local tuition payments made to charter and state schools by \$355 per student in an effort to capture the cost differential between traditional districts and charter schools. This is estimated to reduce local tuition payments to charter and state schools by \$3.6 million.
- **Special Education Funds.** The education funding formula allows for additional resources from the state for high-cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Governor recommends \$4.5 million for FY 2017. This is \$2.0 million more than enacted and represents the plan to gradually increase funds annually to the total needed. The Governor recommends language to reduce the threshold for eligibility to four times the per pupil core instruction amount and student success factor amount, effective FY 2018.
- **Early Childhood Funds.** The education funding formula allows for additional resources from the state to increase access to voluntary, free, high-quality pre-kindergarten programs. The Governor recommends \$5.2 million for FY 2017. This is \$1.2 million more than enacted and represents the plan to gradually increase funds annually. Early childhood categorical funds are used as a match for a federal grant; the corresponding increase in federal grant funds is \$3.2 million. The total additional money of \$4.4 million will provide funds to increase the pre-kindergarten classes by 20 from 33 to 53.
- **Transportation Funds.** The education funding formula allows for additional resources from the state to districts for transportation costs. The Governor recommends \$4.4 million for FY 2017 which is consistent with the FY 2016 enacted level. The state currently provides funding to mitigate a portion of the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts.
- **Career and Technical Education Funds.** The education funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and offset the higher than average costs of maintaining highly specialized programs. The Governor recommends \$3.5 million for FY 2017, which is consistent with the enacted budget.
- **English Language Learner Funds.** The Governor's budget includes \$2.5 million for a new category of funding to support English language learners that are in the most intensive programs. The funding shall be used on evidence-based programs proven to increase outcomes and will be monitored by the Department of Elementary and Secondary Education. This is intended to be the first of a two-year phase up to a total of \$5.0 million for FY 2018 and beyond.
- **State Schools Stabilization Funding.** The Governor's budget adds \$2.3 million in stabilization funding to the Davies Career and Technical School and the Metropolitan Career and Technical School in order to

mitigate some of the losses in funding from the implementation of the funding formula and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. Davies would receive \$2.0 million and the Met School the remaining \$0.3 million.

- ***School Construction Aid.*** The Governor recommends a total of \$80.0 million to fund projected costs of school housing aid to local districts for FY 2017, which is \$10.9 million less than enacted for FY 2016. This includes the enacted level of \$70.9 million for the traditional program and \$9.1 million for the new School Building Authority. The enacted budget included \$20.0 million from general revenues derived from bond refinancing proceeds to seed the new fund. The Governor also proposes placing \$40.0 million on the November 2016 ballot for voter approval of general obligation bond debt to support school construction aid.

- ***Local Maintenance of Effort.*** The Governor recommends legislation to change the maintenance of effort requirement for local communities' contribution to education beginning in FY 2018. It would require the annual contribution to increase by the greater of inflation or consistent per pupil growth, defined as at least one percent for two consecutive years. Under current law, communities must contribute as much as they did the previous year. The proposal does not change the exemptions for high local contribution communities, high per pupil expenditure communities and non-recurring expenditures.

- ***Local Education Budgets.*** The Governor recommends legislation to require local education agencies to post their adopted budgets on their websites and include a link to the Department of Elementary and Secondary Education's website effective for FY 2018.

- ***Full-Day K Transition Funding.*** The Governor's budget includes legislation that repeals the requirement that beginning in FY 2017, the state will provide full funding, rather than transitioned aid, for any district converting from a half-day to a full-day kindergarten for the 2014-2015 school year or after. The Governor's budget excludes \$2.5 million in funding to the 13 districts that converted to full-day kindergarten in FY 2015 or after based on this repeal.

- ***Group Home Aid.*** The Governor's budget reflects \$4.0 million for group home aid consistent with current law that requires that aid be paid for all beds opened as of December 31, 2015. The FY 2017 budget is \$1.1 million less than the FY 2016 enacted budget.

- ***Textbook Reimbursement.*** The Governor recommends the enacted level of \$240,000 for reimbursements allowed under the textbook reimbursement program. Under current law, 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.

- ***School Breakfast.*** The Governor recommends the enacted level of \$270,000 from general revenues for the administrative cost reimbursements to districts for the school breakfast program. Food is paid for from federal sources.

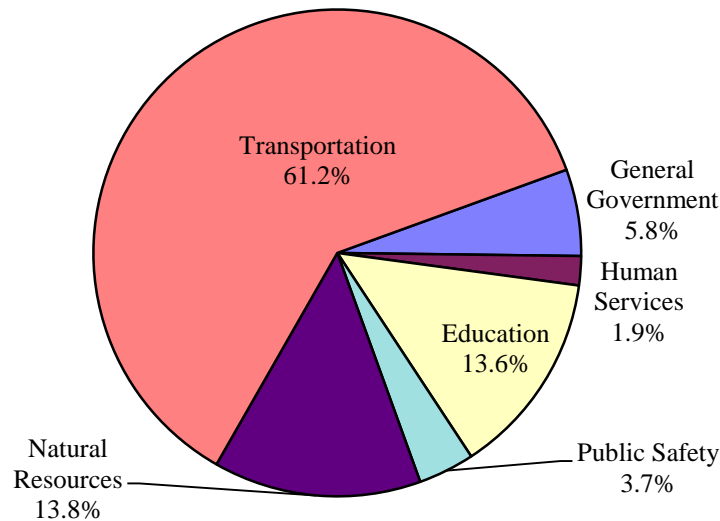
Capital Budget (See Section IV: Capital Budget)

- ***Outlays and Funding.*** The FY 2017 through FY 2021 recommended plan includes \$5,443.0 million of outlays on \$12,393.3 million of project estimates. Average outlays would be \$1,088.6 million per year for the five-year period with \$1,014.3 million required at the end of the period to complete the projects.

- ***General Obligation Bonds Referenda.*** Financing the five-year plan is based on \$616.8 million of general obligation bond debt issuances, including \$243.0 million approved by voters in November 2014

and \$257.5 million from new general obligation bonds to be presented to the voters on the November 2016 ballot.

FY 2017 - FY 2021 Capital Projects by Function



- **Other Debt Approvals.** The Governor recommends \$20.0 million to be approved by the 2016 Assembly under the Public Debt Management Act for Quonset pier repairs.
- **Financing.** Paying for the five-year outlays includes \$1,108.2 million from debt financing and \$4,334.9 million from current or pay-go sources. Pay-go represents 79.6 percent with debt funding being 20.4 percent.
- **Debt Levels.** Total net tax supported debt increases during the period through FY 2021 by \$51.3 million from \$1,675.8 million to \$1,727.1 million. Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget.
- **Debt Ratios.** Net tax supported debt would decrease from 3.6 percent of personal income reported for FY 2015 to 2.9 percent into FY 2017 before dropping gradually back to 2.6 percent in FY 2021 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected.
- **Rhode Island Capital Plan Fund.** The plan relies heavily on the use of Rhode Island Capital Plan funds, an important source of pay-go funds designed to reduce the need for borrowing. Total outlays for the five-year period are \$589.4 million.
- **RhodeWorks.** After the budget was submitted, the Assembly adopted new RhodeWorks legislation in 2016-H 7409, Substitute A, as amended that the Governor signed into law on February 11, 2016. The capital budget was adjusted to include toll revenue and Grant Anticipation Revenue Vehicle (GARVEE) bonds authorized in the legislation. In the total outlays mentioned above, \$545.5 million is from funding authorized as part of the RhodeWorks legislation.

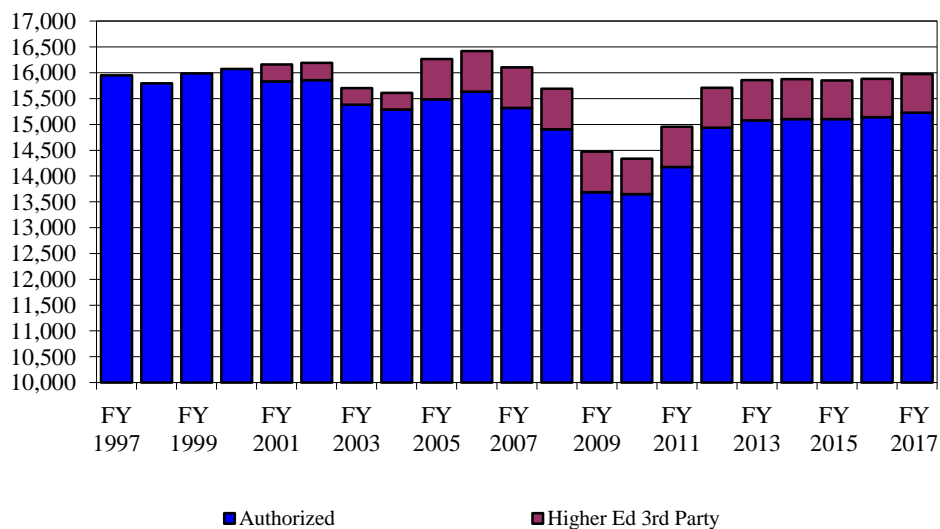
State Government (See Section VI, Special Reports: State Government Personnel and Staffing)

- **Staffing.** The Governor recommends \$1,987.8 million for personnel expenditures and 15,227.3 full-time equivalent positions, including 745.8 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$66.9 million more and 108.9 more positions than the FY 2016 enacted budget. The expenditures include both salaries and benefits, as well as contracted services.

Among the changes are 14.0 new positions in the Department of Administration, including 3.0 for the Office of Performance Management, 1.0 new cybersecurity director, 4.0 for the Division of Capital Asset Management and Maintenance; 9.0 in the Department of Revenue, including 5.0 in the Division of Taxation to enhance revenue collection; 6.0 in the Department of Business Regulation to primarily reflect staffing the medical marijuana program; 34.6 positions in education, primarily for professors and advisors at the University of Rhode Island; 4.0 additional maintenance staff and program manager positions in the Military Staff; and 13.0 new positions for the Department of Corrections for discharge planning and support of the Justice Reinvestment Initiative.

As of January 9, there were 13,706.3 positions filled, leaving 1,283.8 non-research vacancies. In FY 2015, the state averaged 13,804.3 filled positions reflecting an average of 1,133.9 non-research vacancies. In FY 2014, the state averaged 13,908.9 filled positions reflecting an average of 1,001.8 non-research vacancies.

Full-Time Equivalent Positions



- **Employee Classification Study.** The Governor’s budget includes a total of \$1.2 million from general revenues for a classification and compensation study over FY 2016 and FY 2017.
- **Directors’ Salaries.** The Governor’s budget proposes to repeal the current process for the General Assembly’s notification in determining salaries for cabinet directors, instead allowing it to be similar to that of employees in the Office of the Governor and entitle them to receive cost-of-living increases as provided to unclassified employees of the Executive branch.
- **Personnel Appeal Board.** The Governor proposes legislation to require the Personnel Appeal Board to give deference to the degree of discipline imposed upon the employee by the appointing authority provided that the factual findings of the Personnel Appeal Board are substantially consistent with the facts relied upon by the appointing authority and the degree of discipline imposed was not arbitrary, capricious or contrary to rule or law.

- ***Probationary Period.*** The Governor proposes to extend the probationary period for certain positions from 6 months to 12 months effective July 1, 2016 or upon the expiration of applicable labor contracts.
- ***Retiree Health Insurance.*** The Governor proposes altering the requirements for what benefits shall be included in early retiree health plans and offering a waiver to certain recipients.
- ***Parental Leave.*** The Governor’s budget includes \$750,000 from general revenues for a “parental leave” initiative. No further documentation for intended use has been provided.
- ***Lean Process Improvement Projects.*** The Governor recommends \$0.1 million from general revenues for the Office of Management and Budget to fund lean process improvement projects to improve operational efficiency. The Governor also recommends \$40,000 for both FY 2016 and FY 2017 for two lean process management events per year for Department of Business Regulation staff.
- ***Office of the Health Insurance Commissioner.*** The Governor’s budget includes \$1.6 million from general revenues for the Office of the Health Insurance Commissioner for staff and operating costs associated with the Office’s rate review activities, including funding for 9.0 positions and contracted information technology services currently funded from federal grant funds. The grants are scheduled to expire September 30, 2016.
- ***DMV Extended Hours.*** The Governor’s budget includes \$40,000 for FY 2016 and \$107,000 for FY 2017 for a pilot program that would allow the Division of Motor Vehicles to offer extended hours on certain days at a registry location, which has yet to be determined.
- ***DMV Information Technology Modernization.*** The Governor’s revised FY 2016 and FY 2017 recommendations include \$3.3 million and \$2.7 million from all sources, respectively, for Division of Motor Vehicles’ information technology modernization, for which a new contract amendment was signed in November 2015. The project is scheduled to be completed in December 2016, with some user modules available for customer service representatives’ use earlier in FY 2017.
- ***Municipal Portal.*** The Governor’s budget includes legislation to establish a Municipal Finance Transparency Portal to allow access to municipalities’ financial reports and contracts in a standardized format. The Governor includes \$0.2 million and 1.0 new full-time position for the Division of Municipal Finance for this initiative.
- ***Electronic Permitting System Expansion.*** The Governor’s budget includes \$0.5 million from general revenues to expand the Electronic Permitting System, a standardized system available to the State Building Code Commission and all municipalities and fire districts. The first phase of the system includes permits for building and fire codes of ten municipalities. The additional funds will allow expansion to include 25 additional communities by the end of FY 2017.
- ***Cybersecurity Unit.*** The Governor’s budget includes \$0.8 million to fund a Cybersecurity Unit within the Department of Administration. This includes funding for a director of cybersecurity position as well as funding for consultants and providing cybersecurity training for employees in the Executive Branch.
- ***Information Technology Investment Fund.*** The Governor’s budget assumes use of \$24.7 million from the Information Technology Investment Fund over two years, including \$15.7 million in FY 2016 and \$9.0 million in FY 2017.
- ***State Regulation Modernization System.*** The Governor’s budget includes \$0.7 million from general revenues for the Office of Regulatory Reform and the Secretary of State to create an online and searchable code of state regulations.

- ***Workers' Compensation Assessment.*** The Governor's budget includes statewide savings of \$0.3 million from general revenues from a reduction to assessed fringe benefits, specifically related to Workers' Compensation. A Bureau of Audits' review revealed that certain higher education employees were misclassified and this classification resulted in a higher assessment than required.
- ***Renewable Energy Fund Surcharge.*** The Governor proposes legislation to extend the Renewable Energy Fund surcharge by five years. The surcharge of 0.3 mills per kilowatt-hour generates \$2.5 million annually and is set to expire on December 31, 2017. The Fund is administered by the Commerce Corporation.
- ***Consolidation of Internal Audit.*** The Governor's budget reflects the consolidation of internal auditing functions, which are currently performed in several agencies, into the Office of Management and Budget. This consolidation reflects the merger of staff from the Bureau of Audits, the Department of Transportation, the Department of Human Services and auditors from higher education in a new office of internal audit. The Governor's budget assumes \$0.1 million in personnel savings.
- ***Diversity Equity and Opportunity.*** The Governor recommends a new Office of Supplier Diversity, which will work in conjunction with the current Minority Business Enterprise Compliance Office to support minority, women, and disability business enterprises.
- ***Unemployment Insurance Benefits.*** The Governor's budget includes \$156.3 million in FY 2017 from the Unemployment Insurance Trust Fund for the payment of unemployment insurance benefits. This is \$17.7 million less than enacted to reflect current benefit recipients.
- ***UI Taxes.*** The Governor's budget includes a proposal to make changes to the unemployment insurance taxes that some employers pay and lowers the amount the trust fund must hold in reserve in order to save Rhode Island employers an estimated \$30 million in 2017 from a reduction in unemployment insurance taxes.
- ***TDI Fraud and Program Integrity Task Force.*** The Governor proposes legislation to establish a Temporary Disability Insurance Fraud and Integrity Task Force charged with educating workers, employers and healthcare professionals about the program.
- ***TDI Benefits.*** The Governor proposes legislation that would reduce the amount of time a claimant has to apply for temporary disability insurance benefits from 52 weeks to 90 days. The Governor's budget includes total benefits of \$168.0 million for FY 2017, which is \$7.0 million less than enacted.
- ***Temporary Caregiver Insurance.*** The Governor's budget includes \$9.5 million from the Temporary Disability Insurance Trust Fund for benefit payments and administration of the temporary caregiver insurance program. This is \$0.5 million less than enacted.
- ***Police and Fire Relief Fund.*** The Governor's budget includes \$4.0 million from general revenues for the Police and Fire Relief program for annuity payments and in-state tuition to eligible spouses, domestic partners and dependents of certain injured or deceased police officers and fire fighters. This is \$0.1 million less than enacted.
- ***TechHire Initiative.*** The Governor's budget includes \$2.0 million from general revenues for a new initiative to provide online courses and other nontraditional approaches to rapidly train workers in the field of information technology. The stated goal is to train and place 2,000 Rhode Islanders in the next five years.

- **Office of Debt Management.** The Governor's budget includes an additional \$0.3 million in revenues from removing the exemption to the fee paid for debt issuances for taxable issues and refundings and by municipalities. The revenues would support a new Office of Debt Management within the Office of the General Treasurer. The Office will be responsible for monitoring the process by which the state and other governmental units issue and manage public debt. Funding will support 1.0 new position and technology upgrades including a web portal to track all public debt.
- **Crime Victims Compensation Benefits.** The Governor's budget includes \$120,000 from general revenues for a new justice reinvestment initiative to provide additional funding for relocation benefits and transportation through the crime victims' compensation program. This is intended to be the first year of a three year program.
- **Crime Victims Compensation Eligibility.** The Governor recommends legislation that would specify eligibility for crime victims' compensation grants to any minor or person in the care and custody of the state and who is identified as a victim of sex trafficking or sexual exploitation. These individuals are currently eligible for crime victim compensation benefits and have been recipients of program benefits.
- **CollegeBoundfund.** The Governor's budget adds \$0.1 million and 1.0 program director position in the Office of the General Treasurer who will be responsible for monitoring investments of the fund and assisting in developing the strategy to grow the program. The enacted budget transferred administrative responsibility of the state's tuition savings program from the Higher Education Assistance Authority to the Office of the General Treasurer and included 1.0 position and \$0.3 million to administer the program.
- **Contingency Fund.** The Governor's budget includes the enacted amount of \$250,000 for the Governor's Contingency Fund. The FY 2016 revised budget includes \$0.4 million, including \$160,800 in funds reappropriated from FY 2015.
- **Capital Asset Management and Maintenance.** The Governor's budget reflects the merger of the Divisions of Capital Projects and Facilities Management to create the Division of Capital Asset Management and Maintenance. The Governor's budget adds \$0.7 million from general revenues to fund 4.0 new full-time equivalent positions.
- **New Voting Equipment.** The Governor's budget adds a total of \$1.0 million from general revenues for a multi-year purchase and maintenance agreement for new voting equipment.
- **Online Voter Registration.** The Governor's budget includes \$0.1 million from general revenues for FY 2017 for implementation of an online voter registration portal that would allow residents to register to vote and/or change their voter registration information online.
- **Convention Center Authority.** The Governor's budget includes \$22.5 million from general revenues for the Convention Center Authority to cover debt service requirements in FY 2017.
- **License Plate Reissuance.** The Governor proposes a delay in the start of license plate reissuance from July 2016 to April 2017. Documents supporting the Governor's recommended budget note that the reissuance should occur after the anticipated December 2016 deployment of the Registry's modernized information technology system for administrative ease.

Health and Human Services

- **Unified Health Infrastructure Project.** The Governor provides state and federal funding totaling \$118.6 million in FY 2016 and \$57.4 million in FY 2017 to support the Unified Health Infrastructure Project

in the Office of Health and Human Services and Department of Human Services' budgets. This includes \$80.2 million more for FY 2016, of which \$10.0 million is from general revenues and \$4.9 million from Information Technology Investment funds.

- ***Unified Health Infrastructure Project – Medicaid Savings.*** The Governor includes \$19.0 million in general revenue savings in the Office of Health and Human Services from maximizing federal opportunities and improved efficiencies through automated enrollment once the Unified Health Infrastructure Project goes live on July 12, 2016.
- ***Unified Health Infrastructure Project – Administrative Savings.*** The Governor's budget assumes general revenue savings of \$1.3 million in the Department of Human Services from administrative efficiencies related to the go-live operations of the Unified Health Infrastructure Project.
- ***Home Care Rates.*** The Governor proposes to raise the rates paid to personal care attendants and home care workers by seven percent and includes \$4.1 million, \$2.0 million from general revenues in the Office of Health and Human Services budget. This impacts services in both the managed care and fee-for-service system.
- ***Overdose Task Force Recommendations.*** The Governor includes \$1.4 million, \$0.7 million from general revenues in the Office of Health and Human Services' budget to address the problem of opioid dependency. She also includes \$2.5 million in the Department of Corrections' budget to provide treatment and skills training for total support of \$4.0 million.
- ***Nursing Facilities Adjustment.*** The Governor includes savings of \$4.1 million, \$2.0 million from general revenues from eliminating the October 1, 2016 nursing home rate increase.
- ***Reinventing Medicaid.*** The Budget reduces FY 2016 medical assistance expenses adopted at the November caseload conference by \$16.1 million, including \$8.0 million from general revenues, from unidentified proposals to achieve savings through Reinventing Medicaid. The Budget includes language to give the Secretary broad authority to implement undefined fiscal controls.
- ***Hospital and Nursing Home Incentive Programs.*** The Budget reallocates reductions to hospital payment programs to serve as the \$21.3 million state match for the incentive programs. Supporting documents suggest that the reductions to hospitals would not occur if alternate match were found.
- ***Hospital Payments.*** The Governor eliminates \$27.9 million, \$13.8 million from general revenues, for the inpatient and outpatient upper payment limit reimbursements to be made to the community hospitals in FY 2017. Supporting documents suggest that the reductions to hospitals would not occur if alternate match for the hospital and nursing home incentive programs were found.
- ***Uncompensated Care Payments.*** The Governor lowers the uncompensated care payments made to community hospitals by \$15.2 million, including \$7.5 million from general revenues in FY 2017. Supporting documents suggest that the reductions to hospitals would not occur if alternate match for the hospital and nursing home incentive programs were found.
- ***Graduate Medical Education.*** The Governor eliminates the \$2.0 million state payment to Lifespan for graduate medical education activities in FY 2016 and FY 2017.
- ***Managed Care Contracts.*** The Governor's budget assumes savings of \$6.8 million, including \$2.0 million from general revenues from re-procuring the state's contract for its RIte Care and Rhody Health Partners managed care plans, including benefits for the Medicaid expansion population.

- ***Managed Care Organizations Administrative Rate.*** The Governor’s budget proposes savings of \$8.8 million, including \$3.3 million for nine months of savings in FY 2017 from reducing the administrative rate paid for the managed care plans providing Medicaid services.
- ***Primary Care Settlement.*** The Governor includes savings of \$2.5 million from a one-time, not-yet-finalized, settlement relating to medical assistance payment to primary care providers as savings against operating costs in the Executive Office of Health and Human Services. Such settlements would typically appear in the caseload estimate or as adjustments to closing caseload expenditures. The request instead underfunds administrative expenses by \$1.0 million in FY 2016 and \$1.5 million in FY 2017 in expectation of excess funds.
- ***Medicaid Transportation Contract.*** The Governor includes savings of \$2.0 million, including \$1.0 million from general revenues, from her recommendation to re-negotiate the current three-year transportation contract in the medical assistance program.
- ***Children’s Health Account.*** The Governor’s budget includes \$4.0 million in general revenue savings from increasing to \$12,500 from \$7,500 the assessment charged to commercial insurers that offsets the state cost for certain services provided to children with special health care needs.
- ***Project Sustainability – Direct Care Worker Rates.*** The Governor includes \$2.5 million from general revenues matched by Medicaid to support a \$0.45 hourly rate increase to direct care workers in the privately operated system for adults with developmental disabilities.
- ***Office of Health Analytics and Policy.*** The budget includes \$0.8 million, \$0.4 million from general revenues, for the Executive Office to hire a contractor with claims analysis and health care actuarial experience, consistent with the recommendation made by the Governor’s Working Group for Healthcare Innovation. The Working Group also recommended creating a central office to oversee health policy initiatives and coordinate public hearings that inform the state’s understanding of its health care spending, the associated drivers, and possible solutions for cost containment. The Governor’s budget does not add staff for a new Office.
- ***Child Care Providers Union Agreement.*** The Governor recommends \$0.7 million from federal funds over FY 2016 and FY 2017 for the provisions of the collective bargaining agreement that includes home computers, orientation and training session, direct deposits and certification bonuses.
- ***Volunteer Guardianship Program.*** The Budget eliminates the Volunteer Guardianship Program in the Division of Elderly Affairs for general revenues savings of \$81,512.
- ***Long Term Care Ombudsman.*** The Budget reduces funding for the long term care ombudsman from \$320,900 to \$230,900 from all sources; this is a \$90,000 reduction, including \$45,000 from general revenues.
- ***Medicaid Rehabilitation Services.*** The Budget eliminates the personal care attendants program and the home modification program in the Office of Rehabilitation Services for savings of \$0.6 million, including \$0.3 million from general revenues. Services to approximately 40 people would still be available but the individual would have to pay instead of the state Medicaid program.
- ***Eleanor Slater Hospital Study.*** The Budget includes \$1.0 million from Rhode Island Capital Plan funds for a feasibility study to determine the next step in the Eleanor Slater Hospital re-organization plan.
- ***Developmental Disabilities Caseload Growth.*** The Governor adds \$5.8 million, \$2.9 million from general revenues, for anticipated caseload growth over FY 2016, based on increasing awareness of the

state's program for developmentally disabled adults through the consent decree.

- **Residential Placements.** The Governor includes all funds savings of \$3.1 million in the revised budget and \$16.6 million in FY 2017 from transitioning developmentally disabled adults in both the state-run RICLAS and privately operated systems from 24 hour residential placements to less intensive shared living arrangements in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.
- **Eleanor Slater Hospital Reorganization.** The Governor's budget assumes FY 2017 savings of \$8.4 million, including \$4.1 million from general revenues from the re-organization of the state-run hospital, the specifics of which are not identified.
- **System of Care.** The Governor's FY 2016 revised budget includes \$79.5 million from all sources including \$53.6 million from general revenues for services provided to children in the care of the Department of Children, Youth and Families provided through the System of Care networks. This is \$4.9 million more than enacted from all sources, including \$1.0 million from general revenues. The Governor's recommended budget includes an initiative to return responsibility for administrative functions associated with the System of Care back under Department control.
- **Foster Care Support.** The Governor's budget includes \$27.1 million for foster care and adoption assistance subsidies, including \$1.0 million from general revenues to fund a foster care rate increase included in the enacted budget. This increase brings the average daily foster care rate up by 15.8 percent from \$16.05 per day to \$18.59 per day.
- **DCYF Daycare.** The Governor's budget includes \$5.4 million for daycare subsidies provided to children in the care of the Department of Children, Youth and Families, including \$4.7 million from general revenues and \$0.7 million from federal funds. The Governor's revised and recommended budgets assume the same caseload as FY 2015, adjusted to reflect the 3.0 percent childcare provider rate increase in the enacted budget that became effective July 1, 2015.
- **Senior Centers.** The Governor's budget adds \$600,000 from general revenues for the state's senior centers.
- **Veterans' Affairs – New Positions.** The Governor adds three new positions and elevates the Division of Veterans' Affairs to an independent office.
- **Race to the Top – Early Childhood Development.** The Governor's budget adds \$1.1 million from general revenues to fund staff and programs at the Department of Human Services to replace Race to the Top federal funds that will expire December 31, 2016.
- **Lead Poisoning Prevention.** The Governor's budget includes \$187,000 from general revenues to backfill the loss of one-time funding from the Providence Water Supply Board for lead poisoning prevention efforts. Funds will be used to support certified lead centers, which provide case management to lead poisoned children, and for data analysis.
- **Women, Infants, and Children Nutrition Program Transfer.** The Governor's budget reflects the transfer of the Women, Infants, and Children Nutrition Program from the Department of Human Services to the Department of Health to comply with federal statutes. The Governor's budget includes \$26.1 million from federal funds and 13.0 full-time equivalent positions to support the program.
- **New Interpreter Position.** The Governor's budget includes \$0.1 million to fund a new staff interpreter position for public hearings, informational sessions, and interoffice communication for the Commission on

the Deaf and Hard of Hearing.

- **Poison Control Center.** The Governor recommends the FY 2016 enacted level of \$200,000 from general revenues for FY 2017 to fund the Poison Control Center, which provides assistance and medical diagnosis of poisonings.
- **New Veterans' Home – Bond Authorization.** The Governor proposes new bond language to ensure that there are sufficient resources to build the new Veterans' Home, which will still cost the state less than originally anticipated. The voters approved a \$94 million bond that would be reduced by federal reimbursements. The federal Veterans Administration approved a different project design than anticipated a new cost of \$121.0 million, but also authorized a larger reimbursement.

Education

- **Public Higher Education.** The Governor's budget includes \$1,163.4 million for Public Higher Education institutions including debt service. This is \$73.3 million more than enacted from all funds. The Governor's budget includes \$199.5 million from general revenues, which is \$3.2 million more than enacted. Excluding debt service, general revenue support increases by \$10.8 million.
- **Public Higher Education Tuition and Fees.** The Governor's budget prohibits tuition increases for the three public higher education institutions.
- **Higher Education Asset Protection Funding.** The Governor's budget includes \$8.0 million of additional Rhode Island Capital Plan funding for asset protection projects, including \$5.7 million for the University, \$2.0 million for the College, and \$0.3 million for the Community College. The additional funding from Rhode Island Capital Plan funds is intended to allow the institutions to use unrestricted resources that they would otherwise commit to asset protection projects beyond their Rhode Island Capital Plan fund allocation for personnel and operating expenses.
- **University Engineering Building Referendum.** The Governor recommends \$25.5 million of new general obligation bonds to be submitted to the voters on the November 2016 ballot for the second phase of a project to renovate and build additions to the College of Engineering complex at the University of Rhode Island. Annual debt service would be \$2.1 million; total debt service would be \$40.8 million.
- **Westerly Campus Capital Project.** The Governor's budget includes \$2.0 million from Rhode Island Capital Plan funds for a new facility in Westerly for the Community College to provide laboratory and classroom space for collaborative programs with local private industries.
- **Coastal Resiliency Initiative.** The Governor's FY 2017 budget includes \$0.1 million for a new Coastal Resiliency Initiative at the University's Graduate School of Oceanography to assist shoreline communities in preparing for and managing climate change impacts.
- **Rhode Island Nursing Education Center.** The Governor's budget includes \$6.2 million for the new Rhode Island Nursing Education Center, which is scheduled to open for the spring 2017 semester. This amount includes \$2.8 million for the facility's operating and administrative expenses and \$3.4 million from general revenues for the state's first lease payment.
- **Dual Enrollment Initiative.** The Governor recommends the enacted level of \$1.3 million from tuition savings fees for the dual and concurrent enrollment initiative to allow qualified high school students to earn college credit at no cost to the student.

- ***Last Dollar Scholarship.*** The Governor recommends the enacted level of \$10.1 million from tuition savings fees and federal loan reserve funds for the Last Dollar Scholarship program for students with proven academic performance and financial need to attend Rhode Island’s public higher education institutions.
- ***Telecommunications Education Access Fund.*** The Governor recommends \$1.8 million in FY 2017, including \$0.9 million from general revenues to support the Telecommunications Education Access Fund. This is \$0.5 million more from general revenues than the enacted budget. This 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.
- ***Advanced Coursework Pilot Program.*** The Governor’s budget proposes using \$0.6 million previously dedicated to supporting underperforming schools for an advanced course work pilot program to support high school students in accessing personalized advanced coursework opportunities. Funding would support approximately 1,000 students.
- ***Innovation and Empowerment Fund.*** The Governor’s budget includes \$1.0 million to seed a new innovation and empowerment fund to support grants made to schools to promote innovation, flexibility and best practices.
- ***Principal Empowerment and Training Fund.*** The Governor’s budget includes \$1.0 million from general revenues for a new professional development initiative for principals.
- ***Kindergarten Entry Profile Survey.*** The Governor’s budget includes \$350,000 to fund a kindergarten entry profile survey initiative.
- ***Race to the Top Early Learning Challenge.*** The Governor recommends \$219,700 from general revenues for 3.3 positions to continue the programs created under the Race to the Top - Early Learning Challenge program in the Department of Elementary and Secondary Education. The grant expires December 31, 2016. Funding would support the positions for the other six months of FY 2017.
- ***Computer Science Education.*** The Governor’s budget includes \$260,000 from general revenues to expand access to computer science courses for elementary and secondary students.
- ***PSAT/SAT.*** The Governor’s budget includes \$500,000 from general revenues to provide the SAT and PSAT for free to all Rhode Island public school students.
- ***Fellowship for Instructional Excellence.*** The Governor’s budget includes \$750,000 from general revenues for the first year of a proposed two-year fellowship program to bring approximately seven master teachers into two-year fellowships at the Department of Elementary and Secondary Education. Funding would be used to pay the district for the salary and benefit cost of the teachers participating in the fellowship.
- ***Performance Management and Educator Performance Support.*** The Governor recommends \$0.3 million from general revenues and 2.0 new positions in the Department of Elementary and Secondary Education to support the Department’s performance management system and the evaluation model to develop and implement professional practice and training for all evaluators.
- ***Model Evaluation System.*** The Governor recommends \$290,000 from general revenues for a model evaluation system in the Department of Elementary and Secondary Education. Funding will support assessment training and fund the instructional management system, which combines curriculum assessment, instructional practice tools and student data for use by teachers and school administrators.

Public Safety

- **Prison Population.** The Governor's budget assumes a population of 3,200, which is 92 less inmates than the enacted population of 3,292. It also assumes a revised population of 3,183 for FY 2016, which is 109 less than enacted. Through the first four months of 2016, the average inmate population is 3,149.
- **Correctional Officer Training Class.** The Governor recommends \$0.6 million for recruiting and training costs for a correctional officer training class to be held in FY 2017; the class is delayed from FY 2016 pending an outcome of litigation with the Department of Justice concerning the correctional officer examination process. She also recommends \$51,400 to acquire expert legal services to make sure the issue is resolved.
- **Weapons Requalification.** The Governor recommends the enacted level of \$0.5 million from general revenues to conduct annual weapons requalification for correctional officers.
- **Weapons Training Software.** The Governor's budget includes \$80,000 from general revenues to purchase an electronic weapons simulator for the Department of Corrections to train staff in situations such as inmate disturbances or hostage situations.
- **New Correctional Facility Study.** The Governor recommends \$250,000 from Rhode Island Capital Plan funds for FY 2017 to conduct a cost-benefit analysis and study options for replacing the Maximum Security and High Security facilities with a new facility for both populations.
- **Corrections Asset Protection.** The Governor includes \$18.8 million from Rhode Island Capital Plan funds for FY 2017 through FY 2021 for asset protection projects at correctional facilities.
- **Medium Security Renovations.** The Governor includes \$20.0 million from Rhode Island Capital Plan funds for FY 2017 through FY 2021 infrastructure improvements at the John J. Moran medium security facility. This includes the expansion of available space for dining areas, kitchen, and dispensary and other inmate programs and recreational activities.
- **Intake Service Center Renovations.** The Governor includes \$7.5 million for FY 2017 through FY 2021 to restore the exterior of the Intake Service Center including window and roof replacement, as well as joint patching and resealing the brick veneers on the north and south side of the building.
- **Discharge Planning.** The Governor's budget adds \$0.1 million from shifting inmate discharge planning from contracted services to direct personnel. She adds authorization for 8.0 new full-time equivalent positions.
- **Corrections Database Programming.** The Governor recommends adding \$0.2 million from general revenues to make programming changes and maintenance for the inmate and probation/parole tracking databases and to continue funding for the Community Mapping and Reentry System (CMARS) that was previously funded through the recidivism grant for which funding ended September 30, 2015.
- **Mental Health and Psychiatric Services.** The Governor recommends adding \$0.5 million from general revenues in the Department of Corrections budget for mental health and psychiatric services for inmates. This reflects a new sex offender treatment contract, the provision of psychiatric services and the replacement of a retiring on-call psychiatrist during FY 2016. This would provide a total of \$1.3 million for FY 2017.

- ***Corrections Dental Contract.*** The Governor’s budget includes \$1.1 million from general revenues, which is \$160,000 more than enacted for contracted dental services for the Department of Corrections based on a newly negotiated contract.
- ***Medication/Mediation Assisted Treatment Program.*** The Governor recommends \$2.5 million to begin a medication-assisted treatment program of opioid users in the Adult Correctional Institutions. The funds would be used to screen for opioid use disorders and conduct an assessment of new inmates to determine treatment options. The initiative would also start medication-assisted treatment prior to release with community referral for ongoing treatment.
- ***Justice Reinvestment Initiative/Pretrial Population Management.*** The Governor’s budget includes \$1.3 million and 5.0 new probation officer positions to fund a proposal of the Justice Reinvestment Working Group that would allow the closure of one double module at the Intake Service Center and the budget assumes savings of \$1.4 million from this closure. It assumes that changes in the management of the pre-trial population, through the use of diversion tools at various points, would result in decreasing the length of stay for failure to appear or failure to pay; however, there is no proposed legislation.
- ***Transitional Employment Grant.*** The Governor’s budget includes \$0.5 million from general revenues for transitional employment grants to be administered by the Office of Management and Budget. This initiative is intended to increase employment and reduce recidivism of formerly incarcerated individuals.
- ***Indigent Defense Program.*** The Governor’s budget includes \$3.8 million from general revenues in FY 2017 for the Judiciary’s indigent defense program, which is \$0.2 million more than enacted.
- ***Judicial Asset Protection.*** The Governor includes \$4.8 million from Rhode Island Capital Plan funds for FY 2017 through FY 2021 for asset protection projects at Judicial buildings, including security upgrades, courtroom restoration, fire suppression and alarm system upgrades, interior refurbishments to public areas and office spaces, cellblock upgrades, and elevator upgrades.
- ***Judicial Complex Restoration.*** The Governor includes \$3.0 million from Rhode Island Capital Plan for FY 2017 through FY 2021 for the restoration of the Licht Judicial Complex. This includes plaster repair, courtroom benches, carpet replacement, and repainting of the courthouse interior.
- ***Judicial HVAC.*** The Governor includes \$3.8 million from Rhode Island Capital Plan for FY 2017 through FY 2021 for the replacement and/or restoration and/or cleaning of the heating, ventilation and air conditioning system for all judicial complexes including Licht, Garrahy, Murray, McGrath, Noel, Traffic Tribunal and Fogarty Judicial Annex. Work includes water pump and boiler installations and the replacement of water lines, exhaust fans, air handlers, baseboard control valves, the variable air volume box and the domestic water system.
- ***Judicial Noel Shelled Courtrooms.*** The Governor includes \$10.0 million from Rhode Island Capital Plan funds starting in FY 2016 to begin the build out of the shelled courtrooms at the Noel Judicial Complex to relieve overcrowding at the Garrahy Judicial Complex.
- ***Sheriffs’ Academy.*** The Governor provides \$47,250 for FY 2016 to hold a six-week training academy for new sheriffs recruits. The Academy would begin in May 2016 to allow the Division of Sheriffs to fill vacancies for the beginning of FY 2017.
- ***State Police Arbitration Settlement.*** The Governor’s budget includes \$2.9 million from all sources for costs associated with the September 2015 decision settling the contract arbitration between the state and the Rhode Island State Troopers Association. The settlement provides cost-of-living increases of 3.5

percent, 3.0 percent, and 3.5 percent for the contract years ending April 30, 2014, April 30, 2015, and April 30, 2016, respectively, for a total increase of 10.0 percent.

- **35.0 New Troopers.** The Governor's budget provides \$4.2 million for 35.0 new state police troopers, anticipated to graduate from the 56th Training Academy and be sworn into the State Police in July 2016.
- **National Guard Activations.** The Governor includes \$50,000 from general revenues each year in FY 2016 and FY 2017 for possible activation of National Guard troops for cybersecurity events.
- **Rhode Island Statewide Communications Network.** The Governor's capital recommendation includes \$10.0 million from all sources for FY 2017 through FY 2021 for the Rhode Island Statewide Communications Network. This includes \$5.0 million from Rhode Island Capital Plan funds, \$2.5 million from federal sources, and \$2.5 million from restricted receipts. The Budget also includes \$1.1 million from general revenues each year in FY 2016 and FY 2017 for the contract with Motorola to maintain the radio system.

Environment

- **Recreation, Green Spaces, and Healthy Communities Bonds.** The Governor's budget includes \$35.0 million of new general obligation bonds to be submitted to the voters on the November 2016 ballot for facilities and infrastructure improvements at state parks, stormwater pollution prevention, brownfield remediation, bikeways development, open space acquisition, and recreation acquisition and development grants. Annual debt service would be \$2.8 million.
- **Local Agriculture and Seafood Program.** The Governor's budget requires deposit of lease payments from renewable energy projects costing \$5.0 million or more into the Local Agriculture and Seafood Fund. This would result in Deepwater Wind's \$150,000 annual lease payment being deposited to restricted receipts instead of general revenues. The Assembly did not concur with similar legislation proposed during last year's budget process.
- **Fort Adams Sailing Improvements.** The Governor's capital budget includes \$4.4 million for FY 2017 through FY 2021 for improvements to Fort Adams State Park, which will allow the state to host large-scale sailing events. The state was awarded a stopover for the Volvo Ocean Race, which occurred in May of 2015. The funding includes Rhode Island Capital Plan funds and also reflects anticipated private donations for the construction of a mid-park educational and recreational facility.
- **Galilee Piers.** The Governor's capital budget includes \$5.7 million from state and federal sources for FY 2017 through FY 2021 for infrastructure improvements at the Port of Galilee.
- **World War II State Park Improvements.** The Governor's capital budget includes \$1.6 million from Rhode Island Capital Plan funds in FY 2016 to complete the capital project to revitalize the currently closed World War II State Park, eliminating the currently empty pond and replacing it with a splash park. The Budget also includes \$250,000 from general revenues each year in FY 2016 and FY 2017 for the first and second years of a five-year initiative to transfer maintenance and operation of the Park from the state to Woonsocket following the completion of the capital project.
- **State Recreational Facilities Improvements.** The Governor's capital budget includes \$8.3 million for FY 2017 through FY 2021, including \$7.9 million from Rhode Island Capital Plan funds and \$0.4 million from federal sources for improvements at Rhode Island parks and management areas.

- **State Piers.** The Governor's capital budget includes \$3.5 million from Rhode Island Capital Plan funds for FY 2017 through FY 2021 for marine infrastructure and pier development at sites critical to Rhode Island's tourism and fishing economy.

Transportation

- **DMV Fees.** The Governor's budget maintains the current law provision requiring the transfer of 75.0 percent of motor vehicles fees into the Highway Maintenance Account or \$25.4 million more than FY 2016. In FY 2018, all of the fees will be transferred into the Account.
- **Winter Maintenance.** The Governor's revised FY 2016 budget includes \$20.6 million for winter maintenance expenditures, \$3.5 million more than enacted to reflect increased operations during the winter of 2016. The Governor's budget assumes \$21.7 million of winter maintenance expenditures in FY 2017.
- **Highway Drainage.** The Governor's budget includes \$5.0 million for catch basin inspection and cleaning. Pursuant to the state's sewer systems permit, the Department of Transportation must inspect and clean the state's 25,000 catch basins annually. The Department is currently required by a consent decree with the U.S. Department of Justice to maintain storm drains and address pollutants that are going into the Narragansett Bay and other waterways.
- **RhodeWorks Program.** The Governor's budget includes \$850,000 in expenditures relating to RhodeWorks, an initiative to accelerate the replacement and reconstruction of state bridges with the goal of reducing the percentage of deficient bridges. This includes \$100,000 for public relations, \$300,000 for engineering services and \$450,000 for outside legal services.
- **Increase Maintenance Staff.** The Governor's budget reflects the reclassification of 40 existing vacant positions as maintenance staff. These positions will be used for increased state operations in the areas of drainage, road striping, and bridge maintenance.
- **Rhode Island Public Transit Authority.** The Governor's budget includes an additional \$1.9 million from the growing Highway Maintenance Account and \$1.2 million from general revenues to pay for debt service in FY 2017. Despite the increased funding, the Governor's budget shows the Public Transit Authority with deficit projections of \$0.8 million in FY 2016 and \$2.7 million in FY 2017.

Statewide Overview

Summary

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Expenditures by Function*				
General Government	\$ 1,432.5	\$ 1,526.0	\$ 1,545.5	\$ 1,533.9
Human Services	3,721.4	3,853.6	3,911.6	3,763.5
Education	2,408.0	2,449.6	2,535.4	2,520.7
Public Safety	534.7	553.1	572.5	560.0
Natural Resources	105.0	110.0	112.5	107.1
Transportation	463.8	482.9	485.2	479.5
Total	\$ 8,665.4	\$ 8,975.1	\$ 9,162.6	\$ 8,964.8
Expenditures by Category*				
Salaries and Benefits	\$ 1,638.9	\$ 1,646.8	\$ 1,734.6	\$ 1,684.8
Contracted Services	282.1	397.4	302.1	303.0
Subtotal	\$ 1,921.0	\$ 2,044.2	\$ 2,036.6	\$ 1,987.8
Other State Operations	775.9	843.2	883.3	879.8
Aid to Local Units of Government	1,248.4	1,240.5	1,280.5	1,282.1
Assistance, Grants, and Benefits	3,963.7	4,034.0	4,063.9	3,994.5
Capital	335.4	415.1	430.9	415.6
Capital Debt Service	203.5	202.0	255.8	227.5
Operating Transfers	217.5	196.1	211.6	177.4
Total	\$ 8,665.4	\$ 8,975.1	\$ 9,162.6	\$ 8,964.8
Sources of Funds*				
General Revenue	\$ 3,552.0	\$ 3,576.5	\$ 3,783.4	\$ 3,676.8
Federal Aid	2,947.3	3,114.2	3,010.8	2,967.2
Restricted Receipts	245.5	288.8	258.3	261.9
Other	1,920.7	1,995.7	2,110.0	2,058.9
Total	\$ 8,665.4	\$ 8,975.1	\$ 9,162.6	\$ 8,964.8
FTE Authorization	15,118.4	15,139.3	15,308.4	15,227.3

Summary

The Governor's budget recommendations for FY 2017, along with her revisions to the FY 2016 enacted budget, are contained in 2016-H 7454, introduced on February 3, 2016. While most supporting documents were made available with the introduction, the Capital Budget was not provided until two weeks later, on February 17. By law the budget is due by the third Thursday in January, which was January 21, 2016 this year.

The 2004 Assembly amended the budget submission dates for the budget to be due on the third Thursday in January, or the first Thursday in February when a new Governor takes office. In prior years, it had been

due the third Thursday in February. Governor Raimondo has included a proposal contained in Article 14 to delay the submission three weeks with an extra five weeks for new Governors.

The Governor recommended a total FY 2017 budget of \$8,964.8 million. Total expenditures increase \$299.3 million from the FY 2016 budget enacted by the 2015 Assembly, or 3.5 percent. Her FY 2016 revised budget totals \$8,975.1 million; FY 2015 expenditures were \$8,392.6 million.

The Budget includes \$3,676.8 million of expenditures funded from general revenues, \$124.8 million, or 3.5 percent more than the enacted general revenue funded budget. They are also \$100.3 million more than her revised recommendations.

FY 2017	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2016 Enacted	\$ 3,552.0	\$ 2,947.3	\$ 245.5	\$ 1,920.7	\$ 8,665.4
Governor	3,676.8	2,967.2	261.9	2,058.9	8,964.8
Change to Enacted	\$ 124.8	\$ 20.0	\$ 16.4	\$ 138.2	\$ 299.3
Percent Change	3.5%	0.7%	6.7%	7.2%	3.5%

FY 2016 Revised	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2015 Final	\$ 3,476.6	\$ 3,051.2	\$ 283.6	\$ 1,919.7	\$ 8,731.2
FY 2015 Actual	3,453.9	2,895.3	236.0	1,807.4	8,392.6
Difference	\$ (22.7)	\$ (155.9)	\$ (47.7)	\$ (112.4)	\$ (338.6)
FY 2016 Enacted	\$ 3,552.0	\$ 2,947.3	\$ 245.5	\$ 1,920.7	\$ 8,665.4
Governor's FY 2016 Revised	3,576.5	3,114.2	288.8	1,995.7	8,975.1
Governor's Change to Enacted	\$ 24.5	\$ 166.9	\$ 43.3	\$ 75.0	\$ 309.7
Percent Change	0.7%	5.7%	17.6%	3.9%	3.6%

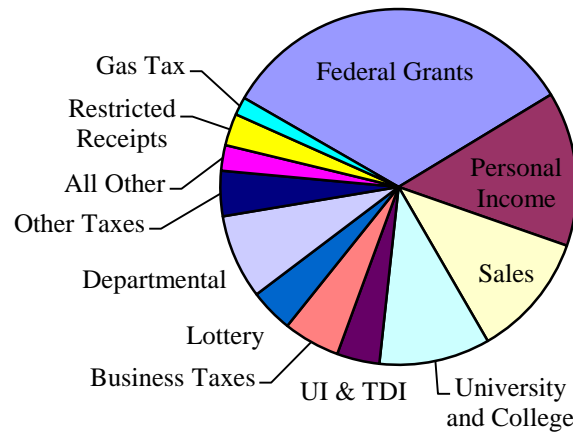
The Budget Office estimates that in preparing the FY 2017 budget, the Governor faced a projected revenue-expenditure gap of about \$190 million. This was higher than the House Fiscal Staff projections based on differing Budget Office assumptions. That gap was significantly reduced by increased resources from the FY 2015 closing and consensus revenue estimates, partially offset by overspending.

The Governor's budget resolves much of the deficit through revenue items, a majority of which are non-recurring. There are numerous spending changes in human service agencies which amount to a reduction that appears to be structural in nature.

Her budget follows the traditional Rhode Island budgeting practice of assuming passage of legislation submitted with the budget and approval by requisite federal agencies of changes under their purview. Should any of that legislation not pass; the budget will be significantly unbalanced. Notably, there is an assumption for \$8.0 million in undefined caseload savings in the current year, which would likely need immediate statutory authority.

The revenue sources for the enacted budget are shown in the following graph. They include a number of changes to current law, all of which are described in *Section VI, Special Reports: Revenues Changes*.

Sources of Funds



- *Federal funds* continue to be the single largest source, accounting for approximately 33 percent of all revenues in FY 2017. Recommended expenditures from federal sources of \$2,967.2 million are \$20.0 million more than enacted for FY 2016, a 0.7 percent increase, and are from 297 different federal programs.

Medicaid is the single largest source of federal funds. The Budget includes \$1,623.9 million from Medicaid, 54.7 percent of all federal funds, and 18.0 percent of all revenues. Supplemental Nutrition (Food Stamps) of \$282.0 million is the second largest category, 9.5 percent of federal funds.

The following table shows the ten largest sources, along with the percent of total federal expenditures attributable to each. They account for 82.5 percent of all federal funds expenditures, with the remaining 286 programs accounting for the other 17.5 percent.

Top Ten Federal Sources	<i>Total</i>	<i>Percent of Total</i>	<i>Cumulative Percent</i>
Medicaid	\$ 1,623,936,380	54.7%	54.7%
Supplemental Nutrition (Food Stamps)	282,000,000	9.5%	64.2%
Federal Highway Funds	245,368,338	8.3%	72.4%
Temporary Assistance to Needy Families (TANF)	80,431,689	2.7%	75.1%
Title I Grants to Local Education Agencies	54,462,873	1.8%	77.0%
Special Education Grants to States	45,057,032	1.5%	78.5%
CHIP Children's Health Insurance	42,773,883	1.4%	79.9%
National School Lunch Program	30,804,953	1.0%	81.0%
Women, Infants and Children (WIC)	26,070,953	0.9%	81.8%
Unemployment Administration	18,358,732	0.6%	82.5%

The table on the next page shows FY 2017 sources with items contributing to general revenues in bold type. It also shows the total percent it contributes to all funds and general revenues for each source.

All Sources	All Funds	Contribution	General Revenue	Contribution
Federal Grants	\$ 2,967.2	33.0%	\$ -	0.0%
Personal Income	1,263.5	14.0%	1,263.5	34.1%
Sales	1,017.7	11.3%	1,017.7	27.4%
University and College	905.4	10.1%	-	0.0%
UI & TDI	347.6	3.9%	-	0.0%
Business Taxes	462.7	5.1%	462.7	12.5%
Lottery	354.7	3.9%	354.7	9.6%
Departmental	369.5	4.1%	369.5	10.0%
Other Taxes	209.1	2.3%	209.1	5.6%
All Other	690.7	7.7%	32.1	0.9%
Restricted Receipts	261.9	2.9%	-	0.0%
Gas Tax	147.3	1.6%	-	0.0%
Total	\$ 8,997.3	100%	\$ 3,709.3	100%

- *Sales and personal income taxes* combine for 25.4 percent of all revenues in FY 2017 and 61.5 percent of all general revenues. Combined with federal funds, they total over half, 58.3 percent.
- *Personal Income* taxes of \$1,263.5 million are the second largest of all revenue sources and the largest source of general revenues. The FY 2017 estimate is \$47.8 million more than the FY 2016 enacted budget estimates, or 3.9 percent.
- *Sales tax* revenues of \$1,017.7 million are the second largest of general revenue sources. That amount is \$48.2 million more than enacted for FY 2016, or 5.0 percent.
- *University and College Funds* are \$905.4 million and 10.1 percent of all sources, including tuition, revenues from the operation of enterprise type activities such as residence and dining halls, sponsored research, the direct student loan program, and federal scholarship and grant funds like Pell grants. These increase \$65.1 million or 7.7 percent from the FY 2016 enacted estimates.
- *Employment Security and Temporary Disability Insurance* payments are estimated at \$347.6 million, which are \$26.6 million less than the levels estimated for the FY 2016 enacted budget.
- *Business taxes* of \$462.7 million account for 5.1 percent of total revenues and 12.5 percent of general revenues for FY 2017. They would increase \$33.0 million or 7.7 percent from the enacted estimate. These include corporate income tax, public utilities gross earnings, the tax on banks, financial institutions, insurance companies and health care institutions.
- The *Lottery* is expected to contribute \$354.7 million, which is 3.9 percent of all revenues and 9.6 percent of general revenues.
- *Departmental Revenues* of \$369.5 million include \$169.1 million from extending the hospital licensing fee another year. Departmental revenues would be 4.1 percent of all revenues and 10.0 percent of general revenues.
- *Other taxes* include motor vehicle, cigarettes, alcohol, inheritance, realty transfer, and racing and athletics. These total \$209.1 million in the FY 2017 budget and comprise 2.3 percent of all sources but 5.6 percent of general revenues. Beginning with FY 2015, most of the motor vehicle taxes are being transitioned over a four-year period from general revenue to a restricted use transportation account.

- The *gas tax*, currently 33.5 cents per gallon, not including the one-half cent for the Underground Storage Tank Financial Responsibility Fund, is estimated to produce \$4.3 million from each cent in FY 2017 for a total of \$147.3 million.
- The remaining sources, estimated at \$952.6 million, constitute 10.6 percent of all FY 2017 sources and include sources dedicated to specific purposes such as lottery operations, transportation funds and restricted receipts as well as unclaimed property and miscellaneous other items.

General Revenue Sources

Less than half of the total funds collected or received from all sources are considered as general revenues, \$3,709.3 million, 41.2 percent of all sources. They can be used for any legitimate purpose in contrast to federal funds, restricted receipts, and certain other sources that may only be used for specific purposes.

The Consensus Revenue Estimating Conference estimates the amount of general revenues annually in November and May. It is composed of the Budget Officer, the Senate Fiscal Advisor, and the House Fiscal Advisor who must achieve consensus on their forecast; votes are not taken. The estimates are to be based upon current law at the times of the conferences. The Governor has proposed changes to this process in Article 22.

Available general revenues also include a balance forward from FY 2016 of \$81.7 million minus transfer of \$113.7 million to the Budget Stabilization and Cash Reserve Account, or “rainy day fund” to be used in case of emergency, and then only by legislative action. Three percent of the opening surplus plus all revenues must be deposited in the account. These amounts had been increasing by 0.2 percent per year until reaching 3.0 percent in FY 2013. Any amounts used must be replaced in the following year.

The account is limited; once the limit is reached, the excess revenues are transferred to the Rhode Island Capital Plan account, where they may be used to fund capital projects. Maximum amounts in the budget reserve are also defined by statute and increased to a maximum of 5.0 percent in 0.4 percent increments in FY 2013. Amounts above the maximum amount transfer to the Rhode Island Capital Plan Fund for use for capital projects. The table below shows the percents.

Percents of Revenues	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Transfer to Budget Reserve	2.0%	2.2%	2.4%	2.6%	2.8%	3.0%
Budget Reserve Maximum	3.0%	3.4%	3.8%	4.2%	4.6%	5.0%

The voters approved a constitutional amendment in 2006 to allow the capital account to be used solely for capital projects beginning in FY 2008 and to increase the Budget Stabilization and Cash Reserve Account to five percent and mandating that three percent of the opening surplus and all revenues must be deposited in the account by FY 2013.

FY 2017 Expenditures

Recommended expenditures of \$8,964.8 million are \$299.3 million more than enacted for FY 2016, 3.5 percent. They can be divided into a functional classification of expenditures that aggregates agencies with like programs and purposes into the six functions used: general government, human services, education, public safety, natural resources, and transportation. Viewing expenditures functionally offers a look at what they do or provide for.

The presentation of expenditure by function and category discussed below reflects the data in the Governor’s budget.

Expenditures by Function

- The *Human Services* function includes all programs for medical assistance, supplemental security income, cash assistance, day care, elderly services, adjudicated youth, mental health, general health, developmental disabilities, children under the care and jurisdiction of the state, and the state's general hospitals. Expenditures of \$ \$3,763.5 million are 42.0 percent of all expenditures and 37.2 percent of those funded from general revenues. These expenditures are \$42.2 million more than enacted for FY 2016 by the 2015 Assembly. Those funded from general revenues are \$5.6 million more.
- *Education* includes programs of elementary and secondary education, public higher education, scholarships and grants for all higher education, arts, and historical preservation and heritage. Education aid to local units of government represents 47.9 percent of total expenses or, \$1,207.4 million of the \$2,520.7 million. Education aid is discussed in detail in *Section VI* of this volume, *Special Reports: Education Aid*. Education expenditures comprise 28.1 percent of total expenditures, but 35.7 percent of general revenue funded ones. They increase by \$112.8 million over the enacted FY 2016 budget, and those funded from general revenues increase by \$44.4 million.
- The Budget includes \$560.0 million for *Public Safety* expenditures, \$25.3 million more than the enacted budget. They comprise 6.2 percent of all expenditures and 12.3 percent of those funded from general revenues.
- *Natural Resources* programs would spend \$107.1 million, which is \$2.1 million more than enacted for FY 2016. They are 1.2 percent of total expenditures and 1.1 percent of those from general revenues.
- *Transportation* programs account for 5.3 percent of expenditures and include the state's highway and transit programs. Funding of \$479.5 million, none from general revenues, is \$15.6 million more than enacted for FY 2016.
- The remaining 17.1 percent of expenditures, \$1,533.9 million, are for the *General Government* programs. These include programs that support all other functions as well as general type activities. Examples of the former include the Ethics Commission and the Department of Administration. Examples of the latter include the general officers except the Attorney General, the Board of Elections, and the Department of Labor and Training.

Expenditures also include all the state's debt service except that for higher education and the transportation Grant Anticipation Revenue Vehicle bonds. General Government expenditures are \$101.4 million or 7.1 percent more than the enacted budget.

Expenditures by Category

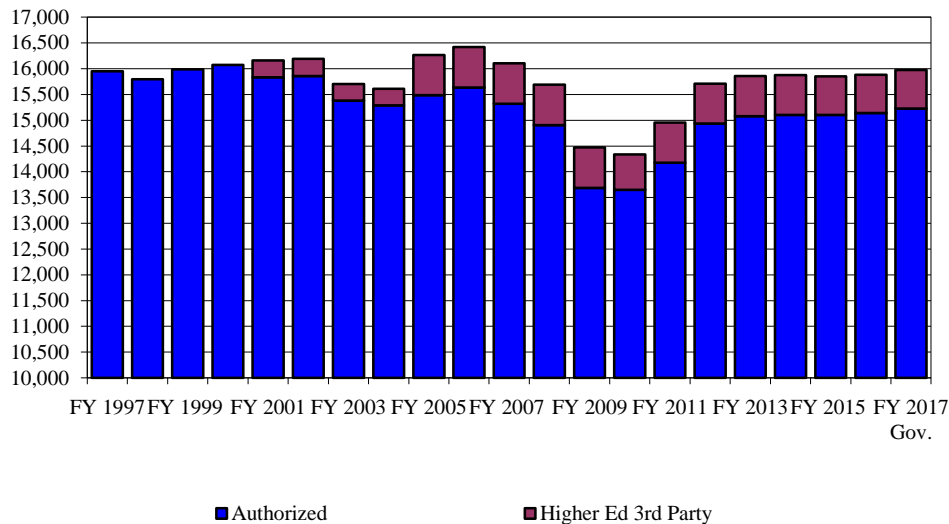
Expenditures are also aggregated and presented by accounting categories that designate what is purchased as opposed to the purpose of expenditures. The categories include: state operations; local aid; assistance, grants and benefits; capital; and operating transfers.

State Operations are the day-to-day expenses of state government. These expenditures include *personnel* and *other operating* expenditures. Personnel expenditures include *salaries and benefits* including fringe benefits, workers' compensation and unemployment compensation, and *contracted professional services*. *Other operating* expenditures are the non-personnel day-to-day expenses of state government, including maintenance and non-fixed capital assets.

The Budget includes \$1,684.8 million for total *salaries and benefits* for 15,227.3 full-time equivalent positions and *contracted services* expenditures of \$303.0 million. Salary and benefit expenditures are \$46.0

million more than the enacted budget; contracted services expenditures would increase \$20.9 million. Salaries and benefits account for 18.8 percent of total expenditures and 24.3 percent of those funded from general revenues. Expenditures for contracted services account for 3.4 percent of the total budget and 1.7 percent of those funded from general revenues.

Full-Time Equivalent Positions



The total personnel expenditures are the costs associated with all positions in state service, excluding those funded through internal service accounts. These accounts are funded from operating charges to state agencies for overhead type services provided by the individuals funded from the accounts. These costs are treated in the budget as operating expenses; the personnel and operating costs in the internal service accounts are essentially off line to avoid double counting. The largest ones were converted to direct appropriations by the 2006 Assembly in the FY 2008 enacted budget.

The Budget includes \$879.8 million for *other state operations*, which constitutes 9.8 percent of FY 2017 expenditures from all sources and 4.0 percent of those funded with general revenues. This is \$103.9 million more than enacted, \$10.0 million more from general revenues.

Assistance, Grants, and Benefits constitutes payments to individuals and nongovernmental agencies. These payments include Medicaid and other medical assistance programs including RItE Share and RItE Care, pharmaceutical assistance programs, cash assistance, and tuition assistance programs. They also include grants to environmental agencies, local law enforcement agencies, unemployment compensation, temporary disability and workers' compensation. This is the largest category of expenditure. The table below shows the major grants in human services.

OHHS-Human Services Grants	All Funds				General Revenues			
	FY 2015 Reported	FY 2016 Enacted	FY 2017 Governor	Change	FY 2015 Reported	FY 2016 Enacted	FY 2017 Governor	Change
OHHS/Human Services								
Managed Care	\$ 636.1	\$ 612.4	\$ 622.1	\$ 9.7	\$ 308.3	\$ 289.1	\$ 288.7	\$ (0.4)
Long Term Care	250.2	253.9	276.7	22.8	125.1	126.1	135.9	9.8
Hospitals	205.2	219.8	194.8	(25.0)	102.6	109.7	95.3	(14.3)
Rhody Health Partners	256.9	320.7	260.0	(60.7)	125.6	137.4	116.7	(20.7)
Rhody Health Options Expansion	269.2	253.8	298.6	44.8	134.0	126.2	146.8	20.6
Other	412.0	468.9	454.7	(14.2)	-	-	-	-
Pharmacy	109.8	60.4	78.8	18.4	42.4	40.7	41.4	0.8
Subtotal: Medical Assistance	\$ 2,188.0	\$ 2,244.7	\$ 2,241.0	\$ (3.6)	\$ 887.6	\$ 884.1	\$ 881.4	\$ (2.7)
Child Care	\$ 54.3	\$ 61.3	\$ 74.0	\$ 12.8	\$ 9.7	\$ 11.4	\$ 18.2	\$ 6.9
Rhode Island Works Program	30.5	29.2	25.5	(3.7)	-	-	-	-
SSI State Program	18.2	18.7	18.5	(0.2)	18.2	18.7	18.5	(0.2)
SSI/Bridge Program	1.5	1.7	1.6	(0.1)	1.5	1.7	1.6	(0.1)
Subtotal: Cash Assistance	\$ 104.5	\$ 110.8	\$ 119.6	\$ 8.8	\$ 29.4	\$ 31.7	\$ 38.3	\$ 6.6
Supplemental Nutrition								
Assistance	\$ 281.2	\$ 268.0	\$ 282.0	\$ 14.0	\$ -	\$ -	\$ -	\$ -
Women, Infants and Children*	20.5	23.0	-	(23.0)	-	-	-	-
Low Income Heating and Energy								
Assistance Program (LIHEAP)	27.1	23.8	10.6	(13.3)	-	-	-	-
Weatherization	0.9	1.0	0.9	(0.1)	-	-	-	-
Race to the Top	10.3	5.8	1.7	(4.2)	-	-	-	-
HIV/AIDS Treatment	2.4	2.5	2.0	(0.5)	-	-	-	-
Subtotal: Other Assistance	\$ 342.4	\$ 324.2	\$ 297.1	\$ (27.1)	\$ -	\$ -	\$ -	\$ -
DHS/Division of Elderly Affairs								
RIPAE/Supplemental Pharm.	\$ 0.1	\$ 0.05	\$ -	\$ (0.05)	\$ -	\$ -	\$ -	\$ -
Medical Assistance	6.6	8.0	7.3	(0.6)	3.3	4.0	3.7	(0.3)
Other Grants	6.6	7.3	8.1	0.8	0.9	1.1	1.8	0.7
Behavioral Healthcare, Developmental Disabilities and Hospitals								
Developmental Disabilities	\$ 196.1	\$ 188.4	\$ 209.1	\$ 20.7	\$ 97.9	\$ 94.2	\$ 102.6	\$ 8.5
Behavioral Healthcare Services	\$ 12.8	\$ 14.4	\$ 15.7	1.3	\$ 0.5	\$ 0.4	\$ 0.4	\$ -
Children, Youth and Families								
Child Welfare	\$ 129.9	\$ 119.8	\$ 121.4	\$ 1.6	\$ 95.4	\$ 85.3	\$ 85.5	\$ 0.2
Children's Behavioral Health	6.9	6.8	7.1	0.3	3.3	2.7	3.1	0.4
Juvenile Corrections	2.6	2.7	2.2	(0.5)	2.6	2.7	2.2	(0.5)
Higher Ed. Incentive Grants	0.2	0.2	0.2	-	0.2	0.2	0.2	-
Health								
Women, Infants and Children*	\$ -	\$ -	\$ 22.7	22.7	\$ -	\$ -	\$ -	\$ -
HIV Surveillance	0.5	0.7	0.1	(0.6)	-	-	-	-
Tobacco and Smoking Cessation	0.1	0.1	0.1	-	0.1	0.1	0.1	-
Other Grants	14.6	14.5	23.1	8.6	1.1	1.2	1.4	0.1

*Governor's recommended budget transfers program to Department of Health

Assistance, grants, and benefits are \$3,994.5 million and constitute the largest category, 44.6 percent of all expenditures and 33.1 percent of general revenue funded expenditures. While these include employment security and temporary disability fund expenditures, human services medical assistance, food stamps, and cash assistance make up most of these expenditures. These expenditures are \$30.8 million more than the enacted budget considering all sources, and \$16.6 million more from general revenues.

Local Aid, or Aid to Local Units of Government, is payments made to governmental units with taxing authority. It includes both aid to local governments designed to decrease property tax reliance and education aid. The budget includes \$1,282.1 million for *aid to local units of government* that includes

\$1,207.4 million in education aid and \$74.7 million in general state aid. Education aid increases \$38.8 million while general aid decreases by \$5.1 million. These expenditures comprise 14.3 percent of all expenditures. However, they comprise 30.3 percent of general revenue funded ones.

Local aid expenditures from general revenues of \$1,112.5 million consist of \$1,038.8 million in education aid and \$73.7 million in general state aid. General revenue funded education aid increases \$35.4 million; general aid is \$5.1 million less. Local aid is discussed in detail in *Section VI* of this volume, *Special Reports: State Aid to Local Governments* and *Special Reports: Education Aid*.

Capital expenditures have in the past included only direct pay capital improvements and debt service on financed capital improvements. Expenditures for direct pay are reflected in the years that the payments are made. Financed capital improvements are reflected as the annual debt service payments. Therefore, total capital expenditures for any year are not reflected in the budget. They are, however, presented annually in the capital budget presented as part of the Governor's budget.

Capital expenses total \$415.6 million, or 4.6 percent of all expenditures; debt service of \$227.5 million is 2.5 percent. Capital expenditures would be \$80.3 million more than enacted for FY 2016 and debt service \$23.9 million more. A comprehensive review of the capital budget is contained in *Section IV: Capital Budget*. However, they now include capital purchases that had formerly been included as capital outlays within state operations. The purpose may be to include all fixed assets above certain threshold values of cost and time. The Budget does not present sufficient information to break the new items out from the old.

Operating Transfers are transfers between different funds and to component units of state government. They had been part of other categories in past budgets. Transfers to component units include transfers from general revenues to quasi-public agencies, such as the transfer to the Commerce Corporation. The FY 2016 budget contains a significant increase in these related to one-time investments via the Commerce Corporation. That is continued to a lesser degree for FY 2017.

They also represent transfers within state agencies from funds distinct from the General Fund. An example is transfers from the Department of Labor and Training to the three Rhode Island institutions of higher education. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies. They total \$177.4 million and constitute 2.0 percent of the total budget. The general revenues portion is \$79.7 million, 2.2 percent of general revenue funded expenditures.

General Revenue Surplus Statement

The Governor recommends an ending FY 2017 surplus of \$0.5 million, and an operating deficit of \$81.2 million reflecting use of the FY 2016 surplus.

	FY 2015	FY 2016	FY 2017
Opening Surplus			
Free Surplus	\$ 67,806,737	\$ 168,038,072	\$ 81,679,082
Reappropriated Surplus	7,378,665	6,890,273	-
Subtotal	\$ 75,185,402	\$ 174,928,345	\$ 81,679,082
Revenues			
Cash Stabilization Fund	(111,267,461)	(112,926,782)	(113,730,327)
From Cash Stabilization Fund	-	-	-
Total Available Resources	\$ 3,605,026,584	\$ 3,658,189,563	\$ 3,677,280,565
Total Expenditures			
Total Surplus	\$ 151,133,843	\$ 81,679,082	\$ 519,565
Transfers: Depreciation, Retirement	23,794,502	-	-
Reappropriations	(6,890,273)	-	-
Free Surplus	\$ 168,038,072	\$ 81,679,082	\$ 519,565
<i>Operating Surplus/(Deficit)</i>	<i>83,327,106</i>	<i>(86,358,990)</i>	<i>(81,159,517)</i>
Budget Stabilization and Cash Reserve	\$ 185,445,769	\$ 188,211,304	\$ 189,550,545
Percent of Revenues	5.1%	5.2%	5.1%

The budget reserve and cash stabilization account, the “rainy day fund” would have ending balances of \$185.4 million in FY 2015, \$188.2 million in FY 2016, and \$189.6 million in FY 2017. The account receives 3.0 percent of general revenues plus free surplus annually.

Out-Year Forecasts

The Governor’s budget projects the out-years again to be significantly unbalanced though to a somewhat smaller degree than prior years. The forecast included with the Budget estimates a \$192.1 million gap for FY 2018, equating to 5.3 percent of useable revenues, that grows to \$332.6 million in FY 2021, 8.6 percent of useable revenues. The FY 2018 gap is due to the use of one-time items in the resolution of the current budget gap as well as commitment of future expenses and revenue losses not reflected in FY 2017. The estimate also reflects casino gaming expansion in Massachusetts. The effects of the Plainridge “racino” are already shown in current revenues, and the additional revenue reduction is expected to appear in FY 2019 at over \$50 million.

	FY 2018	FY 2019	FY 2020	FY 2021
Opening Surplus	\$ 0.5	\$ -	\$ -	\$ -
Revenues	3,769.2	3,826.8	3,908.8	3,975.0
Cash Stabilization Fund	(113.1)	(114.8)	(117.3)	(119.3)
Useable Revenues	\$ 3,656.6	\$ 3,712.0	\$ 3,791.5	\$ 3,855.8
Expenditures	3,848.8	3,945.6	4,063.3	4,188.3
Total Surplus	\$ (192.1)	\$ (233.6)	\$ (271.7)	\$ (332.6)
Revenue Growth	4.8%	1.5%	2.1%	1.7%
Useable Revenue Growth	5.0%	1.5%	2.1%	1.7%
Expenditure Growth	7.6%	2.5%	3.0%	3.1%
Surplus Percent of Useable Revenues	-5.3%	-6.3%	-7.2%	-8.6%

The following table shows the out-year forecast surpluses and deficits, as well as the four-year average for the past eight Governor’s budgets, including the current one.

<i>(in millions)</i>	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Average
<i>Gov Budget</i>	Out-Year Forecasts											
FY 2010	\$ (155.6)	\$ (370.0)	\$ (429.9)	\$ (482.4)								\$ (359.5)
FY 2011		(362.2)	(416.2)	(457.8)	(535.7)							(443.0)
FY 2012*			(128.8)	(224.7)	(342.5)	(480.0)						(294.0)
FY 2013				(103.6)	(232.2)	(348.7)	(464.4)					(287.2)
FY 2014					(169.2)	(254.5)	(377.8)	(468.9)				(317.6)
FY 2015						(151.1)	(256.7)	(330.5)	(419.30)			(289.4)
FY 2016							(74.6)	(211.8)	(285.90)	(376.70)		(237.3)
FY 2017								(192.6)	(233.6)	(271.7)	(332.6)	(257.6)

**Corrected for miscalculation of stated personnel growth rate assumptions*

The largest single contributor to the FY 2017 deficit that required solving was the use of one-time solutions for the FY 2016 budget, including the expected \$118.5 million FY 2015 surplus. Also contributing was the revenue losses estimated from the start of casino gaming in nearby Massachusetts and the continued implementation of the shift of motor vehicle related fees from general revenue to the transportation fund. One-time revenues are also featured in the resolution of the current budget gap, notably revised surplus projections primarily related to FY 2015 underspending and excess revenues compared to that final budget. There are also proposals that generate one-time revenues only as well as longer term expenses being supported by one-time debt restructuring funds.

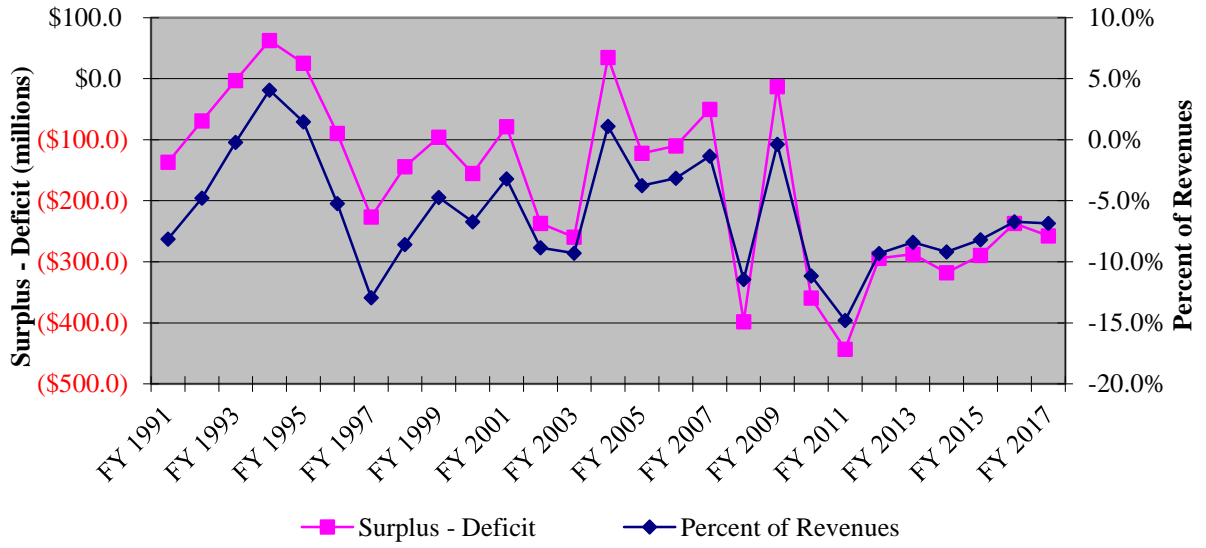
However, out-year projections are a function of both the assumptions made concerning revenues and expenditures and the structure of the budget. That is, the out-year projections are a function of assumed revenue and expenditure growth patterns for FY 2018 through FY 2021 and the FY 2017 budget itself. The growing out-year gaps illustrate the fact that projected expenditures continue to grow at faster rates than revenues are expected to grow. Indeed, the out year forecast for this budget shows average expenditure growth at nearly twice average revenue growth.

The economic data used for the Governor’s budget is from the November consensus economic forecast. This had been revised from earlier projections and will be revised again in May.

While deficits cannot constitutionally occur, they indicate the extent to which unresolved structural issues will carry through budgets, and to the extent that the problem in any given year is solved without addressing the underlying structural problem, the deficits amplify each year. Out-year deficits began increasing and reached a high of over \$535 million in Governor Carcieri’s final budget.

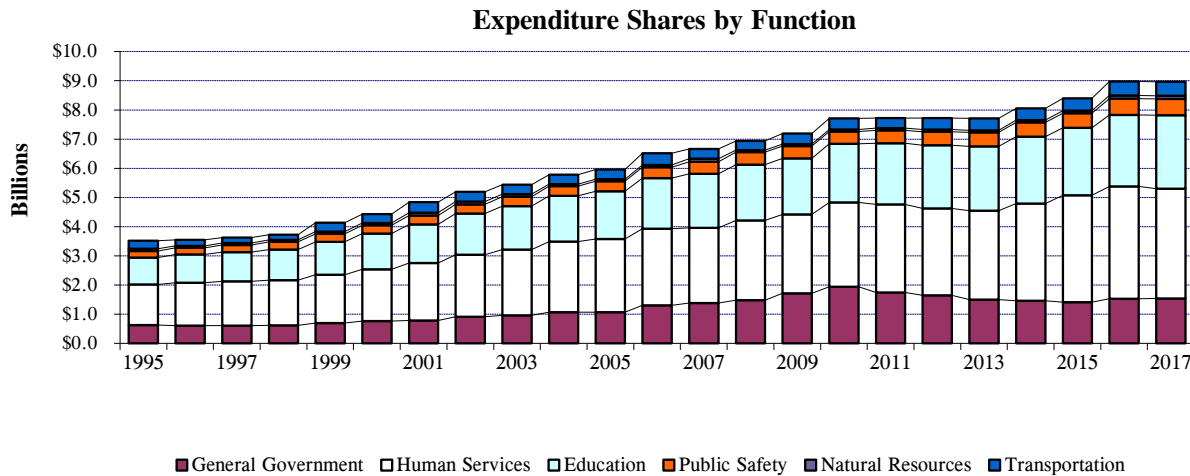
The following chart shows the average surpluses and deficits for the four out-years for each of the proposed budgets since FY 1991.

Average Four Year Surplus - Deficit



Distribution of Total Expenditures

Expenditures can be aggregated a number of ways. In Rhode Island, we have tended to aggregate by *function* and by *category of expenditure*. The functional classification aggregates agencies with like programs and purposes into the six functions used: general government, human services, education, public safety, natural resources, and transportation. Viewing expenditures functionally offers a look at what they do or provide for.



General Government programs include the regulatory and administrative functions that support all other functions and all the general officers except the Attorney General, whose expenditures are classified under Public Safety.

Human Services includes all programs for medical assistance, supplemental security income, cash assistance, day care, elderly services, adjudicated youth, mental health, general health, developmental disabilities, children under the care and jurisdiction of the state, and the state’s general hospitals.

Education includes programs of elementary and secondary education, public higher education, arts, and historical preservation and heritage.

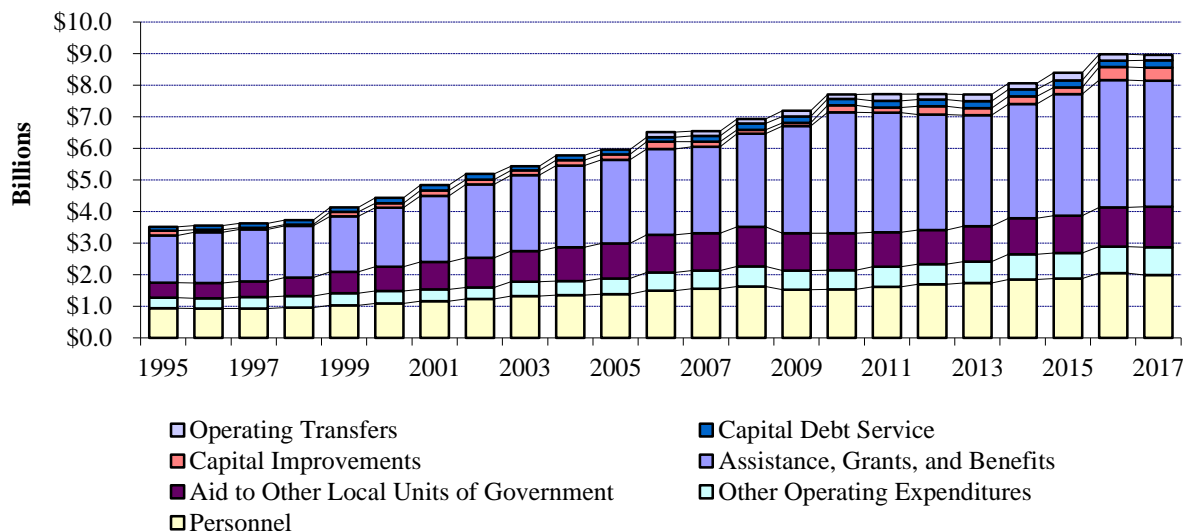
Public Safety includes the state’s law enforcement, adjudication, and penal programs.

The *Natural Resources* function includes the programs that protect the natural and physical resources of the state through regulation and planning and that provide safe recreational resources.

Transportation programs include all highway and transit programs, except airports, which are under the quasi-public Rhode Island Airport Corporation.

Expenditures are also aggregated and presented by accounting categories that designate what is purchased as opposed to the purpose of expenditures. The categories include: state operations; local aid; assistance, grants, and benefits, capital, and operating transfers.

Expenditure Shares by Category



State Operations are the day-to-day expenses of state government. These expenditures include *personnel* and *other operating* expenditures. *Personnel* expenditures include salaries and wages, fringe benefits, workers' compensation and unemployment compensation, and consultant services. *Other operating* expenditures are the non-personnel day-to-day expenses of state government, including maintenance and non-fixed capital assets.

Local Aid, or *Aid to Local Units of Government*, is payments made to governmental units with taxing authority. It includes both aid to local governments designed to decrease property tax reliance and education aid.

Assistance, Grants, and Benefits constitutes payments to individuals and nongovernmental agencies. These payments include Medicaid and other medical assistance programs including RItE Share and RItE Care, pharmaceutical assistance programs, cash assistance, and tuition assistance programs. They also include grants to environmental agencies, local law enforcement agencies, and unemployment compensation, temporary disability and workers' compensation. This is the largest category of expenditure.

Capital expenditures include both direct pay *capital improvements* and *debt service* on financed capital improvements. Expenditures for direct pay are reflected in the years that the payments are made. Financed capital improvements are reflected as the annual debt service payments. Therefore, total capital expenditures for any year are not reflected in the budget.

However, the Budget now includes capital purchases that had formerly been included as capital outlay within state operations as part of capital. The purpose may be to include all fixed assets above certain threshold values of cost and time. The Budget does not present sufficient information to break the new items out from the old.

Operating Transfers are transfers between different funds and to component units of state government. They had been part of other categories in past budgets. Transfers to component units include transfers to quasi-public agencies, such as the transfer to the Commerce Corporation. There are also instances where these expenses are already represented elsewhere in the budget thus double-counting the expenditure.

Staff has reviewed the Governor's recommended changes to the enacted budget for each agency and department, and compared them to the changes requested by those agencies and departments. The agencies and departments are arranged by function.

Distribution Tables

The distribution tables on the following pages array expenditures by function and category. Expenditures by function are read down the table while expenditures by category are read across. The percentages shown in the table represent the percent of the total shown in each cell.

Expenditures from All Funds

FY 2015 Reported	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 220.8 2.6%	\$ 361.7 4.3%	\$ 491.0 5.9%	\$ 375.4 4.5%	\$ 50.6 0.6%	\$ 65.0 0.8%	\$ 1,564.6 18.6%
Contracted Services	74.5 0.9%	109.8 1.3%	64.6 0.8%	15.6 0.2%	5.9 0.1%	40.2 0.5%	310.5 3.7%
Other State Operations	406.7 4.8%	88.5 1.1%	208.9 2.5%	50.7 0.6%	11.9 0.1%	39.3 0.5%	805.9 9.6%
Aid to Local Units of Government	76.8 0.9%	0.0 0.0%	1,111.9 13.2%	- 0.0%	- 0.0%	- 0.0%	1,188.7 14.2%
Assistance, Grants, & Benefits	392.3 4.7%	3,092.5 36.8%	305.0 3.6%	36.8 0.4%	7.5 0.1%	9.4 0.1%	3,843.6 45.8%
Capital	17.9 0.2%	5.0 0.1%	37.5 0.4%	19.4 0.2%	17.7 0.2%	122.6 1.5%	220.2 2.6%
Debt Service	168.0 2.0%	- 0.0%	50.5 0.6%	- 0.0%	- 0.0%	- 0.0%	218.4 2.6%
Operating Transfers	54.9 0.7%	9.7 0.1%	34.4 0.4%	2.4 0.0%	0.0 0.0%	139.2 1.7%	240.6 2.9%
Total	\$ 1,411.9 16.8%	\$ 3,667.3 43.7%	\$ 2,303.8 27.5%	\$ 500.3 6.0%	\$ 93.6 1.1%	\$ 415.6 5.0%	\$ 8,392.6 100.0%

FY 2016 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 236.5 2.7%	\$ 376.1 4.3%	\$ 514.6 5.9%	\$ 383.9 4.4%	\$ 52.9 0.6%	\$ 74.9 0.9%	\$ 1,638.9 18.9%
Contracted Services	55.5 0.6%	107.9 1.2%	64.5 0.7%	16.0 0.2%	7.4 0.1%	30.9 0.4%	282.1 3.3%
Other State Operations	368.7 4.3%	89.7 1.0%	209.6 2.4%	52.4 0.6%	12.5 0.1%	42.9 0.5%	775.9 9.0%
Aid to Local Units of Government	79.8 0.9%	- 0.0%	1,168.7 13.5%	- 0.0%	- 0.0%	- 0.0%	1,248.4 14.4%
Assistance, Grants, & Benefits	421.3 4.9%	3,131.6 36.1%	326.8 3.8%	42.8 0.5%	7.2 0.1%	33.9 0.4%	3,963.7 45.7%
Capital	55.1 0.6%	10.2 0.1%	49.5 0.6%	39.6 0.5%	25.0 0.3%	156.0 1.8%	335.4 3.9%
Debt Service	150.2 1.7%	- 0.0%	53.4 0.6%	- 0.0%	- 0.0%	- 0.0%	203.5 2.3%
Operating Transfers	65.4 0.8%	5.9 0.1%	20.9 0.2%	- 0.0%	0.1 0.0%	125.2 1.4%	217.5 2.5%
Total	\$ 1,432.5 16.5%	\$ 3,721.4 42.9%	\$ 2,408.0 27.8%	\$ 534.7 6.2%	\$ 105.0 1.2%	\$ 463.8 5.4%	\$ 8,665.4 100.0%

Expenditures from All Funds

FY 2017 Recommended	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 256.5 2.9%	\$ 356.7 4.0%	\$ 539.2 6.0%	\$ 398.0 4.4%	\$ 53.7 0.6%	\$ 80.7 0.9%	\$ 1,684.8 18.8%
Contracted Services	35.6 0.4%	125.7 1.4%	73.7 0.8%	19.4 0.2%	10.0 0.1%	38.7 0.4%	303.0 3.4%
Other State Operations	452.9 5.1%	94.4 1.1%	232.0 2.6%	51.9 0.6%	14.3 0.2%	34.4 0.4%	879.8 9.8%
Aid to Local Units of Government	74.7 0.8%	- 0.0%	1,207.4 13.5%	- 0.0%	- 0.0%	- 0.0%	1,282.1 14.3%
Assistance, Grants, & Benefits	405.2 4.5%	3,168.2 35.3%	339.6 3.8%	50.3 0.6%	6.8 0.1%	24.4 0.3%	3,994.5 44.6%
Capital	61.4 0.7%	12.7 0.1%	63.5 0.7%	40.5 0.5%	22.2 0.2%	215.4 2.4%	415.6 4.6%
Debt Service	181.7 2.0%	- 0.0%	45.7 0.5%	- 0.0%	- 0.0%	- 0.0%	227.5 2.5%
Operating Transfers	65.9 0.7%	5.9 0.1%	19.6 0.2%	- 0.0%	0.1 0.0%	85.9 1.0%	177.4 2.0%
Total	\$ 1,533.9 17.1%	\$ 3,763.5 42.0%	\$ 2,520.7 28.1%	\$ 560.0 6.2%	\$ 107.1 1.2%	\$ 479.5 5.3%	\$ 8,964.8 100.0%

FY 2017 Recommended Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 20.0 6.7%	\$ (19.5) -6.5%	\$ 24.7 8.2%	\$ 14.1 4.7%	\$ 0.8 0.3%	\$ 5.8 1.9%	\$ 46.0 15.4%
Contracted Services	(19.9) -6.6%	17.8 5.9%	9.1 3.1%	3.4 1.2%	2.6 0.9%	7.8 2.6%	20.9 7.0%
Other State Operations	84.2 28.1%	4.7 1.6%	22.3 7.5%	(0.5) -0.2%	1.8 0.6%	(8.5) -2.9%	103.9 34.7%
Aid to Local Units of Government	(5.1) -1.7%	- 0.0%	38.8 13.0%	- 0.0%	- 0.0%	- 0.0%	33.7 11.2%
Assistance, Grants, & Benefits	(16.1) -5.4%	36.6 12.2%	12.7 4.3%	7.4 2.5%	(0.4) -0.1%	(9.6) -3.2%	30.8 10.3%
Capital	6.3 2.1%	2.5 0.8%	14.0 4.7%	0.8 0.3%	(2.8) -0.9%	59.4 19.9%	80.3 26.8%
Debt Service	31.5 10.5%	- 0.0%	(7.6) -2.6%	- 0.0%	- 0.0%	- 0.0%	23.9 8.0%
Operating Transfers	0.4 0.1%	- 0.0%	(1.3) -0.4%	- 0.0%	- 0.0%	(39.3) -13.1%	(40.1) -13.4%
Total	\$ 101.4 33.9%	\$ 42.2 14.1%	\$ 112.8 37.7%	\$ 25.3 8.5%	\$ 2.1 0.7%	\$ 15.6 5.2%	\$ 299.3 100.0%

Expenditures from General Revenues

FY 2015 Reported	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 139.3 4.0%	\$ 183.1 5.3%	\$ 135.9 3.9%	\$ 349.6 10.1%	\$ 30.1 0.9%	\$ - 0.0%	\$ 838.1 24.3%
Contracted Services	5.9 0.2%	25.2 0.7%	8.6 0.2%	10.6 0.3%	0.4 0.0%	- 0.0%	50.7 1.5%
Other State Operations	40.6 1.2%	19.9 0.6%	26.6 0.8%	38.0 1.1%	6.8 0.2%	- 0.0%	131.9 3.8%
Aid to Local Units of Government	76.8 2.2%	- 0.0%	950.6 27.5%	- 0.0%	- 0.0%	- 0.0%	1,027.4 29.7%
Assistance, Grants, & Benefits	14.3 0.4%	1,132.9 32.8%	35.5 1.0%	28.8 0.8%	1.1 0.0%	- 0.0%	1,212.6 35.1%
Capital	0.8 0.0%	0.3 0.0%	2.4 0.1%	1.5 0.0%	0.0 0.0%	- 0.0%	5.0 0.1%
Debt Service	118.3 3.4%	- 0.0%	24.6 0.7%	- 0.0%	- 0.0%	- 0.0%	142.9 4.1%
Operating Transfers	30.3 0.9%	5.0 0.1%	10.0 0.3%	- 0.0%	- 0.0%	- 0.0%	45.3 1.3%
Total	\$ 426.3 12.3%	\$ 1,366.4 39.6%	\$ 1,194.3 34.6%	\$ 428.4 12.4%	\$ 38.4 1.1%	\$ - 0.0%	\$ 3,453.9 100.0%

FY 2016 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 149.8 4.2%	\$ 193.4 5.4%	\$ 143.5 4.0%	\$ 354.3 10.0%	\$ 31.8 0.9%	\$ - 0.0%	\$ 872.7 24.6%
Contracted Services	8.6 0.2%	23.6 0.7%	8.1 0.2%	11.9 0.3%	0.4 0.0%	- 0.0%	52.5 1.5%
Other State Operations	41.0 1.2%	21.2 0.6%	30.0 0.8%	39.5 1.1%	6.5 0.2%	- 0.0%	138.2 3.9%
Aid to Local Units of Government	78.8 2.2%	- 0.0%	1,003.4 28.3%	- 0.0%	- 0.0%	- 0.0%	1,082.3 30.5%
Assistance, Grants, & Benefits	13.1 0.4%	1,121.3 31.6%	36.7 1.0%	27.3 0.8%	1.3 0.0%	- 0.0%	1,199.8 33.8%
Capital	1.0 0.0%	0.3 0.0%	1.5 0.0%	1.0 0.0%	0.0 0.0%	- 0.0%	3.8 0.1%
Debt Service	99.1 2.8%	- 0.0%	25.1 0.7%	- 0.0%	- 0.0%	- 0.0%	124.2 3.5%
Operating Transfers	57.2 1.6%	1.2 0.0%	20.0 0.6%	- 0.0%	- 0.0%	- 0.0%	78.4 2.2%
Total	\$ 448.7 12.6%	\$ 1,361.1 38.3%	\$ 1,268.2 35.7%	\$ 434.0 12.2%	\$ 40.0 1.1%	\$ - 0.0%	\$ 3,552.0 100.0%

Expenditures from General Revenues

FY 2017 Recommended	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 164.4 4.5%	\$ 180.4 4.9%	\$ 151.2 4.1%	\$ 366.0 10.0%	\$ 32.6 0.9%	\$ - 0.0%	\$ 894.6 24.3%
Contracted Services	9.9 0.3%	28.8 0.8%	9.7 0.3%	15.0 0.4%	0.4 0.0%	- 0.0%	63.8 1.7%
Other State Operations	48.4 1.3%	20.3 0.6%	31.8 0.9%	40.9 1.1%	6.9 0.2%	- 0.0%	148.2 4.0%
Aid to Local Units of Government	73.7 2.0%	- 0.0%	1,038.8 28.3%	- 0.0%	- 0.0%	- 0.0%	1,112.5 30.3%
Assistance, Grants, & Benefits	12.4 0.3%	1,135.6 30.9%	40.2 1.1%	27.4 0.7%	0.8 0.0%	- 0.0%	1,216.4 33.1%
Capital	4.2 0.1%	0.3 0.0%	4.9 0.1%	1.4 0.0%	0.0 0.0%	- 0.0%	10.8 0.3%
Debt Service	133.3 3.6%	- 0.0%	17.4 0.5%	- 0.0%	- 0.0%	- 0.0%	150.7 4.1%
Operating Transfers	59.8 1.6%	1.2 0.0%	18.6 0.5%	- 0.0%	- 0.0%	- 0.0%	79.7 2.2%
Total	\$ 506.0 13.8%	\$ 1,366.7 37.2%	\$ 1,312.7 35.7%	\$ 450.7 12.3%	\$ 40.7 1.1%	\$ - 0.0%	\$ 3,676.8 100.0%

FY 2017 Recommended Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 14.6 11.7%	\$ (13.0) -10.4%	\$ 7.7 6.2%	\$ 11.7 9.4%	\$ 0.8 0.6%	\$ - 0.0%	\$ 21.9 17.5%
Contracted Services	1.2 1.0%	5.2 4.2%	1.7 1.3%	3.2 2.5%	0.0 0.0%	- 0.0%	11.3 9.0%
Other State Operations	7.4 5.9%	(1.0) -0.8%	1.8 1.5%	1.4 1.1%	0.4 0.3%	- 0.0%	10.0 8.1%
Aid to Local Units of Government	(5.1) -4.1%	- 0.0%	35.4 28.3%	- 0.0%	- 0.0%	- 0.0%	30.3 24.3%
Assistance, Grants, & Benefits	(0.7) -0.6%	14.3 11.4%	3.4 2.8%	0.1 0.1%	(0.5) -0.4%	- 0.0%	16.6 13.3%
Capital	3.2 2.5%	0.1 0.1%	3.4 2.7%	0.3 0.3%	- 0.0%	- 0.0%	7.0 5.6%
Debt Service	34.2 27.4%	- 0.0%	(7.6) -6.1%	- 0.0%	- 0.0%	- 0.0%	26.5 21.3%
Operating Transfers	2.6 2.1%	- 0.0%	(1.4) -1.1%	- 0.0%	- 0.0%	- 0.0%	1.2 1.0%
Total	\$ 57.3 45.9%	\$ 5.6 4.5%	\$ 44.4 35.6%	\$ 16.8 13.4%	\$ 0.7 0.5%	\$ - 0.0%	\$ 124.8 100.0%

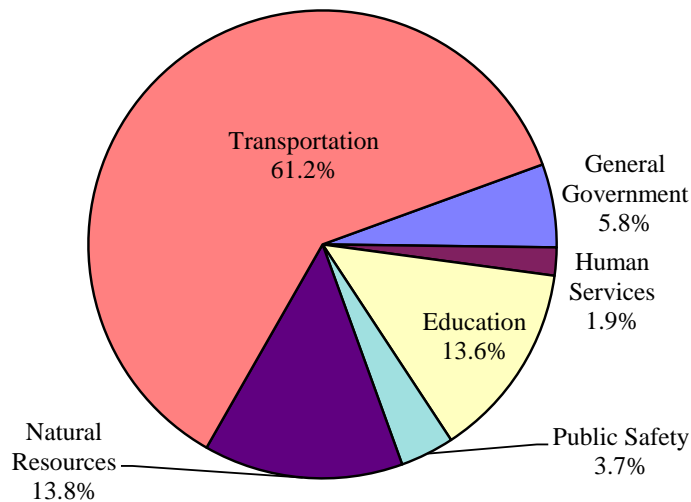
Capital Budget

Capital Budget

Summary

The Governor's five-year capital budget continues a process that began in 1991 and the capital budget document contains a presentation of the progress that has been made since then in attaining the capital budget goals that were formulated after review of the existing budget process. Most importantly, the document is the result of an ongoing capital budgeting process designed to ensure that there is public disclosure of the projects contemplated, that projects included are sufficiently advanced to lend credibility to the process, and that debt levels are presented and discussed.

FY 2017 - FY 2021 Capital Projects by Function



The Governor's five-year capital recommendations for FY 2017 through FY 2021 call for total outlays of \$5,443.0 million for the period. Financing the plan requires \$1,108.2 million of debt issuances and \$4,334.9 million from current revenue streams. Nearly two-thirds of the expenditures are for transportation projects, including roads and bridges, rail, and public transportation. The next largest shares are for natural resources and education project outlays. The three areas account for almost 90 percent of total outlays during the five-year period. Highlights of her capital budget include:

- **Outlays and Funding.** The FY 2017 through FY 2021 recommended plan includes \$5,443.0 million of outlays on \$12,393.3 million of project estimates. Average outlays would be \$1,088.6 million per year for the five-year period with \$1,014.3 million required at the end of the period to complete the projects.
- **General Obligation Bonds Referenda.** Financing the five-year plan is based on \$616.8 million of general obligation bond debt issuances, including \$243.0 million approved by voters in November 2014 and \$257.5 million from new general obligation bonds to be presented to the voters on the November 2016 ballot.
- **Other Debt Approvals.** The Governor recommends \$20.0 million to be approved by the 2016 Assembly under the Public Debt Management Act for Quonset pier repairs.
- **Financing.** Paying for the five-year outlays includes \$1,108.2 million from debt financing and \$4,334.9 million from current or pay-go sources. Pay-go represents 79.6 percent with debt funding being 20.4

percent.

- **Debt Levels.** Total net tax supported debt increases during the period through FY 2021 by \$51.3 million from \$1,675.8 million to \$1,727.1 million. Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget.
- **Debt Ratios.** Net tax supported debt would decrease from 3.6 percent of personal income reported for FY 2015 to 2.9 percent into FY 2017 before dropping gradually back to 2.6 percent in FY 2021 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected.
- **Rhode Island Capital Plan Fund.** The plan relies heavily on the use of Rhode Island Capital Plan funds, an important source of pay-go funds designed to reduce the need for borrowing. Total outlays for the five-year period are \$589.4 million.
- **RhodeWorks.** After the budget was submitted, the Assembly adopted new RhodeWorks legislation in 2016-H 7409, Substitute A, as amended that the Governor signed into law on February 11, 2016. The capital budget was adjusted to include toll revenue and Grant Anticipation Revenue Vehicle (GARVEE) bonds authorized in the legislation. In the total outlays mentioned above, \$545.5 million is from funding authorized as part of the RhodeWorks legislation.

Outlays and Funding

In order to support the maintenance, repair and construction of infrastructure throughout Rhode Island, the state has utilized both funding and financing for infrastructure. Funding can be considered as “pay-go”, which means that annual budgets include sufficient appropriations for projects to continue on schedule, without incurring long term debt. For Rhode Island, this is accomplished primarily through the Rhode Island Capital Plan Fund, which is described in greater detail elsewhere in this report.

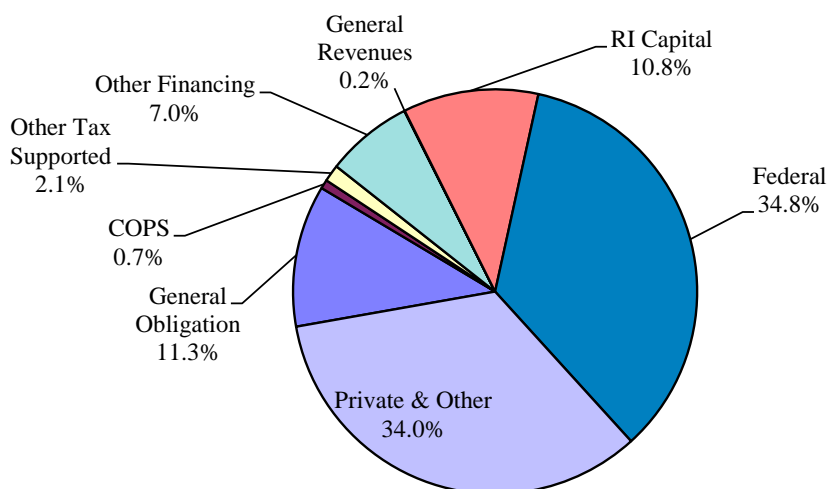
The advantage of this approach is that it does not limit future resources by incurring long term debt service payments; however, it does limit the extent of what can be accomplished to currently available sources. Because of this, short-term projects for relatively smaller amounts of money, such as asset protection projects, are better suited for pay-go funding, while long term and large scale infrastructure projects, such as the relocation of Interstate 195, are better suited for financing.

Financing capital projects includes borrowing, usually in the form of long term debt such as general obligation or revenue bonds. General obligation bonds are backed by the full faith and credit of the state, with annual debt service appropriated from general revenues. This type of borrowing is more closely related to state agencies, and the authorizations for this debt appear as referenda on election year ballots.

Revenue bonds are not backed by the full faith and credit of the state, and debt service is paid from a defined revenue stream, such as a user fee. This type of debt has historically been used by quasi-state agencies to fund long-term infrastructure projects. For example, the Turnpike and Bridge Authority uses toll revenue to fund the maintenance of the Newport Pell Bridge. Compared to pay-go funding, financing does not require large up-front investments in order to complete large projects; however, by the time the financing has been completed, issuance and interest costs can significantly add to a project’s total cost, and may also require payments long after a facility has been constructed.

The total five-year outlays of \$5,443.0 million are supported by a mix of pay-as-you-go funding and financing. Over three-quarters, 79.6 percent of outlays, are supported by current revenues, or pay-go, with the remaining 20.4 percent from financing.

**Governor FY 2017 - FY 2021
Capital Projects Funding**

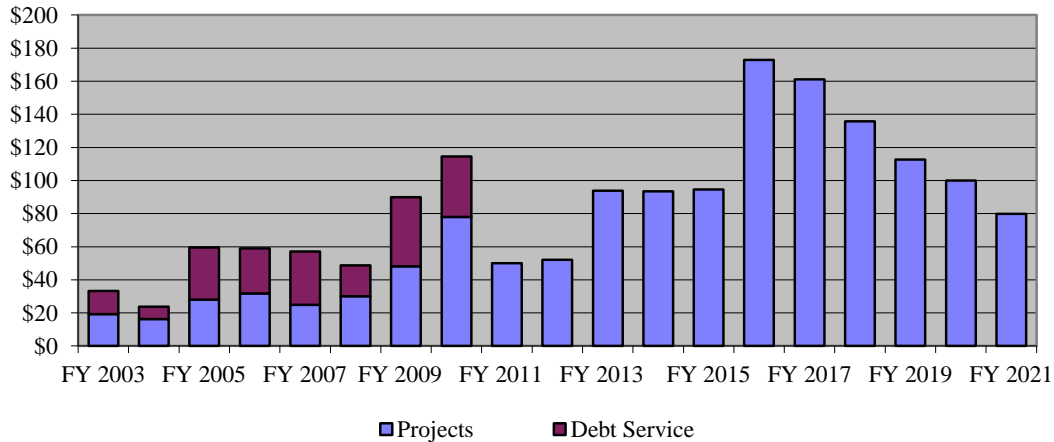


Pay-Go. The pay-go sources include \$1,894.4 million from federal sources, \$589.4 million from Rhode Island Capital Plan funds, \$1.9 million from general revenues, and \$18.2 million from private and other sources. Federal funds remain the largest source of capital funding, providing 34.8 percent of all funding, and 43.7 percent of pay-go funding.

A primary source of state pay-go funding is the Rhode Island Capital Plan Fund. These revenues are derived from the amounts exceeding 2.0 to 5.0 percent of revenues in the state’s Budget Stabilization and Cash Reserve Account, or “rainy day fund.” The rainy day fund received 2.0 percent of all revenues and opening surpluses in FY 2008, increasing by 0.2 percent per year until reaching 3.0 percent in FY 2013. It was capped at 3.0 percent in FY 2008, increasing by 0.4 percent per year until reaching a 5.0 percent cap in FY 2013. Resources above the cap are transferred to the Rhode Island Capital Plan Fund.

The fund was used nearly exclusively for debt service in the early 1990s. Governor Almond began moving debt service back to general revenues as the economy improved in the latter half of that decade, reserving the capital fund for pay-go capital projects so as not to use any for debt service by FY 2002. However, the economic slowdown caused that to reverse beginning in FY 2002, with significant amounts again used for debt service. The 2006 Assembly noted that the Governor’s budget was increasingly relying on these funds for debt service, while increasing the amounts being financed. It submitted a constitutional amendment to limit the use of the fund to capital projects beginning in FY 2008, which the voters approved.

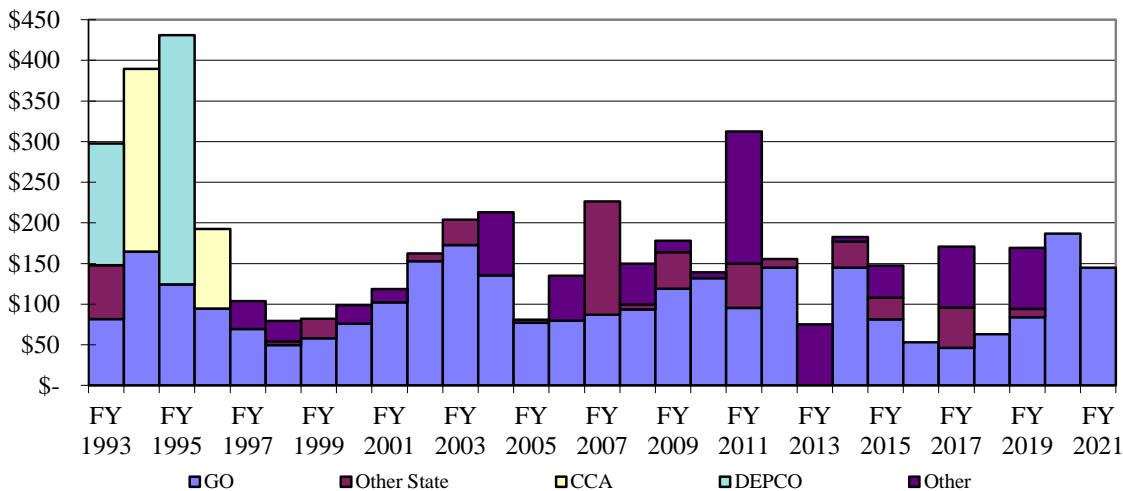
Use of Rhode Island Capital Fund



With the transition to the 5.0 percent cap complete, resources in the Rhode Island Capital Plan Fund have grown and begun to fulfill the purpose of lowering borrowing needs. An example of this is the annual \$27.2 million that is being used in lieu of borrowing to match federal transportation funds. Approximately \$100 million is transferred to this fund annually and programmed for use through the five-year capital plan. In addition to the transportation uses noted above, another primary use of the fund is for asset protection and other projects at the state’s public higher education institutions. These account for about one half of the use of the fund. The remaining half is used for the asset protection and improvements for state buildings, including courts, prisons, hospitals and other state facilities such as dams, piers, parks and office buildings. Many of these ongoing investments are designed to extend the life of the facilities and prevent the need for costly replacements.

Debt Financing. Proceeds from financing \$1,108.2 million, constitute 20.4 percent of the funds available for outlays during the period. Tax supported financing comprises \$729.6 million, including \$616.8 million from general obligation bonds and \$39.1 million from Certificates of Participation. Outlays from tax supported financing are 65.8 percent of the financed outlays and 13.4 percent of all outlays. Other non-tax supported financing supports \$378.6 million of outlays, or 7.0 percent. It includes debt such as \$93.2 million issued by the Rhode Island Health and Educational Building Corporation for higher education projects supported by University and College funds.

Debt Issues



The term net tax supported debt refers to all debt for which an appropriation is or may be required. That includes not only general obligation bonds and direct state issuance, but also debt issued by other entities

for which the state is pledged to an annual lease payment or to make an appropriation in the event of a default. Debt that is an obligation of the state for which a non-state entity makes the debt service payments is not generally considered as net tax supported debt. An example is the bonds issued for the Narragansett Bay Water Quality Management District Commission for which the Commission pays the debt service from user charges.

Debt issued by the colleges and university through the Rhode Island Health and Educational Building Corporation is also not included. The five-year budget includes expenditures of \$93.2 million from these bonds. It should be noted that it is the total charges to students that are used in tuition and fee comparisons to other institutions. Any tuition and fees used for debt service are not available for general operating expenses. This forms the context for general revenue requests by the Board of Education. Further, in the event of insufficient University and College revenues, it is likely that the state would intervene with appropriations rather than allow bondholders to take over assets financed.

The table below shows debt service for Higher Education, funded from general revenues and tuition and fees from FY 2008 through the Governor’s FY 2017 recommended budget. General obligation debt is funded solely from general revenues. For debt issued for projects funded through the Rhode Island Health and Educational Building Corporation, debt service is paid from both general revenues and tuition and fees. As the table shows, debt service costs more than doubled in the period from FY 2008 to FY 2014. It drops in FY 2015 and the Governor’s FY 2016 revised recommendation before increasing to \$25.2 million in the Governor’s FY 2017 recommended budget.

The FY 2016 revised budget includes savings of \$14.6 million from the refinancing of general obligation bond debt.

	Unrestricted Debt Service			
	URI	RIC	CCRI	Total
FY 2008	\$ 10,437,786	\$ 3,192,316	\$ 1,381,264	\$ 15,011,366
FY 2009	\$ 12,590,080	\$ 3,278,968	\$ 1,504,159	\$ 17,373,207
FY 2010	\$ 16,969,110	\$ 2,024,109	\$ 1,414,364	\$ 20,407,583
FY 2011	\$ 15,006,727	\$ 3,552,373	\$ 1,585,869	\$ 20,144,969
FY 2012	\$ 19,334,834	\$ 4,656,198	\$ 2,233,761	\$ 26,224,793
FY 2013	\$ 25,321,543	\$ 5,679,879	\$ 3,248,295	\$ 34,249,717
FY 2014	\$ 25,800,709	\$ 6,024,206	\$ 2,645,586	\$ 34,470,501
FY 2015	\$ 23,992,610	\$ 4,424,086	\$ 2,720,253	\$ 31,136,949
FY 2016 Gov. Rev.	\$ 13,806,125	\$ 2,412,478	\$ 1,346,662	\$ 17,565,265
FY 2017 Gov. Rec.	\$ 18,990,527	\$ 3,702,097	\$ 2,498,429	\$ 25,191,053

38 Studios. In 2010, the Economic Development Corporation backed a \$75.0 million loan to 38 Studios through the Job Creation Guaranty Program. Of the loan amount, \$12.7 million was held in a capital reserve account and \$10.6 million was held on a capitalized interest account; 38 Studios defaulted on the loan after paying \$1.125 million of guaranty fees. The Corporation used the \$10.6 million to cover interest-only debt service from FY 2011 through FY 2013. The debt service payments are accounted for in the Capital Budget along with all other debt obligations. Outstanding service payments of \$74.3 million for 38 Studios are due through FY 2021, as summarized in the table on the following page.

	Total Owed	Reserve Funds & Settlement	General Revenues
FY 2016	\$ 12,499,113	\$ -	\$ 12,499,113
FY 2017	12,449,288	(9,926,027)	2,523,261
FY 2018	12,378,881	-	12,378,881
FY 2019	12,352,638	-	12,352,638
FY 2020	12,322,300	-	12,322,300
FY 2021	12,288,412	-	12,288,412
Total	\$ 74,290,632	\$ (9,926,027)	\$ 64,364,605

New Debt Authorizations

The Governor's budget includes \$277.5 million of new debt authority that require approval by the General Assembly. Of this amount, \$257.5 million would be derived from general obligation bonds that would be placed on the November 2016 ballot for voter approval, and \$20.0 million would require approval by the Assembly under the Public Debt Management Act.

New Debt Authority	Amount	Legislation
November 2016 Bond Referenda		
Question 1		
URI Engineering Phase II	\$ 25,500,000	Article 5
Innovation Campus at a RI-Based University	20,000,000	Article 5
Question 2		
Quonset Piers	70,000,000	Article 5
Question 3		
Historic State Park Development Program	7,000,000	Article 5
State Land Acquisition	4,000,000	Article 5
State Bikeway Development	10,000,000	Article 5
Brownfield Remediation	5,000,000	Article 5
Stormwater Pollution Prevention	3,000,000	Article 5
Local Recreation Development Grants	2,000,000	Article 5
Local Land Acquisition Matching Grants	4,000,000	Article 5
Green Economy Subtotal	\$ 35,000,000	
Question 4		
Affordable Housing	40,000,000	Article 5
Question 5		
School Construction	40,000,000	Article 5
Question 6		
Veterans' Home	27,000,000	Article 5
Total New Referenda	\$ 257,500,000	
Other Debt Instruments		
Commerce Corporation Revenue Bonds		
Quonset Piers	\$ 20,000,000	Article 6
Total New Debt Authorization Recommended	\$ 277,500,000	

The Public Debt Management Act requires that all new debt authorizations be approved by the Assembly unless the Governor certifies that federal funds will be available to make all of the payments which the state is or could be obligated to make under the financing lease or guarantee; or the General Assembly has adjourned for the year with the expectation that it will not meet again until the following year and the

Governor certifies that action is necessary, because of events occurring after the General Assembly has adjourned, to protect the physical integrity of an essential public facility, to ensure the continued delivery of essential public services, or to maintain the credit worthiness of the state in the financial markets. Select quasi-public agencies are exempt. The 2009 Assembly rescinded the exception previously granted to the Rhode Island Resource Recovery Corporation.

The previous table shows the \$277.5 million of recommended new debt authority requiring action by the 2016 General Assembly. It is followed by descriptions of the projects which would be funded by the new debt.

General Obligation Bond Referenda. The Governor's Capital Budget includes \$257.5 million in new referenda to be presented to the voters in November 2016. Section 35-3-7.1 of the Rhode Island General Laws provides that bond referenda only be presented during election years absent special circumstances. Debt service on these bonds is paid from state general revenues. Assuming a 5.0 percent interest rate and a 20 year amortization, annual debt service is estimated to be \$21.3 million. These individual projects are described in greater detail below.

URI Engineering Phase II. The Governor recommends \$25.5 million of new general obligation bonds for a second phase of the engineering building renovation project programmed to begin in FY 2018. The second phase would include the renovation and an addition to Bliss Hall, totaling 20,000 square feet. The approved capital plan also includes \$125.0 million from new general obligation bonds for the first phase of renovations to buildings in the engineering quadrangle, which were approved by voters on the November 2014 ballot.

Innovation Campus at a Rhode Island-Based University. The Governor recommends \$20.0 million from new general obligation bonds to support the building of one or more campuses for public/private partnerships and collaboration between Rhode Island-based higher education and industry. Campus location and scope would be determined by competitive process and preference would be given to proposals that include a state university as a participant during the selection process. However, proposals could include private colleges and universities.

Quonset Piers. The Governor recommends \$70.0 million from new general obligation bonds for a new extension and renovation project for at least one of the Quonset Business Park's two piers, beginning in FY 2018.

Historic State Park Development Program. The Governor recommends \$7.0 million for improvements at Brenton Point, Colt, Fort Adams, and Goddard state parks.

State Land Acquisition. The Governor recommends \$4.0 million for the purchase of land, development rights and conservation easements statewide.

State Bikeways Development. The Governor recommends \$10.0 million for designing and constructing bikeways, including for the completion of the Blackstone River Bikeway and the South County Bikeway.

Brownfield Remediation. The Governor recommends \$5.0 million for matching grants to public, private, and non-profit entities for brownfield remediation projects.

Stormwater Pollution Prevention and Reduction. The Governor recommends \$3.0 million for grants to public, private, and non-profit entities for stormwater pollution reduction projects.

Local Recreation Development Grants. The Governor recommends \$2.0 million for grants to municipalities for recreation development and acquisition projects.

Local Land Acquisition Matching Grants. The Governor recommends \$4.0 million for grants to municipalities, local land trusts, and non-profit organizations to preserve open space in Rhode Island.

Affordable Housing. The Governor recommends \$40.0 million from new general obligation bonds to provide funding for affordable housing support, including rehabilitation of existing structures and new construction, for which the voters have previously approved \$25.0 million and \$50.0 million in 2012 and 2006, respectively. The new issuance would also include foreclosure assistance.

School Construction. The Governor recommends \$40.0 million to support school construction aid through the School Building Authority Fund. Funding is programmed from FY 2018 through FY 2021. The 2015 Assembly established a new School Building Authority office within the Department of Elementary and Secondary Education and the School Building Authority Capital Fund to be administered by the Rhode Island Health and Educational Building Corporation and to be used for financial assistance and loans for school construction projects.

Veterans' Home. The Governor recommends \$27.0 million from new general obligation bonds to complete the new Veterans' Home. In 2012 voters approved a \$94.0 million bond for the home with the expectation that federal reimbursements of approximately \$21 million would lower the state cost to \$73.0 million. Subsequently, the federal Veterans Administration approved a different, 208-bed project design, with 192 skilled nursing beds and 16 dormitory beds. The anticipated cost is now \$120.5 million, but with an anticipated federal reimbursement of \$60.5 million. Wording on the 2012 bond question limits the state to using the difference between the \$94.0 million and the reimbursement, or \$33.5 million; however, the state needs \$60.0 million from bond proceeds because of the increased cost. The state cost would be more than \$12.0 million lower than originally thought.

Public Corporation Debt Management Act Debt Issues. The Governor's Budget also includes \$20.0 million of new authorization for debt that would not require voter approval, but does require Assembly approval pursuant to the Public Corporation Debt Management Act. The project is described below.

Quonset Piers. The Governor recommends \$20.0 million from new revenue bonds backed by Quonset Development Corporation funds for a new extension and renovation project for at least one of the Quonset Business Park's two piers, beginning in FY 2018. Annual debt service, assuming a 4.0 percent interest rate and a 20 year term, would be \$1.5 million. Including the \$70.0 million from new general obligation bonds also recommended and described above, the Budget includes \$90.0 million in new debt issuances for the project.

It should be noted, the Governor's budget also includes \$90.2 million of projects for higher education that would require Assembly approval of debt but for which no resolution for approval was requested.

Modernization/Renovation - Residence Halls. The Governor recommends \$32.5 million from revenue bonds as part of a project to renovate four of Rhode Island College's six residence halls, including: Thorp, Weber, Brown, and Sweet Halls. The project would also entail the demolition of Willard Hall. The five facilities range from 19 to 46 years old with limited renovations done during those time periods. A feasibility study for the project was completed in October 2015 at a total cost of \$86,000. The architectural and engineering work would begin in FY 2018 with construction slated to start in FY 2019 and finish in the post FY 2021 period. The total cost, assuming 5.0 percent interest and a 20-year term is \$145.4 million with annual debt service of \$7.5 million supported by room rents.

Facilities Services Sector Upgrade. The Governor recommends \$11.8 million from new revenue bonds supported by general revenues, tuition, and fees to make improvements to the University's service sector area that houses the operations and maintenance functions, and stores equipment, furniture and supplies. Funding is programmed to begin in FY 2021 and continue into the post FY 2021 period. The request calls

for the demolition of the automotive garage and the grounds building. New buildings will accommodate equipment and furniture storage, automotive garages, and any workshops necessary in the facilities compound while largely hiding the operations from public view. Annual debt service assuming 5.0 percent interest and a 20-year term would be \$1.0 million with a total cost of \$17.9 million.

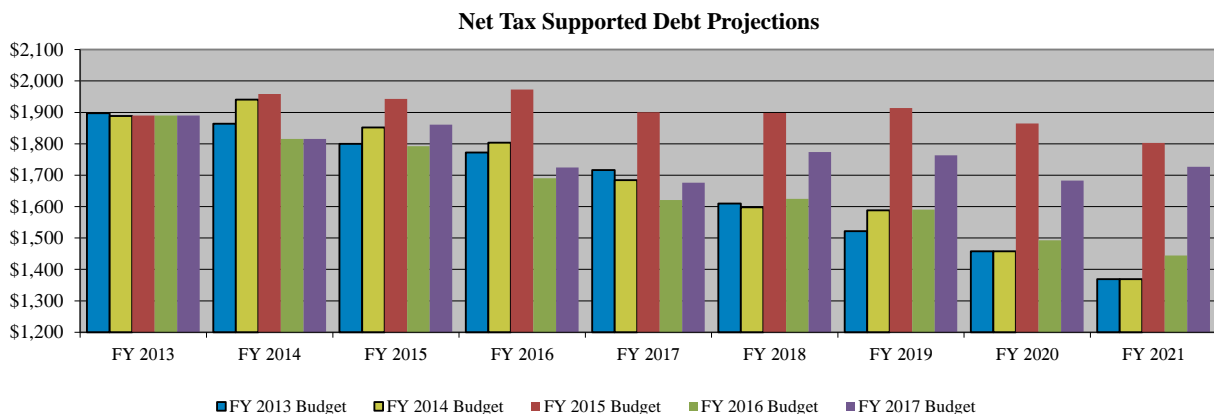
Utility Infrastructure Upgrades Phase II. The Governor recommends \$18.4 million from revenue bonds supported by general revenues and tuition and fees for Phase II of the University’s utility infrastructure upgrade project. Funding is programmed to begin in FY 2019 and continue through FY 2021. Phase II would follow the work requested as part of the new north district utility infrastructure project. This project will reconfigure and replace extensive portions of the steam/condensate system and address critical needs for the water and sanitary systems. The total cost of Phase II, assuming 5.0 percent interest and a 20-year term is \$29.4 million with annual debt service of \$1.5 million.

Repaving, Hardscape and Landscape. The Governor recommends \$10.0 million from revenue bonds for the fifth phase of the University’s efforts to repave and reconstruct major parking facilities, internal roadways, and walkways. Annual debt service assuming 5.0 percent interest and 20 years would be \$0.8 million with a total cost of \$16.0 million. Debt service would be supported by parking fees for the parking lot portions of the project and general revenues, tuition and fees for the roads and walkways portion. Funding is programmed from FY 2018 through FY 2020.

Combined Health and Counseling Center. The Governor recommends \$17.5 million from revenue bonds for a new project to begin in FY 2019 to combine the University’s health services and the counseling center into a single facility. The existing, physically separate facilities require duplications in support staff and medical recordkeeping. The University reports that the capacity of both facilities is insufficient to meet the growing demand for health and counseling services. Debt service for the revenue bonds would be supported by health services fees. Total debt service, assuming 5.0 percent interest and a 20-year term, is \$26.6 million with annual debt service of \$1.4 million.

Debt Levels

Total net tax supported debt increases during the period through FY 2021 by \$51.3 million from \$1,675.8 million to \$1,727.1 million. Net tax supported debt had dropped to \$1,280.9 million in FY 2003 after the state used \$247.6 million of special revenue bonds backed by the state’s tobacco master settlement agreement to defease general obligation bond debt in FY 2002.



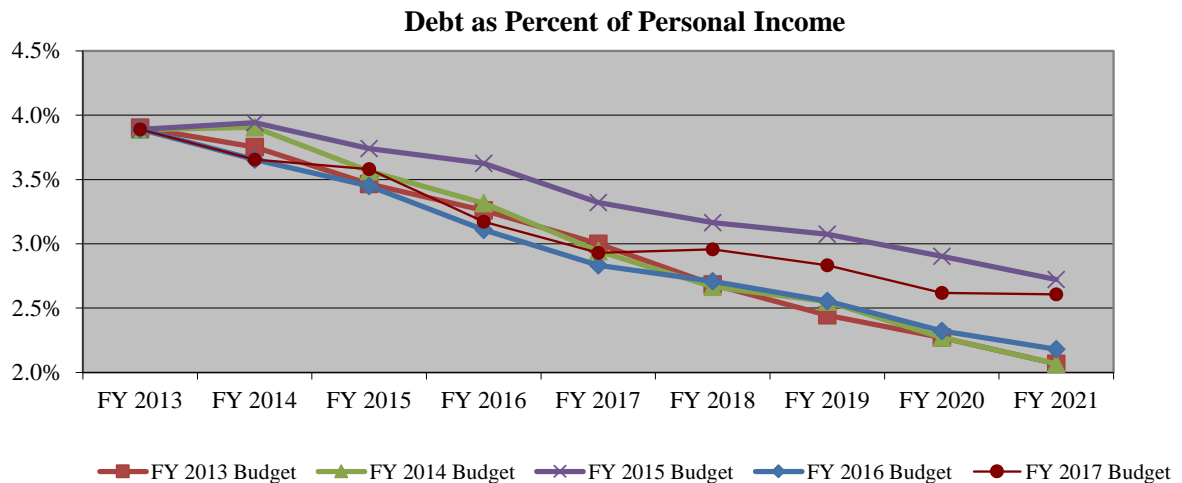
Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget. The above chart shows projected debt levels for FY 2013 through FY 2021 in the past five budgets. The FY 2018 debt projection presented in the FY 2017 capital budget is \$149.0 million more than the FY 2018 projection in the FY 2016 capital budget, and \$175.2 million more than presented in the FY 2014 budget.

Debt is often expressed as a percent of state personal income as a measure to compare across jurisdictions; state personal income is a rough measure of the state’s wealth, and therefore its potential ability to service its debt. Net tax supported debt would decrease from 3.6 percent of personal income reported for FY 2015 to 2.9 percent into FY 2017 and continue gradually dropping to 2.6 percent in FY 2021 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected.

Debt ratios began increasing significantly in FY 1988, reaching a peak in FY 1994 as the Depositors Economic Protection Corporation and Convention Center debt was added. In FY 1994, net tax supported debt reached 8.4 percent of personal income. The current and prior administrations have expressed the reduction of that ratio as a major capital policy goal. The FY 2015 level of 3.6 percent is the lowest amount since Staff began keeping track in FY 1991 due to use of the tobacco master settlement agreement revenues securitization.

However, as with debt levels, past practices indicate it is likely to be higher than projected. The chart below shows projected debt as percent of personal income for FY 2013 through FY 2021 in the past five budgets. The FY 2014 budget projected FY 2018 debt at 2.7 percent of personal income, which is the same as projected in the FY 2016 budget and 30 basis points lower than the 3.0 percent projected in the FY 2017 budget. The projections assume that the debt levels do not increase in subsequent budgets.

The FY 2016 enacted budget included a restructuring of general obligation bond debt, where principal payments are deferred and/or shortened to provide additional savings in particular years. Although the specific debts and amounts were not identified at the time of enactment, the budget includes savings of \$64.5 million in FY 2016, with anticipated FY 2017 savings of \$19.4 million. The state’s debt service would increase in FY 2018, remain flat in FY 2019 and then increase by approximately \$15.0 million per year from FY 2020 to FY 2025 as compared to the current debt structure. In total, an additional \$90.0 million of long term debt would be incurred to save the projected \$83.9 million in FY 2016 and FY 2017. However, net present value savings will be positive. The Administration indicates that the transaction for the restructuring occurred in July 2015, and the savings are actually \$16.8 million more than assumed for FY 2017.

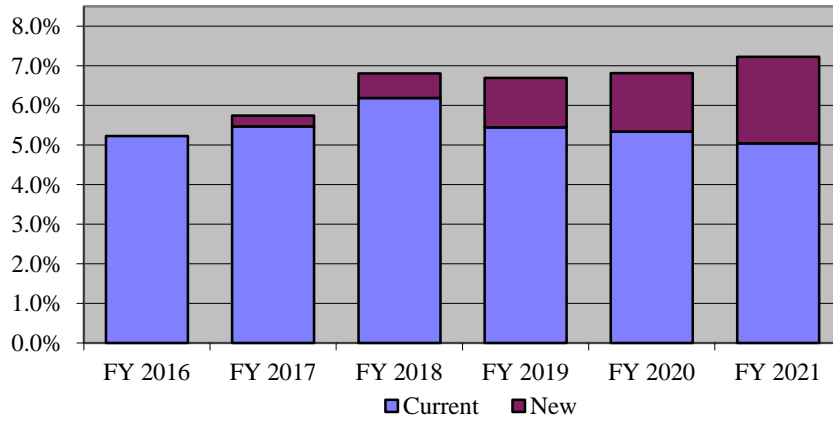


Debt Service

Useable general revenues are estimated collections net of the transfers to the Budget Stabilization and Cash Reserve account. These transfers ultimately become Rhode Island Capital Plan funds and cannot be used for debt service. The term net tax supported debt refers to all debt for which an appropriation is or may be required. That includes not only general obligation bonds and direct state issuance, but also debt issued by

other entities for which the state is pledged to an annual lease payment or to make an appropriation in the event of a default. The proportion of net tax supported debt to useable general revenues provides a snapshot of how the state is leveraging its debt compared to available resources eligible to pay off that debt. For FY 2014 and FY 2015, debt service as a percent of general revenues was 6.4 percent and 6.7 percent, respectively. Debt service in the recommended capital budget would steadily increase from 5.2 percent of useable general revenues in FY 2016 to 7.2 percent in FY 2021, a 38.3 percent increase.

Net Debt Service as Percent of Useable General Revenues



FY 2016
Revised Budget

FY 2016 Revised Budget

	FY 2015 Reported	FY 2016 Enacted	FY 2016 Rev. Req.	FY 2016 Revised
Expenditures by Function*				
General Government	\$ 1,411.9	\$ 1,432.5	\$ 1,530.6	\$ 1,526.0
Human Services	3,667.3	3,721.4	3,917.8	3,853.6
Education	2,303.8	2,408.0	2,455.1	2,449.6
Public Safety	500.3	534.7	563.8	553.1
Natural Resources	93.6	105.0	110.5	110.0
Transportation	415.6	463.8	488.5	482.9
Total	\$ 8,392.6	\$ 8,665.4	\$ 9,066.3	\$ 8,975.1
Expenditures by Category*				
Salaries and Benefits	\$ 1,564.6	\$ 1,638.9	\$ 1,658.0	\$ 1,646.8
Contracted Services	310.5	282.1	403.5	397.4
Subtotal	\$ 1,875.1	\$ 1,921.0	\$ 2,061.4	\$ 2,044.2
Other State Operations	805.9	775.9	866.3	843.2
Aid to Local Units of Government	1,188.7	1,248.4	1,236.6	1,240.5
Assistance, Grants, and Benefits	3,843.6	3,963.7	4,048.2	4,034.0
Capital	220.2	335.4	419.5	415.1
Capital Debt Service	218.4	203.5	201.6	202.0
Operating Transfers	240.6	217.5	232.6	196.1
Total	\$ 8,392.6	\$ 8,665.4	\$ 9,066.3	\$ 8,975.1
Sources of Funds*				
General Revenue	\$ 3,453.9	\$ 3,552.0	\$ 3,588.2	\$ 3,576.5
Federal Aid	2,895.3	2,947.3	3,138.9	3,114.2
Restricted Receipts	236.0	245.5	284.9	288.8
Other	1,807.4	1,920.7	2,054.5	1,995.7
Total	\$ 8,392.6	\$ 8,665.4	\$ 9,066.3	\$ 8,975.1
FTE Authorization	15,076.4	15,118.4	15,180.4	15,100.7
FTE Average	13,801.1			

*Data in millions

Summary

The Governor's revised budget recommendations for FY 2016, along with her recommendations for FY 2017, are contained in 2016-H 7454, introduced on February 3, 2016. The Governor recommends total revised expenditures for FY 2016 of \$8,975.1 million, which is \$309.7 million or 3.6 percent more than enacted by the 2015 Assembly.

Total expenditures would increase \$582.6 million or 6.9 percent over reported FY 2015 expenditures. General revenue expenditures are \$24.5 million or 0.7 percent more than the FY 2016 budget adopted by the 2015 Assembly and \$122.6 million or 3.6 percent more than actual FY 2015 expenditures. Expenditures

from federal funds are \$166.9 million more than enacted and \$218.9 million more than FY 2015. Expenditures from restricted receipts are \$43.3 million more than enacted and \$52.8 million more than FY 2015. Those from other funds, including the gas tax, Rhode Island Capital Plan funds and unemployment trust funds, are \$75.0 million or 3.9 percent more than enacted and \$188.3 million more than FY 2015.

FY 2016 Revised	General					All Funds
	Revenue	Federal	Restricted	Other		
FY 2015 Final	\$ 3,476.6	\$ 3,051.2	\$ 283.6	\$ 1,919.7	\$ 8,731.2	
FY 2015 Actual	3,453.9	2,895.3	236.0	1,807.4	8,392.6	
Difference	\$ (22.7)	\$ (155.9)	\$ (47.7)	\$ (112.4)	\$ (338.6)	
FY 2016 Enacted	\$ 3,552.0	\$ 2,947.3	\$ 245.5	\$ 1,920.7	\$ 8,665.4	
Governor's FY 2016 Revised	3,576.5	3,114.2	288.8	1,995.7	8,975.1	
Governor's Change to Enacted	\$ 24.5	\$ 166.9	\$ 43.3	\$ 75.0	\$ 309.7	
Percent Change	0.7%	5.7%	17.6%	3.9%	3.6%	

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

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

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

Revenues were \$23.9 million more than estimated. Taxes were up \$16.7 million with corporate and sales tax gains accounting for most of the increase; personal income was essentially as estimated. All other revenues were up \$7.2 million, with \$3.3 million of that from lottery receipts.

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

Closing expenses were lower than enacted primarily from Medicaid caseload savings and savings from personnel and utilities. There were areas of overspending that reduced the impact of the savings including in public safety agencies. Many agencies projected overspending in the first quarter some of which related to overspending in FY 2015 and some related challenges with managing savings assumed in the enacted budget. Added costs for the state match on the new comprehensive benefits eligibility system were estimated to be \$14.9 million and there was also a \$14.9 million increased caseload expense estimated in November. This over spending was partially offset by some debt and construction aid savings but still suggested total overspending of roughly \$40 million. The Governor's revised budget lowers those first quarter projections by over \$23 million. This includes reducing caseload expenses by \$10.0 million, \$8.0 million of which is undefined and contrary to caseload estimating processes. It also reduces the general revenues projected for the eligibility system by shifting \$4.9 million to other sources. Other changes

include initiatives to lower costs in other human service agencies and savings from an adjustment to medical benefit costs statewide. The pages that follow include full analyses of the expenditure changes by agency.

	Enacted	Revised	Difference
Opening Surplus			
Free Surplus	\$ 118,565,420	\$ 168,038,072	\$ 49,472,651
Reappropriated Surplus	-	6,890,273	6,890,273
Subtotal	\$ 118,565,420	\$ 174,928,345	\$ 56,362,924
Revenues			
November Revenue Conference	-	52,426,535	52,426,535
Governor Changes	-	5,000	5,000
Total Revenues	3,543,756,465	3,596,188,000	52,431,535
Budget Reserve Fund	(109,869,657)	(112,926,782)	(3,057,125)
Total Available Resources	\$ 3,552,452,228	\$ 3,658,189,563	\$ 105,737,334
Expenditures			
Reappropriation	-	6,890,273	6,890,273
November Caseload Conference	-	14,884,287	14,884,287
Governor Changes	-	2,747,183	2,747,183
Total Expenditures	\$ 3,551,988,738	\$ 3,576,510,481	\$ 24,521,743
Total Surplus	\$ 463,490	\$ 81,679,082	\$ 81,215,592
Rainy Day Fund	177,615,676	188,211,304	10,595,628
<i>Operating Surplus/(Deficit)</i>	<i>\$ (109,406,167)</i>	<i>\$ (31,247,700)</i>	<i>\$ 78,158,467</i>

The revised budget as recommended by the Governor would leave a \$78.2 million surplus for FY 2017. The general revenue surplus statement for FY 2017 shows an ending surplus of \$0.5 million and is presented as part of the overview of her FY 2017 budget recommendations in that section of this publication.

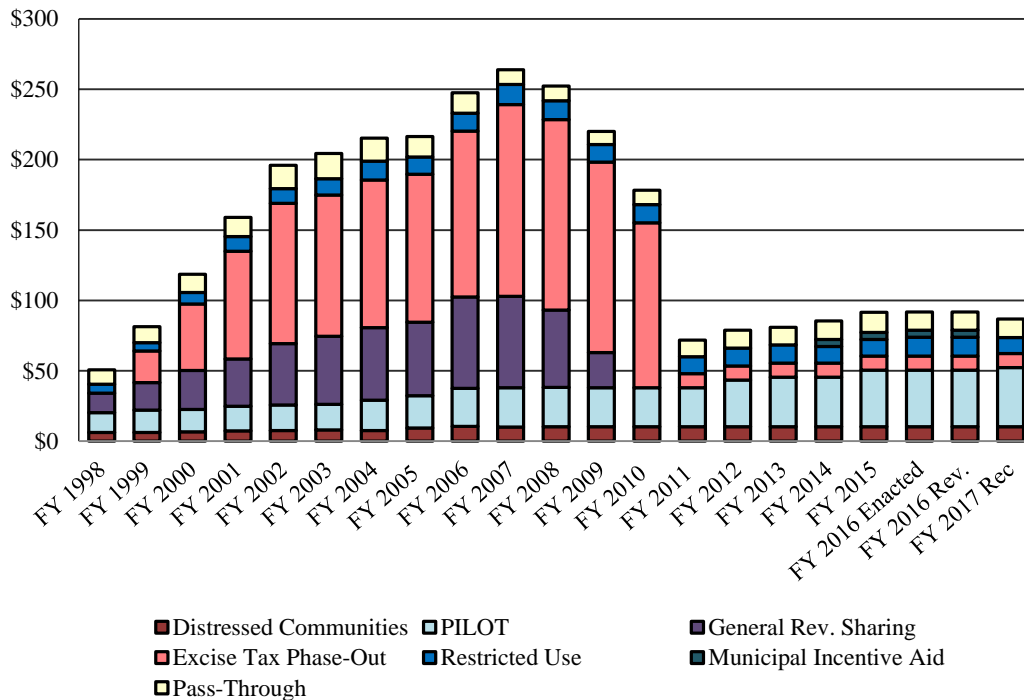
Special Reports

State Aid to Local Governments

Introduction

The Governor recommends state aid to cities and towns totaling \$78.8 million in FY 2016 and \$73.7 million in FY 2017. Funding for general aid programs in FY 2016 includes the enacted level of \$65.5 million. Funding for general aid programs in FY 2017 includes \$62.4 million, \$3.1 million less than the enacted level. The recommendation for restricted use programs includes \$13.3 million, which is \$26,869 less than enacted for FY 2016 and \$11.4 million, which is \$2.0 million less than enacted for FY 2017. Local communities will also receive \$13.0 million each year in public service corporation property taxes, which the state collects and passes through to the communities.

The following graph shows historical funding data, in millions. The graph below also shows the allocation of funding for state aid programs from FY 1998 through the Governor’s recommendation for FY 2017.



The major changes included in the Governor’s aid proposal are discussed on the following pages, followed by tables that show recommended distribution of general aid by community as well as restricted aid programs by community, including library operating aid, which is considered restricted and is not included in the general aid totals, and public service corporations’ tax collections, a local levy collected at the state level and returned to local governments for tax collection efficiency purposes. It should be noted that the FY 2017 recommendation for one program will require data updates not reflected in the distributions. Those updates will likely change allocations to each community.

General. The Governor recommends the enacted level of \$65.5 million for FY 2016 and \$62.4 million for FY 2017 for general state aid programs to local governments.

Fiscal Year	1995	2000	2005	2010	2015	2016 Enacted	2016 Gov. Rev.	Rev. Diff.	2017 Gov. Rec.	Rec. Diff.
General Aid - State Sources										
Distressed Communities	\$ 7.2	\$ 6.6	\$ 9.5	\$ 10.4	\$ 10.4	\$ 10.4	\$ 10.4	\$ -	\$ 10.4	\$ -
PILOT	12.2	16.1	22.7	27.6	40.1	40.1	40.1	-	42.0	1.9
Excise Tax Phase-Out	-	47.3	105.0	117.2	10.0	10.0	10.0	-	10.0	-
Municipal Incentive Aid	-	-	-	-	5.0	5.0	5.0	-	-	(5.0)
General Rev. Sharing	13.6	27.6	52.4	-	-	-	-	-	-	-
Subtotal	\$ 33.0	\$ 97.5	\$ 189.7	\$ 155.1	\$ 65.5	\$ 65.5	\$ 65.5	\$ -	\$ 62.4	\$ (3.1)
Restricted Use Aid - State Sources										
Library Resource Aid	\$ 3.3	\$ 5.7	\$ 8.1	\$ 8.8	\$ 8.8	\$ 8.8	\$ 8.8	\$ -	\$ 8.5	\$ (0.3)
Library Const. Aid	1.9	1.6	2.5	2.6	2.3	2.7	2.7	-	2.2	(0.4)
Police & Fire Incentive	1.3	0.9	1.1	-	-	-	-	-	-	-
Prop. Val. Reimb.	-	0.0	0.6	1.6	0.7	1.8	1.8	-	0.6	(1.2)
Oversight Reimbursement	-	-	-	-	0.1	0.2	0.1	(0.0)	0.1	(0.0)
Subtotal	\$ 6.5	\$ 8.2	\$ 12.3	\$ 13.0	\$ 11.9	\$ 13.4	\$ 13.3	\$ (0.0)	\$ 11.4	\$ (2.0)
Total - State Sources	\$ 39.5	\$ 105.7	\$ 202.0	\$ 168.2	\$ 77.4	\$ 78.8	\$ 78.8	\$ (0.0)	\$ 73.7	\$ (5.1)
Other Aid - Pass-Through										
Public Service Corp.	\$ 7.2	\$ 12.8	\$ 14.6	\$ 10.2	\$ 14.3	\$ 13.0	\$ 13.0	\$ -	\$ 13.0	\$ -

In millions

- Distressed Communities Relief Fund.** The Governor recommends the enacted level of \$10.4 million for the Distressed Communities Relief Fund, but with redistribution of funding among communities. Communities' aid distribution is based on updated qualifying tax levies and reflects inclusion of Cranston and exclusion of East Providence as distressed communities for FY 2017. For both the first year of a community's qualification as a distressed community and the year that a community no longer qualifies, it receives a transition payment of half its proportional share. The Budget includes legislation requiring that all communities qualifying as distressed participate in the Division of Taxation's refund offset program to collect taxes owed. As of December 2015, four of the seven communities that will receive payment for FY 2017 participate.
- Payment in Lieu of Taxes Program.** The Governor recommends \$42.0 million for FY 2017 for the Payment in Lieu of Taxes program that reimburses municipalities for property taxes that would have been due on real property exempted from taxation by state law, including property owned by private nonprofit higher educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility, or correctional facility. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. If the appropriation is less than the necessary amount, the reimbursements are ratably reduced. The recommendation is \$1.9 million more than enacted and represents full funding for the program. The enacted budget provided reimbursements totaling \$40.1 million, representing 23.7 percent of the value.
- Motor Vehicle Excise Tax Phase-Out.** The Budget funds the Motor Vehicle Excise Tax program at the enacted level of \$10.0 million for FY 2017. The 2010 Assembly enacted legislation mandating a \$500 exemption, for which the state will reimburse municipalities an amount subject to appropriation. State law allows municipalities to provide an additional exemption; however, that additional exemption will not be subject to reimbursement. The Division of Municipal Finance reports that the FY 2016 revised and FY 2017 recommended distributions are based on tax year 2014 data. It anticipates adjusting planned distribution for FY 2017 in fall 2016, when updated tax rolls are available from communities.
- Municipal Incentive Aid.** For FY 2016, the Governor includes the enacted amount of \$5.0 million for the third and final year of the Municipal Incentive Aid program, which encourages sustainable funding of retirement plans and reduction of unfunded liabilities. A municipality may receive funding for FY 2016 if its pension plan is in the state-administered Municipal Employee Retirement System; if it has submitted or

implemented an approved Funding Improvement Plan within 18 months of critical status notification; or, if it is not required to submit a Funding Improvement Plan and is making 100 percent of its required funding payment. Aid is distributed on the basis of the most recent estimate of each municipality's population as a share of the total state population; program payments are made in March of each year. If a municipality is ineligible to receive aid, its share will be reappropriated to the following fiscal year. If requirements are not met for a second year, its share will be distributed to the qualifying municipalities, according to their share of total state population. The Governor's revised FY 2016 recommendation assumes FY 2016 payments for Coventry, Johnston, and Scituate will not be disbursed and will carry forward to FY 2017. Consistent with current law, no new funds are recommended for FY 2017.

- **Library Resource Sharing Aid.** The Governor recommends \$8.5 million for library aid. Current law allows 25.0 percent reimbursement of second prior year expenditures. The recommendation reflects a \$0.3 million, 30.8 percent, reduction from the statewide library resource reference grant, of which \$212,500 is for tutoring sessions, citizenship tests, and prepping for General Education Diplomas; \$63,826 is for the Heritage Quest and African American Heritage research databases; and \$35,000 is for business and marketing reference databases. The Governor's recommendation includes the elimination of contracts for these services, noting that they are offered by other sources.
- **Library Construction Aid.** The Governor provides \$2.2 million to fully fund library construction aid requirements. The state reimburses libraries up to half of the total costs for eligible projects on an installment basis, for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project. The 2011 Assembly adopted a three-year moratorium on the acceptance of applications for library construction aid projects that ended on July 1, 2014.
- **Property Valuation Reimbursement.** The Governor recommends \$1.8 million for FY 2016 and \$0.6 million for FY 2017 to reimburse communities conducting property valuation updates. The Budget includes legislation to alter the current property revaluation schedule that requires valuation updates every third and sixth year and a full revaluation every ninth year. The legislation would require updates to property valuations every fifth and tenth year, with full revaluations occurring every fifteenth year, effective as of the assessment date of December 31, 2017. The change would impact associated reimbursements beginning in FY 2018.
- **Oversight Reimbursement.** The Governor recommends \$0.1 million, \$26,869 less than enacted, for both FY 2016 and FY 2017 to provide reimbursements of 50.0 percent of the cost of a financial advisor position to communities no longer under state Fiscal Stability Act oversight. Her recommendation reflects historical expenditures.
- **Public Service Corporation Tax.** The FY 2017 budget assumes the state will collect and distribute the enacted level of \$13.0 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. The 2009 Assembly adopted the Governor's recommendation to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rate.

State Aid

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

Restricted use aid includes payments made to a municipality for a specific purpose or payments to non-governmental entities providing a public service, including library aid. The largest source of restricted aid is education aid, not included here. This information is shown separately in the Education Aid report in this publication.

Pass-through aid in the form of the Public Service Corporation tax is a third category often listed as state aid. However, it is not paid for from state sources. For efficiency of collections, the Division of Taxation collects this local levy at the state level and returns the collections back to the local governments.

General State Aid

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

Rankings	Central		East		North		West	
	Falls	Cranston	Providence	Providence	Pawtucket	Providence	Warwick	Woonsocket
FY 2014								
Levy/Full Value	3	5	10	4	8	1	6	2
Per Capita Income 2011	1	7	9	6	4	3	5	2
Personal Income/Full Value	1	12	13	6	3	8	4	2
Full Value Per Capita	1	8	9	6	3	4	5	2
Qualifying Rankings	4	3	0	4	4	4	4	4
FY 2015								
Levy/Full Value	1	7	11	5	8	2	6	3
Per Capita Income 2012	1	8	6	7	4	3	5	2
Personal Income/Full Value	1	16	22	6	3	14	4	2
Full Value Per Capita	1	9	10	6	3	4	5	2
Qualifying Rankings	4	2	1	4	4	3	4	4
FY 2016								
Levy/Full Value	2	7	8	4	5	3	6	1
Per Capita Income 2013	1	8	5	7	3	4	6	2
Personal Income/Full Value	1	13	15	5	3	14	4	2
Full Value Per Capita	1	9	7	6	3	4	5	2
Qualifying Rankings	4	2	3	4	4	3	4	4
FY 2017								
Levy/Full Value	3	8	9	5	7	2	4	1
Per Capita Income 2014	1	8	6	7	2	4	5	3
Personal Income/Full Value	1	13	15	5	4	7	2	3
Full Value Per Capita	1	8	7	6	3	4	5	2
Qualifying Rankings	4	3	2	4	4	4	4	4

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

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

The 2012 Assembly adopted legislation allowing municipalities to receive the entirety of their distressed aid payments in August. Payments had been made twice a year in August and March.

Historically, a majority of the funds, \$9.6 million, was distributed on a weighted allocation and legislation was included in past budgets to allow \$0.8 million previously linked to lottery revenues to be shared equally among the communities. Since FY 2014, all of the funds are distributed on a weighted basis. The program has been level funded at \$10.4 million since FY 2008. Payments are made in August each year.

The Governor recommends the enacted level of \$10.4 million for the Distressed Communities Relief program. Communities' aid distribution in FY 2017 is based on updated qualifying tax levies.

Most funds are distributed based on the ratio of an eligible municipality's tax levy to the total tax levy of all eligible municipalities. However, when a new community qualifies, that community receives 50.0 percent of current law requirements the first year it qualifies. The remaining 50.0 percent is distributed to the other distressed communities proportionately. For FY 2017, Cranston qualifies for the program and the Governor's recommended budget provides it a transition payment for its first year.

When a community falls out of the program, it receives a one-time transition payment of 50.0 percent of the prior year requirement exclusive of any reduction for first year qualification. East Providence entered the program in FY 2016 and will no longer qualify as of FY 2017. The Governor's FY 2017 budget includes a 50.0 percent transition payment out of the program for East Providence.

The Budget includes legislation requiring that all communities qualifying as distressed participate in the Division of Taxation's refund offset program within three months of notification of distressed status. The refund offset program allows municipalities and state agencies to contract with the Division to intercept state personal income tax refunds to apply to outstanding municipal tax liabilities. As of December 2015, three of the seven communities that qualify for FY 2017 participate: Pawtucket, West Warwick, and Woonsocket. East Providence is also a participant in the program.

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

The Governor's recommendation includes \$42.0 million for FY 2017, which is \$1.9 million more than enacted and represents full funding of the current law allowance of reimbursement of 27.0 percent of the value. The enacted budget provided reimbursements totaling \$40.1 million, representing 23.7 percent of the value.

Motor Vehicle Excise Tax Phase-Out. The 1998 General Assembly enacted legislation to eliminate the property tax on motor vehicles and trailers over a period of seven years. It was modified in subsequent legislative sessions to substantially extend the phase-out period. The exemption is a reduction in the assessed value subject to taxation. Cities and towns are paid by the state for the lost taxes due to the exemptions.

It began with a \$1,500 exemption for FY 2000 tax bills. Cities and towns were held harmless for the exemptions and were reimbursed on the basis of 100 percent collections. They also received adjustments for freezing tax rates at the FY 1998 level through FY 2003. Fire districts could no longer levy motor vehicle excise taxes, and they were fully reimbursed for the lost revenues.

The 2008 Assembly adopted Governor Carcieri's recommendation to maintain the exemption at \$6,000 for FY 2008 and FY 2009, and to permanently reduce the Motor Vehicle Excise Tax reimbursements to 98.0 percent of the calculated value beginning with FY 2008.

Governor Carcieri included legislation in his FY 2010 revised budget to eliminate the third and the fourth quarter reimbursements to municipalities and subject future exemptions to the annual appropriations act for FY 2011 and thereafter.

The 2010 Assembly provided \$117.2 million to fund the program at 88.0 percent of the amount that would have been due in FY 2010. It also enacted legislation that mandates a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation for FY 2011 and thereafter. It has been funded at \$10.0 million since. Municipalities may provide an additional exemption; it is not subject to reimbursement. The Assembly removed the prohibition on taxing the difference when the value of a vehicle is higher than assessed in the prior fiscal year. It allowed motor vehicle rates and ratios of assessment to be less than earlier levels, which were frozen. The Assembly also restored fire districts' authority to levy a motor vehicles excise tax and excluded them from reimbursements.

The Governor recommends the enacted amount of \$10.0 million for FY 2017. The Division of Municipal Finance reports that the proposed distribution included in the Governor's FY 2017 recommended budget reflects tax year 2014 data; it anticipates updating planned distribution for FY 2017 payments in fall 2016, following receipt of updated tax data from municipalities.

Municipal Incentive Aid. The FY 2016 enacted budget includes \$5.0 million for the Municipal Incentive Aid program, which encourages sustainable funding of retirement plans and reduction of unfunded liabilities. The program was conceived as a three year program; FY 2016 is the third and final year. Consistent with current law, the Governor does not include funding for the program for FY 2017 and the out-year forecast does not assume continued funding.

To receive aid, municipalities must meet certain benchmarks for each program year. For FY 2014, a municipality could receive funds if it had no locally administered pension plan, if it 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. A municipality qualifies for the program for FY 2015 and FY 2016 if its pension plan is in the state-administered Municipal Employee Retirement System; if it has submitted or implemented an approved Funding Improvement Plan within 18 months of critical status notification; or, if it is not required to submit a Funding Improvement Plan and is making 100 percent of its required funding payment.

Aid is distributed on the basis of the most recent estimate of population of each municipality as a share of the total state population, as reported by the Bureau of the Census in the year the payment is made. Program payments are made in March of each year. If a municipality is not eligible to receive aid, its share may be reappropriated to the following fiscal year. To receive the prior and current years' share of aid, the municipality must meet the funding requirements for both years.

For FY 2014, 38 municipalities qualified for the program. Coventry did not submit a funding improvement plan for one of its pension plans by the specified deadline; its FY 2014 payment was reappropriated to FY 2015, in which Coventry met the requirements for both years to receive its FY 2014 and FY 2015 proportional shares.

For FY 2015, 38 municipalities qualified; Johnston did not meet the funding requirements for eligibility and its payment was reappropriated to FY 2016. The Division of Municipal Finance reports that if Johnston meets the FY 2015 and FY 2016 requirements by February 12, 2016, it will receive its FY 2015 payment

in the current year. If it does not meet the requirements, its FY 2015 proportional share will be redistributed amongst the other qualifying communities by May 31, 2016.

For FY 2016, 36 municipalities qualified for the program. Coventry, Johnston, and Scituate do not. The Governor's revised FY 2016 recommendation assumes the proportional payments for all three municipalities will not be disbursed in FY 2016 and will carry forward to FY 2017.

Consistent with current law, the Governor does not recommend new funding for the program for FY 2017.

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

Legislation in 2005 and 2006 provided that a portion of video lottery net terminal income from Lincoln and Newport, up to a maximum of \$10.0 million, would be dedicated to the program for non-distressed communities.

The 2009 Assembly adopted Governor Carcieri's recommendation to subject the program permanently to appropriation. It has not been funded since FY 2009.

Restricted Use State Aid

Library Resource Sharing Aid. Current law requires the state to support local libraries via grants-in-aid at a level equivalent to 25.0 percent of the amount appropriated and expended from local tax revenues in the second prior fiscal year by the municipalities in which the libraries are located.

Aid remained relatively stable from FY 1991 through FY 1997. For FY 1998, the General Assembly appropriated an additional \$1.0 million to begin increasing funding to meet the 25.0 percent program requirement by FY 2000. The state is also required to fund 100 percent of the administrative and operating costs of the Rhode Island Library Network. It should be noted that the 25.0 percent requirement also applies to institutional libraries; however, that funding is not shown in this report as local aid.

The 2003 Assembly amended the statute to include Providence Public Library endowment funding as part of the local effort; the annual amount of endowment funds that may be included is capped at 6.0 percent of the three-year average market value of the endowment, calculated at the end of the calendar year. The 2004 Assembly further amended the laws to extend this allowance to all libraries.

For FY 2009, the Assembly enacted legislation to reduce the maintenance of effort requirement for municipalities to library services funding of at least 80.0 percent of the previous fiscal year. The 2009 Assembly enacted legislation to continue allowing communities to meet the 80.0 percent maintenance of effort for libraries to qualify for state library aid.

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

Included in this aid program is the library resources services grant, which is provided to the Providence Public Library to serve as the state's reference resource center. The program is intended to provide high-quality reference services to libraries and their patrons, including research area-specific databases, librarian-assisted research, and some tutoring services. It has historically been funded at \$1.0 million per year.

For FY 2017, the Governor recommends \$8.5 million, including a library resource services grant reduction of \$0.3 million, of which \$212,500 is for tutoring sessions, citizenship tests, and prepping for General Education Diplomas; \$63,826 is for the Heritage Quest and African American Heritage research databases; and \$35,000 is for business and marketing reference databases. The Governor's recommendation reflects the elimination of contracts for these services, noting that they are offered by other sources.

Library Construction Aid. State law establishes a library construction aid program, administered by the Office of Library and Information Services, which provides the authority to make grants-in-aid to a municipality or a free public library for construction of or capital improvements to any free public library to provide better services to the public.

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

Reimbursable costs also include any cost of borrowing for the state share during the construction period. Examples of costs ineligible for state funds include fundraising or public relations costs incurred by the municipality or the free library. In a case where the library is a component of local government, payments are made to the municipality. Payments are made directly to free public libraries.

Library construction aid is considered indirect aid. Payments are not necessarily made to a local government; some are made directly to free public libraries, and therefore cannot be considered traditional local aid. Additionally, funds are targeted for specific use and are not for general support of the local government or free library budget.

The 2011 Assembly adopted legislation to set a three-year moratorium on the acceptance of applications for library construction aid projects through the end of FY 2014. The Office has been permitted to accept applications since July 1, 2014. The Governor recommends \$2.2 million for FY 2017 to fully fund library construction aid.

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

The amount of the incentive is based on a point system, which is related to the individual's level of educational attainment. The state payments go directly to the municipalities which, in turn, make payments to the participants in the program. Governor Carcieri proposed to eliminate the program for FY 2009; the 2008 Assembly maintained it in the general laws, but no funding has been provided since. Municipalities are still required to reimburse police officers for eligible expenses incurred in earning credits associated with the program.

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

The amount of the incentive is based on a point system, which is related to the individual’s level of educational attainment. The state payments go directly to the municipalities which, in turn, make payments to the participants in the program. Governor Carcieri proposed to eliminate the program for FY 2009; the 2008 Assembly maintained it in the general laws, but no funding has been provided since. Current law does not require that municipalities reimburse firefighters for eligible expenses; however, some municipalities do so voluntarily.

Property Valuation Reimbursement. Section 44-5-11.6 of the Rhode Island General Laws requires that municipalities update property valuations using statistical techniques every third and sixth year after a full revaluation. The statute also requires that the state reimburse municipalities for 100 percent of the cost of the first update, not to exceed \$20 per parcel. Reimbursements for subsequent updates are 80.0 percent for the second statistical update and 60.0 percent for the third and all subsequent updates. A distressed community will receive 80.0 percent reimbursement for the second and all subsequent updates. The reimbursement is made upon receipt of bills for completion of the revaluation.

The Governor recommends \$1.8 million for FY 2016 and \$0.6 million for FY 2017, reflecting anticipated expenses for maximum allowable reimbursements for communities scheduled to complete revaluations. The state does not reimburse non-distressed municipalities for complete revaluations, only for updates. Expenditures fluctuate annually, as shown in the following table.

Fiscal Year	Expenditures
2015	\$ 696,500
2014	460,616
2013	1,611,032
2012	905,220
2011	790,000

For FY 2016, fifteen communities are required to conduct assessments and qualify for reimbursements, including Burrillville, Central Falls, Jamestown, Johnston, Lincoln, Little Compton, New Shoreham, North Kingstown, North Smithfield, Providence, Scituate, Smithfield, South Kingstown, West Warwick, and Westerly. For FY 2017, the communities that qualify for reimbursement are Charlestown, Cumberland, Gloucester, Hopkinton, North Providence, Richmond, and West Greenwich.

The Budget includes legislation to alter the current property revaluation schedule that requires valuation updates every third and sixth year and a full revaluation every ninth year. The legislation would require updates to property valuations every fifth and tenth year, with full revaluations occurring every fifteenth year, effective as of the assessment date of December 31, 2017. The change would impact associated reimbursements beginning in FY 2018. Two of the seven municipalities, Newport and Cranston, currently scheduled to conduct updates in calendar year 2017 would conduct updates in 2018 and 2019, respectively.

Actuarial Valuations. Pension legislation adopted by the 2011 Assembly requires municipalities administering local plans to complete actuarial reviews and to submit them to the study commission, with the state reimbursing communities for half the cost. Governor Chafee included legislation in Article 26 of 2012-H 7323, clarifying that the state will reimburse municipalities for half of the cost of the actuarial valuations due on April 1, 2012. A total of \$0.3 million was spent over FY 2012 and FY 2013. Actuarial valuations from FY 2013 on are not reimbursed by the state.

Oversight Reimbursement. Legislation enacted by the 2013 Assembly requires that the state reimburse municipalities no longer subject to state Fiscal Stability Act oversight for 50.0 percent of the cost of an executive officer to act as a chief financial advisor. The Governor’s revised FY 2015 recommendation included \$0.1 million, reflective of financial advisors contracted in Central Falls and East Providence and the anticipated establishment of a financial advisor position in Woonsocket, as of January 1, 2015. For FY 2016 and FY 2017, her recommendation includes \$0.1 million, \$26,869 less than enacted, to reflect historical expenditures for reimbursements to Central Falls, East Providence, and Woonsocket.

Pass-Through Revenues

Public Service Corporation Tax. The FY 2017 budget assumes the state will collect \$13.0 million of property taxes from public service corporations on behalf of municipalities and pass that back to them; this is consistent with the FY 2016 enacted assumption. The Assembly concurred with Governor Carcieri’s 2009 proposal to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rates. Annual tax collections had dropped from \$16.6 million in FY 2004 to \$10.2 million in FY 2010.

The tangible personal property of telegraph, cable, and telecommunications corporations and express corporations used exclusively in conducting business for the corporation is exempt from local taxation under current law; however, it is subject to taxation by the state. Tangible personal property includes lines, cables, ducts, pipes, machines and machinery, and equipment.

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

Other Local Revenues

Meals and Beverage. The 2003 Assembly enacted a one percent additional tax on gross receipts from sale of food and beverages sold in or from eating and drinking establishments effective August 1, 2003. Meals are defined as food sold ready for immediate consumption, regardless of when or where consumed. Eating establishments include all entities preparing these foods, including caterers. The Division of Taxation collects the tax and distributes it to the city or town where the meals and beverages were delivered. Distributions for the last four fiscal years are shown in the following table.

Fiscal Year	Total Collections
2015	\$ 23,901,840
2014	22,334,876
2013	21,355,178
2012	20,995,381

Hotel Tax. The 2004 Assembly enacted a one percent additional tax on occupancy charges effective January 1, 2005. The tax is paid by anyone receiving monetary charge for occupancy of any space furnished in a structure with a minimum of one room that is kept, used, maintained, advertised as or held out to the public to be a space where living quarters are supplied for pay to transient use. The Division of Taxation

collects the tax for all except the City of Newport and distributes it to the city or town where the occupancy occurred. Distributions for the last four fiscal years are shown in the following table.

Fiscal Year	Total Collections
2015	\$ 3,413,541
2014	3,138,100
2013	2,961,884
2012	2,811,493

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

Distribution by Community

General Aid Total

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

<i>City or Town</i>	<i>FY 2015</i>	<i>FY 2016 Enacted</i>	<i>FY 2016 Gov. Rev.¹</i>	<i>Revised Difference</i>
Barrington	\$ 324,035	\$ 322,659	\$ 309,599	\$ (13,060)
Bristol	1,030,483	987,196	985,772	(1,424)
Burrillville	411,938	405,262	404,405	(857)
Central Falls	405,412	418,770	420,912	2,142
Charlestown	81,621	81,544	81,280	(264)
Coventry	412,223	412,443	411,137	(1,306)
Cranston	8,592,447	7,034,803	7,033,456	(1,347)
Cumberland	405,772	407,791	407,845	54
East Greenwich	504,473	485,269	484,897	(372)
East Providence	952,844	1,632,929	1,628,603	(4,326)
Exeter	122,884	123,783	123,883	100
Foster	79,314	79,602	95,373	15,771
Glocester	149,501	149,719	149,016	(703)
Hopkinton	108,358	108,374	108,032	(342)
Jamestown	47,772	47,851	47,824	(27)
Johnston	559,394	560,296	559,977	(319)
Lincoln	298,007	298,541	299,263	722
Little Compton	29,592	29,570	29,488	(82)
Middletown	146,103	145,907	139,777	(6,130)
Narragansett	136,238	135,721	135,970	249
Newport	1,509,886	1,444,086	1,444,199	113
New Shoreham	11,085	10,539	10,689	150
North Kingstown	312,183	311,545	312,478	933
North Providence	2,126,420	2,249,779	2,245,971	(3,808)
North Smithfield	237,999	238,914	235,131	(3,783)
Pawtucket	3,064,611	3,069,757	3,071,258	1,501
Portsmouth	160,680	160,957	167,103	6,146
Providence	34,894,897	36,134,996	36,148,829	13,833
Richmond	103,197	103,118	102,090	(1,028)
Scituate	118,519	118,828	117,882	(946)
Smithfield	1,001,848	956,080	958,657	2,577
South Kingstown	469,361	457,843	458,770	927
Tiverton	133,487	134,118	134,311	193
Warren	142,861	142,324	142,564	240
Warwick	2,955,009	2,809,979	2,809,730	(249)
Westerly	463,142	454,162	462,061	7,900
West Greenwich	87,875	88,288	83,400	(4,887)
West Warwick	1,155,430	1,207,277	1,205,526	(1,751)
Woonsocket	1,717,976	1,504,248	1,497,706	(6,541)
Total	\$ 65,464,867	\$ 65,464,867	\$ 65,464,867	\$ -

¹ FY 2016 Revised reflects Coventry, Johnston, and Scituate out of compliance for Municipal Incentive Aid. The recommendation assumes payments will be reappropriated to FY 2017. They may receive payments if in compliance.

General Aid Total

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

<i>City or Town</i>	<i>FY 2016 Enacted</i>	<i>FY 2017 Gov. Rec.</i>	<i>FY 2017 Rec. to Enacted</i>	<i>FY 2017 Rec. to FY 2016 Rev.</i>
Barrington	\$ 322,659	\$ 233,472	\$ (89,187)	\$ (76,127)
Bristol	987,196	1,049,086	61,890	63,314
Burrillville	405,262	345,996	(59,266)	(58,409)
Central Falls	418,770	308,452	(110,318)	(112,460)
Charlestown	81,544	44,097	(37,447)	(37,183)
Coventry	412,443	244,791	(167,652)	(166,346)
Cranston	7,034,803	7,451,662	416,859	418,206
Cumberland	407,791	247,620	(160,171)	(160,225)
East Greenwich	485,269	516,397	31,128	31,500
East Providence	1,632,929	1,435,040	(197,889)	(193,563)
Exeter	123,783	92,110	(31,673)	(31,773)
Foster	79,602	72,955	(6,647)	(22,418)
Glocester	149,719	102,420	(47,299)	(46,596)
Hopkinton	108,374	69,295	(39,079)	(38,737)
Jamestown	47,851	22,042	(25,809)	(25,782)
Johnston	560,296	422,637	(137,659)	(137,340)
Lincoln	298,541	198,583	(99,958)	(100,680)
Little Compton	29,570	12,896	(16,674)	(16,592)
Middletown	145,907	63,006	(82,901)	(76,771)
Narragansett	135,721	60,810	(74,911)	(75,160)
Newport	1,444,086	1,435,708	(8,378)	(8,491)
New Shoreham	10,539	6,714	(3,825)	(3,975)
North Kingstown	311,545	187,428	(124,117)	(125,050)
North Providence	2,249,779	1,255,941	(993,838)	(990,030)
North Smithfield	238,914	177,990	(60,924)	(57,141)
Pawtucket	3,069,757	2,627,289	(442,468)	(443,969)
Portsmouth	160,957	84,669	(76,288)	(82,434)
Providence	36,134,996	36,719,392	584,396	570,563
Richmond	103,118	65,687	(37,431)	(36,403)
Scituate	118,828	68,633	(50,195)	(49,249)
Smithfield	956,080	965,856	9,776	7,199
South Kingstown	457,843	337,948	(119,895)	(120,822)
Tiverton	134,118	59,170	(74,948)	(75,141)
Warren	142,324	92,183	(50,141)	(50,381)
Warwick	2,809,979	2,677,487	(132,492)	(132,243)
Westerly	454,162	375,840	(78,321)	(86,221)
West Greenwich	88,288	54,390	(33,897)	(29,010)
West Warwick	1,207,277	979,658	(227,619)	(225,869)
Woonsocket	1,504,248	1,198,209	(306,039)	(299,498)
Total	\$ 65,464,867	\$ 62,363,560	\$ -	\$ -

FY 2017 Recommended Motor Vehicle Excise Tax distribution reflects FY 2016 data; distribution will be revised in fall 2016.

FY 2017 Recommendation excludes new funding for Municipal Incentive Aid; FY 2016 is third and final year of the program.

Distressed Communities Relief

<i>City or Town</i>	<i>FY2015</i>	<i>FY2016 Enacted</i>	<i>FY2016 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	197,930	211,123	211,123	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	1,160,322	-	-	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	-	685,142	685,142	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	948,672	989,710	989,710	-
North Smithfield	-	-	-	-
Pawtucket	1,387,409	1,430,131	1,430,131	-
Portsmouth	-	-	-	-
Providence	5,071,751	5,332,583	5,332,583	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	783,095	835,708	835,708	-
Woonsocket	835,279	900,062	900,062	-
Total	\$ 10,384,458	\$ 10,384,458	\$ 10,384,458	\$ -

Distressed Communities Relief

<i>City or Town</i>	<i>FY2016 Enacted</i>	<i>FY2017 Gov. Rec.</i>	<i>FY2017 Rec. to Enacted</i>	<i>FY2017 Rec. to FY2016 Rev.</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	211,123	187,737	(23,386)	(23,386)
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	-	1,124,439	1,124,439	1,124,439
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	685,142	685,142	-	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	989,710	866,171	(123,540)	(123,540)
North Smithfield	-	-	-	-
Pawtucket	1,430,131	1,277,831	(152,299)	(152,299)
Portsmouth	-	-	-	-
Providence	5,332,583	4,699,234	(633,349)	(633,349)
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	835,708	747,878	(87,829)	(87,829)
Woonsocket	900,062	796,025	(104,036)	(104,036)
Total	\$ 10,384,458	\$ 10,384,458	\$ -	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY2015</i>	<i>FY2016 Enacted</i>	<i>FY2016 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 15,625	\$ 14,638	\$ 14,638	\$ -
Bristol	825,102	784,360	784,360	-
Burrillville	134,639	127,468	127,468	-
Central Falls	21,572	21,411	21,411	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	6,043,928	5,645,799	5,645,799	-
Cumberland	118	119	119	-
East Greenwich	360,281	341,085	341,085	-
East Providence	222,995	218,245	218,245	-
Exeter	-	-	-	-
Foster	431	415	415	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,315,321	1,250,492	1,250,492	-
New Shoreham	-	-	-	-
North Kingstown	1,594	1,494	1,494	-
North Providence	631,707	713,714	713,714	-
North Smithfield	-	-	-	-
Pawtucket	545,565	508,302	508,302	-
Portsmouth	-	-	-	-
Providence	27,109,512	28,087,312	28,087,312	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	646,892	600,901	600,901	-
South Kingstown	186,169	173,565	173,565	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,595,654	1,453,550	1,453,550	-
Westerly	146,095	137,538	137,538	-
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	277,209	-	-	-
Total	\$ 40,080,409	\$ 40,080,409	\$ 40,080,409	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY2016 Enacted</i>	<i>FY2017 Gov. Rec.</i>	<i>FY2017 Rec. to Enacted</i>	<i>FY2017 Rec. to FY2016 Rev.</i>
Barrington	\$ 14,638	\$ 15,995	\$ 1,357	\$ 1,357
Bristol	784,360	954,792	170,431	170,431
Burrillville	127,468	145,198	17,730	17,730
Central Falls	21,411	24,507	3,096	3,096
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	5,645,799	5,322,139	(323,661)	(323,661)
Cumberland	119	135	16	16
East Greenwich	341,085	434,980	93,895	93,895
East Providence	218,245	248,601	30,356	30,356
Exeter	-	-	-	-
Foster	415	-	(415)	(415)
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,250,492	1,357,719	107,227	107,227
New Shoreham	-	-	-	-
North Kingstown	1,494	1,737	243	243
North Providence	713,714	-	(713,714)	(713,714)
North Smithfield	-	-	-	-
Pawtucket	508,302	554,958	46,656	46,656
Portsmouth	-	-	-	-
Providence	28,087,312	30,137,743	2,050,432	2,050,432
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	600,901	710,097	109,196	109,196
South Kingstown	173,565	198,218	24,652	24,652
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,453,550	1,712,951	259,401	259,401
Westerly	137,538	159,333	21,795	21,795
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	-	-	-	-
Total	\$ 40,080,409	\$ 41,979,103	\$ 1,898,694	\$ 1,898,694

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2015</i>	<i>FY 2016 Enacted</i>	<i>FY 2016 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 230,537	\$ 230,537	\$ 217,477	\$ (13,060)
Bristol	95,718	95,718	94,294	(1,424)
Burrillville	201,655	201,655	200,798	(857)
Central Falls	94,066	94,066	96,208	2,142
Charlestown	44,361	44,361	44,097	(264)
Coventry	246,097	246,097	244,791	(1,306)
Cranston	1,006,431	1,006,431	1,005,084	(1,347)
Cumberland	247,431	247,431	247,485	54
East Greenwich	81,789	81,789	81,417	(372)
East Providence	505,623	505,623	501,297	(4,326)
Exeter	92,010	92,010	92,110	100
Foster	57,184	57,184	72,955	15,771
Glocester	103,123	103,123	102,420	(703)
Hopkinton	69,637	69,637	69,295	(342)
Jamestown	22,069	22,069	22,042	(27)
Johnston	422,956	422,956	422,637	(319)
Lincoln	197,861	197,861	198,583	722
Little Compton	12,978	12,978	12,896	(82)
Middletown	69,136	69,136	63,006	(6,130)
Narragansett	60,561	60,561	60,810	249
Newport	77,876	77,876	77,989	113
New Shoreham	6,564	6,564	6,714	150
North Kingstown	184,758	184,758	185,691	933
North Providence	393,578	393,578	389,770	(3,808)
North Smithfield	181,773	181,773	177,990	(3,783)
Pawtucket	792,999	792,999	794,500	1,501
Portsmouth	78,523	78,523	84,669	6,146
Providence	1,868,582	1,868,582	1,882,415	13,833
Richmond	66,715	66,715	65,687	(1,028)
Scituate	69,579	69,579	68,633	(946)
Smithfield	253,182	253,182	255,759	2,577
South Kingstown	138,803	138,803	139,730	927
Tiverton	58,977	58,977	59,170	193
Warren	91,943	91,943	92,183	240
Warwick	964,785	964,785	964,536	(249)
Westerly	208,608	208,608	216,507	7,900
West Greenwich	59,278	59,278	54,390	(4,887)
West Warwick	233,530	233,530	231,779	(1,751)
Woonsocket	408,725	408,725	402,183	(6,541)
Total	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ -

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2016 Enacted</i>	<i>FY 2017 Gov. Rec.*</i>	<i>FY 2017 Rec. to Enacted</i>	<i>FY 2017 Rec. to FY 2016 Rev.</i>
Barrington	\$ 230,537	\$ 217,477	\$ (13,060)	\$ -
Bristol	95,718	94,294	(1,424)	-
Burrillville	201,655	200,798	(857)	-
Central Falls	94,066	96,208	2,142	-
Charlestown	44,361	44,097	(264)	-
Coventry	246,097	244,791	(1,306)	-
Cranston	1,006,431	1,005,084	(1,347)	-
Cumberland	247,431	247,485	54	-
East Greenwich	81,789	81,417	(372)	-
East Providence	505,623	501,297	(4,326)	-
Exeter	92,010	92,110	100	-
Foster	57,184	72,955	15,771	-
Glocester	103,123	102,420	(703)	-
Hopkinton	69,637	69,295	(342)	-
Jamestown	22,069	22,042	(27)	-
Johnston	422,956	422,637	(319)	-
Lincoln	197,861	198,583	722	-
Little Compton	12,978	12,896	(82)	-
Middletown	69,136	63,006	(6,130)	-
Narragansett	60,561	60,810	249	-
Newport	77,876	77,989	113	-
New Shoreham	6,564	6,714	150	-
North Kingstown	184,758	185,691	933	-
North Providence	393,578	389,770	(3,808)	-
North Smithfield	181,773	177,990	(3,783)	-
Pawtucket	792,999	794,500	1,501	-
Portsmouth	78,523	84,669	6,146	-
Providence	1,868,582	1,882,415	13,833	-
Richmond	66,715	65,687	(1,028)	-
Scituate	69,579	68,633	(946)	-
Smithfield	253,182	255,759	2,577	-
South Kingstown	138,803	139,730	927	-
Tiverton	58,977	59,170	193	-
Warren	91,943	92,183	240	-
Warwick	964,785	964,536	(249)	-
Westerly	208,608	216,507	7,900	-
West Greenwich	59,278	54,390	(4,887)	-
West Warwick	233,530	231,779	(1,751)	-
Woonsocket	408,725	402,183	(6,541)	-
Total	\$ 10,000,000	\$ 10,000,000	\$ -	\$ -

**Reflects FY 2016 data; distribution will be revised in fall 2016.*

Municipal Incentive Aid

<i>City or Town</i>	<i>FY 2015</i>	<i>FY2016 Enacted</i>	<i>FY2016 Gov. Rev.²</i>	<i>Revised Difference</i>
Barrington	\$ 77,873	\$ 77,484	\$ 77,484	\$ -
Bristol	109,663	107,118	107,118	-
Burrillville	75,644	76,139	76,139	-
Central Falls	91,844	92,170	92,170	-
Charlestown	37,260	37,183	37,183	-
Coventry ²	166,126	166,346	166,346	-
Cranston	381,766	382,573	382,573	-
Cumberland	158,223	160,241	160,241	-
East Greenwich	62,403	62,395	62,395	-
East Providence	224,226	223,919	223,919	-
Exeter	30,874	31,773	31,773	-
Foster	21,699	22,003	22,003	-
Glocester	46,378	46,596	46,596	-
Hopkinton	38,721	38,737	38,737	-
Jamestown	25,703	25,782	25,782	-
Johnston ^{1,2}	136,438	137,340	137,340	-
Lincoln	100,146	100,680	100,680	-
Little Compton	16,614	16,592	16,592	-
Middletown	76,967	76,771	76,771	-
Narragansett	75,677	75,160	75,160	-
Newport	116,689	115,718	115,718	-
New Shoreham	4,521	3,975	3,975	-
North Kingstown	125,831	125,293	125,293	-
North Providence	152,463	152,777	152,777	-
North Smithfield	56,226	57,141	57,141	-
Pawtucket	338,638	338,325	338,325	-
Portsmouth	82,157	82,434	82,434	-
Providence	845,052	846,519	846,519	-
Richmond	36,482	36,403	36,403	-
Scituate ²	48,940	49,249	49,249	-
Smithfield	101,774	101,997	101,997	-
South Kingstown	144,389	145,475	145,475	-
Tiverton	74,510	75,141	75,141	-
Warren	50,918	50,381	50,381	-
Warwick	394,570	391,644	391,644	-
Westerly	108,439	108,016	108,016	-
West Greenwich	28,597	29,010	29,010	-
West Warwick	138,805	138,039	138,039	-
Woonsocket	196,763	195,461	195,461	-
Total	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ -

¹ FY 2015 payment reappropriated to FY 2016. If not in compliance by February 12, 2016, FY 2015 payment to be distributed amongst qualifying communities May 2016.

² Governor's FY 2016 revised recommendation reflects Coventry, Johnston, and Scituate out of compliance for FY 2016. Funding will be reappropriated to FY 2017, and they may receive payments if in compliance.

Municipal Incentive Aid

<i>City or Town</i>	<i>FY 2016 Enacted</i>	<i>FY 2017 Gov. Rec.¹</i>	<i>FY 2017 Rec. to Enacted</i>	<i>FY 2017 Rec. to FY 2016 Rev.²</i>
Barrington	\$ 77,484	\$ -	\$ (77,484)	\$ (77,484)
Bristol	107,118	-	(107,118)	(107,118)
Burrillville	76,139	-	(76,139)	(76,139)
Central Falls	92,170	-	(92,170)	(92,170)
Charlestown	37,183	-	(37,183)	(37,183)
Coventry ²	166,346	-	(166,346)	(166,346)
Cranston	382,573	-	(382,573)	(382,573)
Cumberland	160,241	-	(160,241)	(160,241)
East Greenwich	62,395	-	(62,395)	(62,395)
East Providence	223,919	-	(223,919)	(223,919)
Exeter	31,773	-	(31,773)	(31,773)
Foster	22,003	-	(22,003)	(22,003)
Glocester	46,596	-	(46,596)	(46,596)
Hopkinton	38,737	-	(38,737)	(38,737)
Jamestown	25,782	-	(25,782)	(25,782)
Johnston ²	137,340	-	(137,340)	(137,340)
Lincoln	100,680	-	(100,680)	(100,680)
Little Compton	16,592	-	(16,592)	(16,592)
Middletown	76,771	-	(76,771)	(76,771)
Narragansett	75,160	-	(75,160)	(75,160)
Newport	115,718	-	(115,718)	(115,718)
New Shoreham	3,975	-	(3,975)	(3,975)
North Kingstown	125,293	-	(125,293)	(125,293)
North Providence	152,777	-	(152,777)	(152,777)
North Smithfield	57,141	-	(57,141)	(57,141)
Pawtucket	338,325	-	(338,325)	(338,325)
Portsmouth	82,434	-	(82,434)	(82,434)
Providence	846,519	-	(846,519)	(846,519)
Richmond	36,403	-	(36,403)	(36,403)
Scituate ²	49,249	-	(49,249)	(49,249)
Smithfield	101,997	-	(101,997)	(101,997)
South Kingstown	145,475	-	(145,475)	(145,475)
Tiverton	75,141	-	(75,141)	(75,141)
Warren	50,381	-	(50,381)	(50,381)
Warwick	391,644	-	(391,644)	(391,644)
Westerly	108,016	-	(108,016)	(108,016)
West Greenwich	29,010	-	(29,010)	(29,010)
West Warwick	138,039	-	(138,039)	(138,039)
Woonsocket	195,461	-	(195,461)	(195,461)
Total	\$ 5,000,000	\$ -	\$ (5,000,000)	\$ (5,000,000)

¹ FY 2016 is third and final year of program. Governor's FY 2017 recommendation is consistent with current law.

² Governor's FY 2016 revised recommendation reflects Coventry, Johnston, and Scituate out of compliance for FY 2016. Payment of unused funds may occur in FY 2017.

Library Aid

<i>City or Town</i>	<i>FY2015</i>	<i>FY2016 Enacted</i>	<i>FY2016 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 341,488	\$ 337,167	\$ 337,167	\$ -
Bristol	139,595	168,505	168,505	-
Burrillville	141,022	144,949	144,949	-
Central Falls	17,569	26,046	26,046	-
Charlestown	47,766	46,654	46,654	-
Coventry	222,474	217,150	217,150	-
Cranston	539,079	553,271	553,271	-
Cumberland	273,112	266,665	266,665	-
East Greenwich	121,085	121,208	121,208	-
East Providence	363,025	354,339	354,339	-
Exeter	45,664	45,910	45,910	-
Foster	31,550	30,796	30,796	-
Glocester	71,631	70,625	70,625	-
Hopkinton	34,685	31,101	31,101	-
Jamestown	87,697	87,375	87,375	-
Johnston	124,729	116,751	116,751	-
Lincoln	191,018	195,339	195,339	-
Little Compton	30,298	30,355	30,355	-
Middletown	137,973	135,162	135,162	-
Narragansett	122,983	120,040	120,040	-
Newport	381,739	380,016	380,016	-
New Shoreham	78,270	80,325	80,325	-
North Kingstown	273,440	266,128	266,128	-
North Providence	176,242	175,272	175,272	-
North Smithfield	63,304	65,478	65,478	-
Pawtucket	329,493	336,605	336,605	-
Portsmouth	103,554	101,476	101,476	-
Providence*	2,207,807	2,213,877	2,213,877	-
Richmond	26,531	26,246	26,246	-
Scituate	95,113	94,694	94,694	-
Smithfield	269,275	269,640	269,640	-
South Kingstown	199,345	201,734	201,734	-
Tiverton	102,842	100,382	100,382	-
Warren	53,916	54,101	54,101	-
Warwick	691,943	673,157	673,157	-
Westerly	255,839	274,847	274,847	-
West Greenwich	28,154	29,133	29,133	-
West Warwick	155,644	152,016	152,016	-
Woonsocket	196,505	178,865	178,865	-
Total	\$ 8,773,398	\$ 8,773,398	\$ 8,773,398	\$ -

*Includes the Statewide Reference Library Resource Grant.

Library Aid

<i>City or Town</i>	<i>FY2016 Enacted</i>	<i>FY2017 Gov. Rec.</i>	<i>FY2017 Rec. to Enacted</i>	<i>FY2017 Rec. to FY2016 Rev.</i>
Barrington	\$ 337,167	\$ 335,108	\$ (2,059)	\$ (2,059)
Bristol	168,505	166,405	(2,099)	(2,099)
Burrillville	144,949	148,100	3,151	3,151
Central Falls	26,046	27,329	1,282	1,282
Charlestown	46,654	45,860	(793)	(793)
Coventry	217,150	218,795	1,644	1,644
Cranston	553,271	532,966	(20,305)	(20,305)
Cumberland	266,665	257,539	(9,126)	(9,126)
East Greenwich	121,208	120,238	(970)	(970)
East Providence	354,339	378,230	23,890	23,890
Exeter	45,910	46,635	725	725
Foster	30,796	30,855	59	59
Glocester	70,625	70,519	(106)	(106)
Hopkinton	31,101	32,498	1,398	1,398
Jamestown	87,375	103,012	15,637	15,637
Johnston	116,751	109,419	(7,332)	(7,332)
Lincoln	195,339	188,503	(6,836)	(6,836)
Little Compton	30,355	32,587	2,233	2,233
Middletown	135,162	132,148	(3,014)	(3,014)
Narragansett	120,040	137,056	17,016	17,016
Newport	380,016	373,835	(6,181)	(6,181)
New Shoreham	80,325	79,074	(1,251)	(1,251)
North Kingstown	266,128	262,939	(3,189)	(3,189)
North Providence	175,272	172,113	(3,159)	(3,159)
North Smithfield	65,478	70,542	5,064	5,064
Pawtucket	336,605	344,226	7,621	7,621
Portsmouth	101,476	104,692	3,216	3,216
Providence*	2,213,877	1,913,346	(300,531)	(300,531)
Richmond	26,246	24,414	(1,832)	(1,832)
Scituate	94,694	93,578	(1,116)	(1,116)
Smithfield	269,640	267,699	(1,941)	(1,941)
South Kingstown	201,734	202,034	299	299
Tiverton	100,382	103,934	3,553	3,553
Warren	54,101	51,736	(2,365)	(2,365)
Warwick	673,157	662,405	(10,753)	(10,753)
Westerly	274,847	284,845	9,998	9,998
West Greenwich	29,133	28,930	(203)	(203)
West Warwick	152,016	145,607	(6,409)	(6,409)
Woonsocket	178,865	162,323	(16,542)	(16,542)
Total	\$ 8,773,398	\$ 8,462,074	\$ (311,326)	\$ (311,326)

*Includes the Statewide Reference Library Resource Grant.

Public Service Corporation Tax

<i>City or Town</i>	<i>FY2015</i>	<i>FY2016 Enacted</i>	<i>FY2016 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 221,639	\$ 201,686	\$ 201,686	\$ -
Bristol	308,928	278,819	278,819	-
Burrillville	216,868	198,184	198,184	-
Central Falls	262,600	239,912	239,912	-
Charlestown	106,035	96,784	96,784	-
Coventry	474,601	432,985	432,985	-
Cranston	1,090,383	995,808	995,808	-
Cumberland	454,704	417,096	417,096	-
East Greenwich	178,130	162,408	162,408	-
East Providence	639,014	582,845	582,845	-
Exeter	90,136	82,701	82,701	-
Foster	62,363	57,271	57,271	-
Glocester	132,587	121,286	121,286	-
Hopkinton	110,548	100,831	100,831	-
Jamestown	73,464	67,109	67,109	-
Johnston	390,714	357,486	357,486	-
Lincoln	286,509	262,063	262,063	-
Little Compton	47,318	43,188	43,188	-
Middletown	218,914	199,830	199,830	-
Narragansett	214,997	195,635	195,635	-
Newport	330,398	301,205	301,205	-
New Shoreham	11,697	10,345	10,345	-
North Kingstown	358,048	326,128	326,128	-
North Providence	435,538	397,667	397,667	-
North Smithfield	161,729	148,734	148,734	-
Pawtucket	965,684	880,635	880,635	-
Portsmouth	234,854	214,568	214,568	-
Providence	2,415,159	2,203,425	2,203,425	-
Richmond	103,920	94,755	94,755	-
Scituate	140,191	128,192	128,192	-
Smithfield	291,036	265,491	265,491	-
South Kingstown	412,970	378,660	378,660	-
Tiverton	213,316	195,585	195,585	-
Warren	144,380	131,137	131,137	-
Warwick	1,120,907	1,019,420	1,019,420	-
Westerly	308,860	281,158	281,158	-
West Greenwich	82,423	75,512	75,512	-
West Warwick	394,835	359,305	359,305	-
Woonsocket	559,030	508,769	508,769	-
Total	\$ 14,265,427	\$ 13,014,620	\$ 13,014,620	\$ -

Public Service Corporation Tax

<i>City or Town</i>	<i>FY2016 Enacted</i>	<i>FY2017 Gov. Rec.*</i>	<i>FY2017 Rec. to Enacted</i>	<i>FY2017 Rec. to FY2016 Rev.</i>
Barrington	\$ 201,686	\$ 201,686	\$ -	\$ -
Bristol	278,819	278,819	-	-
Burrillville	198,184	198,184	-	-
Central Falls	239,912	239,912	-	-
Charlestown	96,784	96,784	-	-
Coventry	432,985	432,985	-	-
Cranston	995,808	995,808	-	-
Cumberland	417,096	417,096	-	-
East Greenwich	162,408	162,408	-	-
East Providence	582,845	582,845	-	-
Exeter	82,701	82,701	-	-
Foster	57,271	57,271	-	-
Glocester	121,286	121,286	-	-
Hopkinton	100,831	100,831	-	-
Jamestown	67,109	67,109	-	-
Johnston	357,486	357,486	-	-
Lincoln	262,063	262,063	-	-
Little Compton	43,188	43,188	-	-
Middletown	199,830	199,830	-	-
Narragansett	195,635	195,635	-	-
Newport	301,205	301,205	-	-
New Shoreham	10,345	10,345	-	-
North Kingstown	326,128	326,128	-	-
North Providence	397,667	397,667	-	-
North Smithfield	148,734	148,734	-	-
Pawtucket	880,635	880,635	-	-
Portsmouth	214,568	214,568	-	-
Providence	2,203,425	2,203,425	-	-
Richmond	94,755	94,755	-	-
Scituate	128,192	128,192	-	-
Smithfield	265,491	265,491	-	-
South Kingstown	378,660	378,660	-	-
Tiverton	195,585	195,585	-	-
Warren	131,137	131,137	-	-
Warwick	1,019,420	1,019,420	-	-
Westerly	281,158	281,158	-	-
West Greenwich	75,512	75,512	-	-
West Warwick	359,305	359,305	-	-
Woonsocket	508,769	508,769	-	-
Total	\$ 13,014,620	\$ 13,014,620	\$ -	\$ -

**FY2017 estimates based on 2014 data; amounts will be updated in spring 2016 based on 2015 data.*

Meals and Beverage Tax

<i>City or Town</i>	<i>FY2012</i>	<i>FY2013</i>	<i>FY2014</i>	<i>FY2015</i>
Barrington	\$ 135,686	\$ 137,483	\$ 150,289	\$ 160,982
Bristol	340,439	333,801	349,976	393,164
Burrillville	170,110	194,053	188,267	197,923
Central Falls	100,396	95,042	108,588	118,346
Charlestown	106,466	109,250	129,269	146,233
Coventry	359,173	353,161	369,572	392,485
Cranston	1,464,102	1,496,186	1,565,772	1,711,751
Cumberland	377,291	387,440	398,311	449,395
East Greenwich	467,401	505,899	542,163	603,838
East Providence	789,039	815,946	850,141	900,412
Exeter	73,550	77,753	82,729	91,328
Foster	14,081	14,837	15,555	15,854
Glocester	70,135	72,985	72,882	71,838
Hopkinton	47,474	51,648	48,816	48,178
Jamesstown	81,039	77,397	82,430	93,444
Johnston	464,125	464,676	477,395	543,799
Lincoln	680,568	680,872	752,037	807,125
Little Compton	32,462	38,168	36,886	44,318
Middletown	609,116	601,666	650,819	650,757
Narragansett	534,213	500,618	523,958	583,414
Newport	1,833,841	1,912,423	1,850,957	2,069,020
New Shoreham	256,173	257,729	287,318	316,803
North Kingstown	463,093	462,381	473,098	507,483
North Providence	333,767	348,156	314,626	326,139
North Smithfield	181,683	195,593	229,300	242,418
Pawtucket	670,833	649,192	707,825	755,669
Portsmouth	172,717	177,469	175,345	179,150
Providence	4,443,753	4,555,807	4,744,243	4,927,997
Richmond	116,580	118,985	121,428	137,772
Scituate	60,262	67,382	63,926	68,385
Smithfield	558,121	582,110	649,927	678,253
South Kingstown	623,204	642,828	705,854	762,720
Tiverton	189,157	188,622	199,203	211,399
Warren	241,958	230,369	249,162	270,327
Warwick	2,319,661	2,338,168	2,502,697	2,657,702
Westerly	704,012	713,100	747,540	796,790
West Greenwich	97,853	103,943	124,809	136,840
West Warwick	311,829	313,596	321,518	337,902
Woonsocket	500,016	488,443	470,248	494,486
Total	\$ 20,995,381	\$ 21,355,178	\$ 22,334,876	\$ 23,901,840

Local Hotel Tax

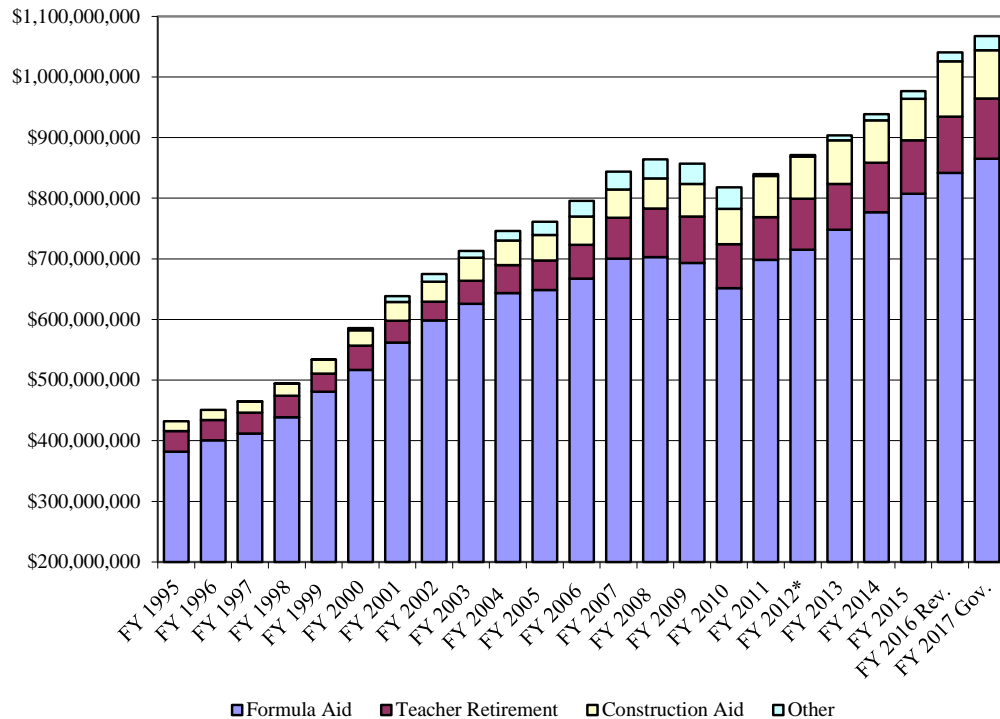
<i>City or Town</i>	<i>FY 2012</i>	<i>FY 2013</i>	<i>FY 2014</i>	<i>FY 2015</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	13,073	14,631	15,804	16,409
Burrillville	-	-	-	-
Central Falls	-	-	-	-
Charlestown	8,766	8,232	8,825	8,228
Coventry	30,491	29,526	34,086	40,343
Cranston	3,967	3,929	3,885	4,217
Cumberland	-	-	-	-
East Greenwich	158	229	370	249
East Providence	15,378	15,256	18,373	20,329
Exeter	-	-	-	-
Foster	57	38	104	93
Glocester	781	816	1,148	900
Hopkinton	-	-	-	-
Jamestown	4,409	4,043	3,870	4,743
Johnston	2,824	3,020	3,165	4,169
Lincoln	38,782	41,808	43,671	46,909
Little Compton	3,777	4,474	1,835	164
Middletown	263,989	259,616	289,889	331,476
Narragansett	34,552	34,265	34,462	36,258
Newport	744,778	790,380	815,986	862,954
New Shoreham	99,845	112,692	126,106	123,771
North Kingstown	28,071	31,236	32,951	36,732
North Providence	-	-	-	-
North Smithfield	1,108	1,379	1,284	1,444
Pawtucket	18,645	20,463	22,076	23,287
Portsmouth	3,627	3,943	4,913	8,333
Providence	753,159	782,201	825,596	901,828
Richmond	1,499	1,596	1,462	1,735
Scituate	1,717	1,458	2,059	2,824
Smithfield	56,265	56,971	62,429	65,311
South Kingstown	53,940	56,764	58,652	62,422
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	386,408	416,065	432,937	474,245
Westerly	143,201	163,639	188,057	218,992
West Greenwich	36,480	39,230	40,274	41,057
West Warwick	38,451	36,974	41,880	50,205
Woonsocket	23,292	27,010	21,953	23,914
Total	\$ 2,811,493	\$ 2,961,884	\$ 3,138,100	\$ 3,413,541

Education Aid

Summary

The Governor recommends \$1,076.9 million for FY 2017 total aid for local school districts. This is \$36.5 million more than enacted for FY 2016. Funding for FY 2017 includes \$874.7 million in direct distributions to local school districts, \$22.6 million in categorical funding, \$0.5 million in other aid for distribution by the Department, \$99.1 million for the state’s contribution to teacher retirement, and \$80.0 million for school construction costs.

State Education Aid



*Davies begins appearing with education aid

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

The funding plan also allows for additional support from the state to districts for high-cost special education students, career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. There is redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities, the formula is being phased in over a ten-year period. The budget for FY 2017 represents the sixth year of the phase in.

On October 22, 2015, the Governor created a Working Group to Review the Permanent Education Foundation Aid Formula through an executive order. The group was tasked with reviewing the degree to which the funding formula is meeting the needs of all students and schools, ensuring formula fairness between school types, and the degree to which the formula incorporates best practices in funding, efficiency and innovation. The group met eight times between November 3, 2015 and January 14, 2016. It issued a

series of recommendations in a report that either impacted the education funding formula directly, or dealt with other regulations or statutes dealing with education funding, particularly at the local level. Based on those recommendations, the Governor recommends two new categories of additional state support: one to support high-cost English language learners and one to support those traditional districts that have at least 5.0 percent of their students enrolled at a school of choice, including charter and state schools.

Education Aid by Component

The Governor recommends \$1,076.9 million for FY 2017 education aid for distribution to districts including Central Falls, Davies Career and Technical Center, charter schools and the Metropolitan Career and Technical School. This also includes teacher retirement and school housing aid as well as other formula aid for distribution by the Department of Elementary and Secondary Education. This is \$36.5 million more than enacted for FY 2016. The FY 2016 enacted budget included one-time funding of \$20.0 million from general revenues available from debt restructuring to seed the School Building Authority Capital Fund.

The following table compares the FY 2017 recommended funding for the major components of education aid to the FY 2016 enacted budget and the Governor's FY 2016 revised recommendation. It is followed by an explanation of each of the items in the table.

Education Aid	FY 2016 Enacted	FY 2016 Revised	Change to Enacted	FY 2017 Governor	Change to Enacted	Change to Revised
Operating Aid						
Local Districts	\$ 707,344,184	\$ 707,344,184	\$ -	\$ 732,274,434	\$ 24,930,250	\$ 24,930,250
Central Falls	39,520,102	39,520,102	-	38,862,333	(657,769)	(657,769)
Met School*	9,864,425	9,864,425	-	9,529,888	(334,537)	(334,537)
Davies Career & Technical*	11,640,152	11,640,152	-	12,998,800	1,358,648	1,358,648
Charter Schools	67,513,058	67,414,258	(98,800)	75,893,687	8,380,629	8,479,429
UCAP	856,203	856,203	-	1,141,708	285,505	285,505
Group Homes Funding	5,115,172	5,295,172	180,000	3,969,072	(1,146,100)	(1,326,100)
Subtotal	\$ 841,853,296	\$ 841,934,496	\$ 81,200	\$ 874,669,922	\$ 32,816,626	\$ 32,735,426
Categorical Funding						
High Cost Special Education	\$ 2,500,000	\$ 2,500,000	\$ -	\$ 4,500,000	\$ 2,000,000	\$ 2,000,000
Career and Technical	3,500,000	3,500,000	-	3,500,000	-	-
Early Childhood	3,950,000	3,950,000	-	5,160,000	1,210,000	1,210,000
Transportation	4,351,360	4,351,360	-	4,351,360	-	-
High Cost ELL	-	-	-	2,494,939	2,494,939	2,494,939
School of Choice Density Aid	-	-	-	2,634,492	2,634,492	2,634,492
Subtotal	\$ 14,301,360	\$ 14,301,360	\$ -	\$ 22,640,791	\$ 8,339,431	\$ 8,339,431
Set-Aside Funds						
Textbook Loans	\$ 240,000	\$ 150,709	\$ (89,291)	\$ 240,000	\$ -	\$ 89,291
School Breakfast	270,000	270,000	-	270,000	-	-
Subtotal	\$ 510,000	\$ 420,709	\$ (89,291)	\$ 510,000	\$ -	\$ 89,291
Total	\$ 856,664,656	\$ 856,656,565	\$ (8,091)	\$ 897,820,713	\$ 41,156,057	\$ 41,164,148
Other Aid						
Teacher Retirement	\$ 92,805,836	\$ 92,805,836	\$ -	\$ 99,076,852	\$ 6,271,016	\$ 6,271,016
Construction Aid	70,907,110	70,907,110	-	70,907,110	-	-
School Building Authority Fund	20,000,000	20,000,000	-	9,092,890	(10,907,110)	(10,907,110)
Statewide Total	\$ 1,040,377,602	\$ 1,040,369,511	\$ (8,091)	\$ 1,076,897,565	\$ 36,519,963	\$ 36,528,054

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

The funding formula calculation for FY 2017 uses March 15, 2015 student enrollment data adjusted for FY 2017 projected charter school enrollments, a per pupil core instruction amount of \$8,979 and state share ratio variables updated with June 30, 2015 data. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. The Department of Elementary and Secondary

Education will provide updated March 2016 student enrollment data at the beginning of April. Districts are billed quarterly for students attending charter and state schools.

Operating Aid

Local Districts. The Governor recommends \$732.3 million for formula aid to locally operated school districts. This is \$24.9 million more than enacted. This reflects the sixth year of the funding formula.

The 2014 Assembly passed legislation that requires that beginning in FY 2017, the state will provide full funding, rather than transitioned aid, for any district converting from a half-day to a full-day kindergarten for the 2014-2015 school year or after. The Governor's budget includes legislation that repeals that requirement and her budget excludes \$2.5 million in funding to the 14 districts that converted to full-day kindergarten in FY 2015 or after based on this repeal. A comparison of the Governor's recommendation to current law by district is shown at the end of this report in Table 9.

Central Falls Operations. The Governor recommends \$38.9 million for formula aid for the Central Falls School District. This is \$0.7 million or 1.7 percent less than FY 2016 enacted aid. Beginning with FY 2012, Central Falls is funded pursuant to the funding formula.

The formula includes a stabilization fund to stabilize the Central Falls School District until the city can begin paying its local share. This is the third year of stabilization funding and the budget includes \$4.6 million. The formula produces a \$1.6 million reduction, reflecting year six of the funding formula. This reduction reflects a declining Central Falls enrollment primarily due to the growth in the number of students attending charter schools.

The Governor proposes changes to the stabilization funding statute. Currently, there is an annual review to determine the amount of the state and city appropriation. The city has been receiving the funding since FY 2015 without making any local contributions. This legislation would remove the annual determination which would make the city automatically eligible for stabilization funding and no longer require a local contribution.

Metropolitan Career and Technical School. The Governor recommends \$9.5 million for formula aid for the Metropolitan Career and Technical School. This is \$0.3 million or 3.4 percent less than the FY 2016 enacted level. The Governor recommends a new stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. She recommends \$0.3 million in additional funding to the Met School from this fund. This partially offsets the \$0.6 million reduction, reflecting year six of the formula.

Prior to FY 2012, the Met School was fully state supported. The Met School is funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which it must pay to the School. Table 6 at the end of this report includes estimated enrollment for FY 2017.

The Governor also proposes legislation to reduce the local tuition payments made to charter and state schools by \$355 per student in an effort to capture the cost differential between traditional districts and charter schools. This is estimated to reduce local tuition payments to charter and state schools by \$3.6 million; the impact to the Met School would be \$0.3 million less in local tuition payments.

Davies Career and Technical School. The Governor recommends \$13.0 million from general revenues for formula aid to support the Davies Career and Technical School. This is \$1.4 million more than the FY 2016 enacted level and includes \$0.1 million to represent the state's share of teacher retirement costs. The funding formula legislation requires that state schools participating in the state retirement system have their state aid adjusted to reflect reimbursement for the employer contributions for those staff employed by the state.

The Governor recommends a new stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. She recommends \$2.0 million in additional funding to Davies. This partially offsets the \$0.7 million reduction, reflecting year six of the formula.

Davies was fully state supported until FY 2012, but is now funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which must pay it to the School. Davies' operating budget is submitted as part of the Department's budget and Davies' employees are still state employees. Table 6 at the end of this report includes estimated enrollment by sending district for FY 2017.

The Governor also proposes legislation to reduce the local tuition payments made to charter and state schools by \$355 per student in an effort to capture the cost differential between traditional districts and charter schools. This is estimated to reduce local tuition payments to charter and state schools by \$3.6 million; the impact to Davies would be \$0.3 million less in local tuition payments.

Charter Schools. The Governor recommends \$75.9 million for formula aid to charter schools. This is \$8.4 million more than the FY 2016 enacted level. Since FY 2012, charter schools are funded pursuant to the education funding formula, like other districts. The state share is that of the sending district for each student and the local contribution is the local per pupil cost of each sending district, which must pay it to the school.

Charter schools are public schools authorized by the state to operate independently from many state and local district rules and regulations. The 2010 Assembly increased the statewide total to no more than 35 charters; it had previously been no more than 20 charters serving no more than 4.0 percent of the state's school age population. At least half of the 35 total charters are reserved for charter school applications designed to increase the educational opportunities for at-risk pupils. Mayoral academies are charter schools and are included in the total. There are currently 22 charter schools in Rhode Island. Table 6 at the end of this report includes estimated enrollment for FY 2017.

The Governor recommends legislation that reduces the local tuition payments made to charter and state schools by \$355 per student in an effort to capture the cost differential between traditional districts and charter schools in areas such as: preschool services and screening, services to students ages 18 to 21, career and technical education, out-of-district placements, retiree health expenses, debt service and rental costs. This is estimated to reduce local tuition payments to charter and state schools by \$3.6 million; the impact to charter schools would be \$3.0 million. The proposed legislation would require the Commissioner of Elementary and Secondary Education to review and recalculate the reduction to local funding every three years in order to ensure accuracy, though it is not clear what elements would be recalculated and by what standard.

Urban Collaborative Accelerated Program. The Governor recommends \$1.1 million for the fourth year of funding for the Urban Collaborative Accelerated Program (UCAP) for FY 2017. The 2012 Assembly adopted legislation requiring that the Urban Collaborative Accelerated Program is funded pursuant to the education funding formula beginning in FY 2014. The program operates as an independent public school dedicated to reducing the dropout rates in Providence, Central Falls and Cranston. Table 6 at the end of this report includes estimated enrollment by sending district for FY 2017.

Group Homes. The Governor recommends \$4.0 million for group home aid, based on 396 beds and uses a method proposed by the Department and adopted by the 2014 Assembly that changed the way group home beds affect total funding allowed under Rhode Island General Law, Section 16-7-22(1)(ii), which requires that the number of group home beds be deducted from enrollment data for the purpose of determining average daily

membership. Instead of showing the impact of group home beds on funding formula aid, the budget shows the impact in group home aid. The decrease in funding is phased-in over the remaining years of the transition period.

The 2007 Assembly enacted legislation to ensure that the payment of communities' group home aid more closely reflects the actual number of group home beds open at the time of the budget. The legislation mandates that increases in beds prior to December 31 of each year shall be paid as part of the supplemental budget for that year and included in the budget year recommendation. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2016 would not be reflected until FY 2017. This is unlike increases which are funded as part of the supplemental budget. The 2008 Assembly increased the per bed amount from \$15,000 to \$22,000 for the group home beds associated with Bradley Hospital's residential CRAFT program.

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

The 2001 Assembly enacted legislation to provide a per bed allotment to districts in which group homes are located. The legislation relieved the sending district of financial responsibility for students placed in out-of-district group homes. In FY 2017, the 16 communities hosting group homes will receive \$15,000 per bed or \$22,000 for CRAFT beds, adjusted for the remaining years of the transition period. This is the per pupil rate that was provided in the FY 2002 budget in an attempt to reflect the mix of regular and special education students residing in these homes; it has never increased.

Categorical Funding

The education funding formula allows for additional resources from the state to districts for high-cost special education students, career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts, which is an entitlement based on the formula. For each other categorical fund, the Department of Elementary and Secondary Education prorates the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in. The Governor recommends two new categories for FY 2017, including English language learners and density aid for districts affected by large numbers of their students attending charter and state schools.

High Cost Special Education. The funding formula allows for additional funding from the state for high cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Governor recommends \$4.5 million for FY 2017, which is \$2.0 million more than enacted.

The Governor recommends legislation to reduce the threshold for eligibility to four times the per pupil core instruction amount and student success factor amount effective FY 2018. Absent additional resources provided for the change in eligibility, this could reduce the share of funding for some districts as the total is split among more students.

Career and Technical Programs. The funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and

technical education programs and career pathways in critical and emerging industries and to help offset the higher than average costs associated with facilities, equipment, maintenance, repair and supplies necessary for maintaining the quality of highly specialized programs. The Department developed criteria for the purpose of allocating funds and prorates the funds available for distribution among those eligible school districts, if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. The Governor recommends the enacted level of \$3.5 million for FY 2017. This amount has not increased since it was first provided in FY 2015. These funds are not shown in the distribution tables at the end of this report.

Early Childhood Education. The funding formula allows for additional resources from the state to increase access to voluntary, free, high quality pre-kindergarten programs. The Governor recommends \$5.2 million for FY 2017, which is \$1.2 million more than enacted. These funds are currently distributed through a request for proposal process and have been going directly to childcare programs. Early childhood categorical funds are used as a match for a federal grant. The corresponding increase in federal grant funds is \$3.2 million. The total additional money of \$4.4 million in 2017 will provide funds to increase the pre-k classes by 20 from 33 to 53. These funds are not shown in the distribution tables at the end of this report.

Transportation. The funding formula allows for additional resources from the state to districts for transportation costs. The Governor recommends \$4.4 million for FY 2017, which is consistent with the enacted budget. This amount has not increased since funding was first provided in FY 2015. The state currently provides funding to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regionalized school districts.

High Cost English Language Learners. The Governor's budget includes \$2.5 million for a new category of funding to support English language learners that are in the most intensive programs. The funding shall be used on evidence-based programs proven to increase outcomes and will be monitored by the Department of Elementary and Secondary Education. The calculation is ten percent of the core instruction amount, adjusted for the state share ratio, for students based on criteria determined by the Commissioner. FY 2017 is intended to be the first of a two-year phase up to a total of \$5.0 million for FY 2018 and beyond. This recommendation emerged from the Governor's funding formula work group.

School of Choice Density Aid. The Governor's budget includes \$2.6 million for a new category of aid which would provide additional state support for those districts who have at least 5.0 percent of their students enrolled at a school of choice, which includes charter schools or state schools. For FY 2017, six districts would be eligible for this funding, which provides \$300 per pupil for every student sent to a charter or state school. This amount shall be recalculated every three years in a manner to be determined by the Commissioner of Elementary and Secondary Education, though it is not clear what element will be recalculated and by what standard. This recommendation emerged from the Governor's funding formula work group.

Set-Aside Funds

Textbook Loans. The Governor recommends the enacted level of \$240,000 for the textbook loan program. The state currently 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 recommendation is \$89,291 more than the FY 2016 final reimbursement.

School Breakfast. The Governor recommends \$270,000 for FY 2017 for the administrative cost reimbursement to districts for the school breakfast program, which is consistent with the enacted level. State law mandates that all public schools provide a breakfast program and costs, other than transportation, associated with this program in excess of federal money for the meals, shall be borne exclusively by the state.

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

Other Aid

Teacher Retirement. The Governor recommends \$99.1 million to fund the state’s 40.0 percent share of the employer contribution for teacher retirement, an increase of \$6.3 million or 6.8 percent more than the FY 2016 enacted budget. These rates reflect additional cost to the state based on FY 2016 legislation that codified the pension settlement agreement. The locals’ rate is actually less than it would have been pre-settlement because they were allowed to re-amortize the unfunded liability four additional years to 25 years. Prior to changes enacted in 2011, teachers had contributed 9.5 percent of their salaries; as of July 1, 2012, teachers contribute 8.75 percent. That rate is set in the General Laws.

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

School Housing (Construction) Aid. The Governor recommends \$70.9 million for construction aid to local districts. This is consistent with the enacted budget and \$4.1 million more than the FY 2016 revised cost. The state reimburses cities and towns for a share of school capital projects. The shares are based on a district’s wealth compared to the aggregate state wealth, and the minimum share for each district is 35.0 percent for FY 2017. The funding formula legislation had included a two-year phased increase in the state’s minimum housing aid share to provide that no local district receives less than a 40.0 percent state reimbursement by FY 2012 for projects completed after June 30, 2012. The previous minimum had been 30.0 percent.

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

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

To encourage municipalities to refinance their bonds, the 2013 General Assembly enacted legislation that entitles towns to 80.0 percent of the total savings from bond refinancing, rather than the typical local share, for bond refinancing occurring between July 1, 2013 and December 31, 2015.

School Building Authority Fund. The Governor recommends \$9.1 million from general revenues for the new School Building Authority. The enacted budget included \$20.0 million available from debt restructuring to establish a new School Building Authority Fund. This new school housing aid program complements the existing one and is for smaller projects that do not require the full rehabilitation of a school. The funding is distributed by the Rhode Island Health and Educational Building Corporation and is used for financial assistance and loans, pursuant to loan agreements with the Corporation and local education agencies. The Council on Elementary and Secondary Education must approve all projects prior

to the award of financial assistance through the Fund. This is different from the regular school construction aid program in that disbursements from this fund do not require General Assembly approval and loans of up to \$500,000 do not require local voter approval.

The \$4.1 million in FY 2016 savings will be deposited into the School Building Authority Fund consistent with current law that requires that the difference between the annual housing aid appropriation and actual aid shall go to the Fund.

The Governor also proposes placing \$40.0 million on the November 2016 ballot for voter approval of general obligation bond debt to support school construction aid through the School Building Authority Fund.

Other Proposals Affecting School Districts

Funding Formula Review. The Governor includes legislation requiring the Department of Elementary and Secondary Education to conduct a review of the education funding formula no less than every five years and report to the Assembly.

Local Budgets. The Governor proposes legislation, effective for FY 2018, that would require local education agencies to post their adopted budgets on their websites and to include a link on their websites to the Department of Elementary and Secondary Education's website. Local education agencies would have to submit budget information that conforms with the uniform chart of accounts requirements to the Department within 30 days of the local budget's adoption.

Local Maintenance of Effort. Current law requires that each community contribute local funds to its school committee in an amount not less than its local contribution for schools in the previous fiscal year with certain exemptions for high local contribution communities, high per pupil expenditure communities and non-recurring expenditures. The Governor recommends legislation to change the maintenance of effort requirement beginning in FY 2018. It would require the annual contribution to increase by the greater of inflation or consistent per pupil growth, defined as at least one percent for two consecutive years. The Governor's proposal does not change the exemptions.

Calculation and Distribution Tables

The 11 tables on the following pages include the calculation and distribution of the Governor's FY 2017 recommended education aid to districts, charter and state schools. Tables 1A and 1B show the total recommended funding and Tables 2 through 8 illustrate different components of the funding formula. Table 9 shows a comparison of the Governor's recommendation to current law. Table 10 has education aid to districts for FY 2010 through FY 2015 for comparison purposes.

Table 1A: Total Recommended Education Aid for Districts for FY 2017

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2017

Table 2: Calculation of New Funding Formula for FY 2017

Table 3: Group Home Aid

Table 4: Calculation of State Share Ratio

Table 5: Transition Plan for Districts

Table 6: FY 2017 Estimated Charter & State School Enrollment by Sending District

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

Table 8: Recommended Categorical Aid for FY 2017

Table 9: Current Law Comparison to Recommended FY 2017 Aid

Table 10: Education Aid for FY 2010 - FY 2015

Table 1A: Total Recommended Education Aid for Districts for FY 2017

A. Column **A** is the amount that districts will receive in the sixth year of the formula's implementation pursuant to the ten-year phase in of the formula. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. This calculation is shown in Table 2.

B. Column **B** is the amount of group home aid districts will receive in FY 2017. Changes from FY 2016 are shown in Table 3. Group home aid is paid pursuant to current law in addition to aid paid through the funding formula.

C. The formula allows for additional resources from the state for high cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. The Governor has proposed two new categories of aid for FY 2017, one for English language learners and one for districts that have at least 5.0 percent of their students enrolled in a charter or state school. The Governor's recommendation is shown in Column **C**. Specific programs are shown in Table 8.

D. Column **D** shows the Governor's total FY 2017 recommended aid.

E. Column **E** is the FY 2016 enacted aid.

F. Column **F** is the difference between the Governor's FY 2017 recommendation shown in Column **D** and the FY 2016 enacted budget in Column **E**.

Table 1A: Total Recommended Education Aid for Districts for FY 2017

<i>District</i>	<i>A</i> <i>FY2017</i> <i>Recommended</i> <i>Formula Aid</i> <i>(Table 2)</i>	<i>B</i> <i>Group Home</i> <i>Aid</i> <i>(Table 3)</i>	<i>C</i> <i>Categoricals</i> <i>(Table 8)</i>	<i>D</i> <i>FY 2017 Total</i> <i>Recommended Aid</i>	<i>E</i> <i>FY 2016 Total</i> <i>Enacted Aid</i>	<i>F</i> <i>Total</i> <i>FY 2017</i> <i>Change to</i> <i>Enacted</i>
Barrington	\$ 5,160,756	\$ -	\$ 174,757	\$ 5,335,513	\$ 5,157,096	\$ 178,417
Burrillville	13,021,852	66,140	36,166	13,124,158	13,301,214	(177,055)
Charlestown	1,706,432	-	-	1,706,432	1,706,421	11
Coventry	22,576,384	83,129	61,578	22,721,091	21,919,203	801,888
Cranston	53,753,451	39,702	966,014	54,759,167	51,129,521	3,629,646
Cumberland	17,448,623	-	345,240	17,793,863	16,689,944	1,103,919
East Greenwich	2,604,808	-	171,520	2,776,328	2,911,567	(135,239)
East Providence	32,010,979	446,150	300,794	32,757,923	31,094,815	1,663,108
Foster	1,170,104	-	32,621	1,202,725	1,206,855	(4,131)
Glocester	2,391,385	-	37,507	2,428,892	2,546,606	(117,714)
Hopkinton	5,383,618	-	-	5,383,618	5,470,735	(87,117)
Jamestown	440,769	-	34,973	475,742	456,252	19,490
Johnston	15,380,303	-	266,715	15,647,018	14,241,390	1,405,628
Lincoln	10,978,474	101,396	211,039	11,290,909	10,434,249	856,660
Little Compton	412,188	-	-	412,188	398,464	13,724
Middletown	8,135,553	290,390	153,105	8,579,048	8,723,282	(144,234)
Narragansett	2,125,658	-	35,950	2,161,608	2,154,808	6,800
Newport	10,433,897	156,817	32,944	10,623,658	10,597,219	26,439
New Shoreham	113,440	-	20,342	133,782	103,748	30,033
North Kingstown	10,686,618	-	51,106	10,737,724	10,693,934	43,790
North Providence	19,511,381	153,742	380,534	20,045,657	18,350,725	1,694,932
North Smithfield	6,012,425	92,137	97,589	6,202,151	5,824,568	377,583
Pawtucket	81,969,243	358,964	936,949	83,265,156	78,877,331	4,387,825
Portsmouth	4,040,244	526,518	166,943	4,733,705	4,797,771	(64,066)
Providence	228,220,748	619,685	3,947,225	232,787,658	223,060,894	9,726,764
Richmond	4,854,963	-	-	4,854,963	5,063,630	(208,667)
Scituate	3,714,834	-	67,822	3,782,656	3,974,844	(192,189)
Smithfield	5,479,487	203,340	166,882	5,849,709	5,348,196	501,513
South Kingstown	7,025,088	221,242	189,000	7,435,330	7,757,160	(321,831)
Tiverton	6,148,224	-	53,426	6,201,650	6,068,532	133,118
Warwick	37,166,333	347,284	464,953	37,978,570	36,764,894	1,213,675
Westerly	8,912,224	-	179,771	9,091,995	8,418,818	673,177
West Warwick	22,827,356	-	47,650	22,875,006	21,881,242	993,764
Woonsocket	55,627,417	59,400	259,363	55,946,180	53,233,700	2,712,480
Bristol-Warren	14,768,154	101,362	858,969	15,728,485	16,207,317	(478,832)
Chariho	153,282	-	1,150,878	1,304,160	1,322,688	(18,528)
Exeter-West Greenwich	5,165,613	101,674	750,953	6,018,240	6,230,076	(211,836)
Foster-Glocester	4,742,128	-	283,255	5,025,383	5,113,855	(88,472)
Central Falls	38,862,333	-	743,590	39,605,923	39,597,253	8,669
Total	\$ 771,136,767	\$ 3,969,072	\$ 13,678,123	\$ 788,783,963	\$ 758,830,818	\$ 29,953,145
<i>Adjusted Chariho</i>	12,098,294	-	1,150,878	13,249,172	13,806,896	(314,302)

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2017

- A.** Column **A** is the FY 2016 enacted formula aid.
- B.** Column **B** includes mid-year revisions to FY 2016 based on current law requirements that any changes in enrollment as of October 1 that are greater than 10.0 percent get adjusted in that year.
- C.** Column **C** is the base formula aid calculation for FY 2017. It uses March 15, 2015 enrollment data adjusted for October 2015 charter school enrollment and projected charter school enrollment for FY 2017.
- D.** Column **D** is the difference between FY 2017 base funding and FY 2016 enacted formula aid.
- E.** Column **E** shows the transition calculation. Charter and state schools that will receive more state funding will have the additional funding phased in over seven years and those that are going to receive less state funding will have that loss phased in over ten years.
- F.** Column **F** is the FY 2017 recommended formula aid. It is the transition calculation in Column **E** added or subtracted from the FY 2016 formula aid shown in Column **B**. Growth due to adding grades is paid in the year of the growth.
- G.** Column **G** is the difference between the sixth year of funding under the formula in Column **F** and total state formula aid shown in Column **C**.
- H.** Column **H** includes the distribution of English language learners categorical funding.
- I.** Column **I** includes the distribution of high cost special education categorical funding.
- J.** Column **J** is the total recommended aid for FY 2017. It includes the formula aid shown in Column **F** as well as the distributions from categorical funding shown in columns **H** and **I**.

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2017

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>
<i>School</i>	<i>FY 2016 Enacted Formula Aid</i>	<i>FY 2016 Revised Formula Aid</i>	<i>FY 2017 Base Formula Funding</i>	<i>Change to Enacted</i>	<i>Transition =1/2 or 1/5th*</i>
Academy for Career Exploration (Textron)	\$ 2,307,902	\$ 2,307,902	\$ 2,377,545	\$ 69,643	\$ 34,822
Achievement First	5,163,546	5,163,546	6,790,273	1,626,727	1,626,727
Beacon	1,944,354	1,944,354	2,290,265	345,911	345,911
Blackstone	2,642,238	2,642,238	3,197,360	555,122	555,122
Compass	509,957	509,957	417,399	(92,558)	(18,512)
Greene School	986,606	986,606	1,078,744	92,138	46,069
Highlander	4,426,538	4,426,538	5,067,184	640,646	640,646
Hope Academy	665,193	665,193	1,006,034	340,841	340,841
International	3,004,632	3,004,632	3,077,293	72,661	36,331
Kingston Hill	604,518	604,518	574,598	(29,920)	(5,984)
Learning Community	6,122,713	6,122,713	6,121,419	(1,294)	(259)
New England Laborers	1,142,393	1,180,275	994,828	(147,565)	(29,513)
Nowell	1,596,958	1,596,958	2,279,506	682,548	682,548
Nurses Institute	2,456,677	2,403,080	2,459,862	3,185	1,593
Paul Cuffee	7,950,707	7,950,707	7,938,824	(11,883)	(2,377)
RI Mayoral Academies Blackstone Prep.	11,030,068	11,030,068	13,784,047	2,753,979	2,753,979
RISE Mayoral Academy	523,340	440,255	929,484	406,144	406,144
Segue Institute	2,670,896	2,670,896	2,756,249	85,353	42,677
Southside Elementary	508,072	508,072	766,747	258,675	258,675
Times2 Academy	7,183,575	7,183,575	7,672,198	488,623	488,623
Trinity	2,189,101	2,189,101	2,202,424	13,323	6,662
Village Green	1,883,074	1,883,074	2,222,886	339,812	169,906
<i>Charter Schools Subtotal</i>	\$ 67,513,058	\$ 67,414,258	\$ 76,005,169	\$ 8,492,111	\$ 8,380,630
Davies Career and Tech	11,640,152	11,640,152	7,924,345	(3,715,807)	(611,226)
Met School	9,864,425	9,864,425	6,706,064	(3,158,361)	(631,672)
Urban Collaborative	856,203	856,203	1,448,086	591,883	285,505
Total	\$ 89,873,838	\$ 89,775,038	\$ 92,083,664	\$ 2,209,826	\$ 7,423,236

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

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2017

<i>School</i>	<i>F</i> <i>FY2017</i> <i>Recommended</i> <i>Formula</i> <i>Aid**</i>	<i>G</i> <i>Change to</i> <i>Base</i> <i>Calculation</i>	<i>H</i> <i>English</i> <i>Language</i> <i>Learners</i> <i>Categorical</i>	<i>I</i> <i>High Cost</i> <i>Special Ed</i> <i>Categorical</i>	<i>J</i> <i>FY2017</i> <i>Recommended</i> <i>Aid</i>
Academy for Career Exploration (Textron)	\$ 2,342,724	\$ (34,822)	\$ 1,183	\$ -	\$ 2,343,907
Achievement First	6,790,273	-	10,649	-	6,800,922
Beacon	2,290,265	-	-	-	2,290,265
Blackstone	3,197,360	-	424	-	3,197,784
Compass	491,445	74,046	-	-	491,445
Greene School	1,032,675	(46,069)	424	-	1,033,099
Highlander	5,067,184	-	6,664	-	5,073,848
Hope Academy	1,006,034	-	789	-	1,006,823
International	3,040,963	-	27,545	-	3,068,508
Kingston Hill	598,534	23,936	-	1,455	599,989
Learning Community	6,122,454	1,035	36,076	2,004	6,160,534
New England Laborers	1,112,880	118,052	-	-	1,112,880
Nowell	2,279,506	-	3,883	-	2,283,389
Nurses Institute	2,458,270	(1,593)	-	-	2,458,270
Paul Cuffee	7,948,330	9,506	394	-	7,948,724
RI Mayoral Academies Blackstone Prep.	13,784,047	-	21,860	-	13,805,907
RISE Mayoral Academy	929,484	-	-	-	929,484
Segue Institute	2,713,573	(42,677)	6,357	-	2,719,930
Southside Elementary	766,747	-	-	-	766,747
Times2 Academy	7,672,198	-	11,438	-	7,683,636
Trinity	2,195,763	(6,662)	1,578	-	2,197,341
Village Green	2,052,980	(169,906)	-	-	2,052,980
Charter Schools Subtotal	\$ 75,893,688	\$ (75,151)	\$ 129,264	\$ 3,459	\$ 76,026,411
Davies Career and Tech	12,998,800	5,074,455	1,566	-	13,000,366
Met School	9,529,888	2,823,824	-	-	9,529,888
Urban Collaborative	1,141,708	(306,378)	-	-	1,141,708
Total	\$ 99,564,083	\$ 7,516,749	\$ 130,830	\$ 3,459	\$ 99,698,372

**Includes a state schools supplemental payment of \$2.0 million to Davies and \$0.3 million to Met.

Table 2: Calculation of Funding Formula for FY 2017

- A.** The FY 2017 student counts are shown in Column **A** based on the resident average daily membership as of March 15, 2015. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.
- B.** Column **B** includes the number of students in pre-kindergarten through 12th grade that are in “poverty status” which is defined as a child whose family income is at or below 185.0 percent of federal poverty guidelines.
- C.** Column **C** includes the percent of students that are in poverty status - Column **B** divided by Column **A**.
- D.** Column **D** is the core instruction funding, which is the FY 2015 student count in Column **A** times the core instruction per pupil amount of \$8,979. The legislation requires the core instruction per pupil amount to be updated annually.
- E.** Column **E** includes the student success factor funding which is a single poverty weight as a proxy for student supports and is 40.0 percent times the number of students in pre-K through 12th grade that are in poverty status in Column **B** times the core instruction amount.
- F.** The total foundation amount in Column **F** is the sum of the core instruction amount in Column **D** plus the student success factor funding in Column **E**.
- G.** Column **G** is the state share ratio; the calculation is described in Table 4.
- H.** Column **H** includes the state foundation aid under the funding formula based on FY 2014 data. It is the total foundation amount in Column **F** times the state share ratio in Column **G**.
- I.** Column **I** is the FY 2016 enacted formula aid in Table 5.
- J.** Column **J** is the sixth year transition amount. It is the amount that will be added or subtracted from the FY 2017 base aid amount. It assumes districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. This year’s version calculates aid for the Bristol-Warren School District by the member community to comply with a 2015 Superior Court decision. The calculation is shown in Table 5.
- K.** Column **K** is the amount that districts would receive in the sixth year of the new formula’s implementation pursuant to the ten-year phase in of the formula.
- L.** Column **L** is the difference between the sixth year of funding under the formula shown in Column **K** and the total state foundation aid shown in Column **H**.

Table 2: Calculation of New Funding Formula for FY 2017

<i>District</i>	<i>A</i> <i>FY 2017</i> <i>PK-12</i> <i>RADM</i>	<i>B</i> <i>FY 2017</i> <i>Poverty</i> <i>Status</i>	<i>C</i> <i>%</i> <i>Proverty</i> <i>Status</i>	<i>D</i> <i>Core Instruction</i> <i>Funding</i>	<i>E</i> <i>Student Success</i> <i>Factor</i> <i>Funding</i>	<i>F</i> <i>Total</i> <i>Foundation</i>
Barrington	3,287	164	5.0%	\$ 29,513,973	\$ 589,022	\$ 30,102,995
Burrillville	2,392	810	33.9%	21,477,768	2,909,196	24,386,964
Charlestown	881	232	26.3%	7,910,499	833,251	8,743,750
Coventry	4,731	1,474	31.2%	42,479,649	5,294,018	47,773,667
Cranston	10,129	4,366	43.1%	90,948,291	15,680,926	106,629,217
Cumberland	4,357	990	22.7%	39,121,503	3,555,684	42,677,187
East Greenwich	2,408	176	7.3%	21,621,432	632,122	22,253,554
East Providence	5,239	2,651	50.6%	47,040,981	9,521,332	56,562,313
Foster	283	67	23.7%	2,541,057	240,637	2,781,694
Glocester	523	92	17.6%	4,696,017	330,427	5,026,444
Hopkinton	1,123	274	24.4%	10,083,417	984,098	11,067,515
Jamestown	641	59	9.2%	5,755,539	211,904	5,967,443
Johnston	3,174	1,413	44.5%	28,499,346	5,074,931	33,574,277
Lincoln	2,935	819	27.9%	26,353,365	2,941,520	29,294,885
Little Compton	371	59	15.9%	3,331,209	211,904	3,543,113
Middletown	2,293	705	30.7%	20,588,847	2,532,078	23,120,925
Narragansett	1,321	294	22.3%	11,861,259	1,055,930	12,917,189
Newport	2,044	1,269	62.1%	18,353,076	4,557,740	22,910,816
New Shoreham	116	21	18.1%	1,041,564	75,424	1,116,988
North Kingstown	3,905	861	22.0%	35,062,995	3,092,368	38,155,363
North Providence	3,470	1,594	45.9%	31,157,130	5,725,010	36,882,140
North Smithfield	1,761	323	18.3%	15,812,019	1,160,087	16,972,106
Pawtucket	8,723	6,842	78.4%	78,323,817	24,573,727	102,897,544
Portsmouth	2,430	388	16.0%	21,818,970	1,393,541	23,212,511
Providence	22,145	19,187	86.6%	198,839,955	68,912,029	267,751,984
Richmond	1,150	202	17.6%	10,325,850	725,503	11,051,353
Scituate	1,433	272	19.0%	12,866,907	976,915	13,843,822
Smithfield	2,354	395	16.8%	21,136,566	1,418,682	22,555,248
South Kingstown	3,283	717	21.8%	29,478,057	2,575,177	32,053,234
Tiverton	1,842	555	30.1%	16,539,318	1,993,338	18,532,656
Warwick	9,123	3,295	36.1%	81,913,702	11,834,322	93,748,024
Westerly	3,061	1,156	37.8%	27,484,719	4,151,890	31,636,609
West Warwick	3,393	1,757	51.8%	30,465,747	6,310,441	36,776,188
Woonsocket	5,822	4,403	75.6%	52,275,738	15,813,815	68,089,553
Bristol-Warren	3,327	1,224		29,873,133	4,396,118	34,269,251
Chariho	-	-	0.0%	-	-	-
Exeter-West Greenwich	1,646	257		14,779,434	923,041	15,702,475
Foster-Glocester	1,106	230	20.8%	9,930,774	826,068	10,756,842
Central Falls*	2,457	2,113	86.0%	22,061,403	7,589,051	29,650,454
Total	130,679	61,706		\$ 1,173,365,026	\$ 221,623,270	\$ 1,394,988,296
<i>Bristol</i>	<i>2,047</i>	<i>637</i>	<i>31.1%</i>	<i>18,380,013</i>	<i>2,287,849</i>	<i>20,667,862</i>
<i>Warren</i>	<i>1,280</i>	<i>587</i>	<i>45.9%</i>	<i>11,493,120</i>	<i>2,108,269</i>	<i>13,601,389</i>
<i>Exeter</i>	<i>755</i>	<i>147</i>	<i>19.5%</i>	<i>6,779,145</i>	<i>527,965</i>	<i>7,307,110</i>
<i>West Greenwich</i>	<i>891</i>	<i>110</i>	<i>12.3%</i>	<i>8,000,289</i>	<i>395,076</i>	<i>8,395,365</i>
<i>Adjusted Chariho</i>	<i>3,154</i>	<i>708</i>		<i>28,319,766</i>	<i>2,542,853</i>	<i>30,862,619</i>

Table 2: Calculation of New Funding Formula for FY 2017

<i>District</i>	<i>G</i> <i>State Share</i> <i>Ratio</i> <i>(Table 4)</i>	<i>H</i> <i>FY 2017 Base</i> <i>Funding</i>	<i>I</i> <i>FY 2016</i> <i>Enacted</i> <i>Formula Aid</i>	<i>J</i> <i>Adjusted Year</i> <i>Six Difference</i> <i>(Table 5)</i>	<i>K</i> <i>FY 2017</i> <i>Recommended</i> <i>Formula Aid*</i>	<i>L</i> <i>Difference</i> <i>from Base</i> <i>Funding</i>
Barrington	17.5%	\$ 5,281,424	\$ 5,040,087	\$ 120,669	\$ 5,160,756	\$ (120,669)
Burrillville	53.6%	13,060,955	12,982,749	39,103	13,021,852	(39,103)
Charlestown	19.5%	1,706,443	1,706,421	11	1,706,432	(11)
Coventry	49.0%	23,387,443	21,765,325	811,059	22,576,384	(811,059)
Cranston	53.6%	57,151,917	50,354,984	3,398,467	53,753,451	(3,398,467)
Cumberland	43.0%	18,344,465	16,552,780	895,843	17,448,623	(895,843)
East Greenwich	8.7%	1,942,316	2,770,431	(165,623)	2,604,808	662,492
East Providence	59.5%	33,673,749	30,348,208	1,662,771	32,010,979	(1,662,771)
Foster	40.5%	1,125,830	1,181,172	(11,068)	1,170,104	44,273
Glocester	37.7%	1,894,259	2,515,667	(124,282)	2,391,385	497,126
Hopkinton	45.5%	5,035,148	5,470,735	(87,117)	5,383,618	348,470
Jamestown	7.4%	443,060	438,478	2,291	440,769	(2,291)
Johnston	50.2%	16,840,002	13,920,605	1,459,698	15,380,303	(1,459,698)
Lincoln	40.0%	11,731,788	10,225,160	753,314	10,978,474	(753,314)
Little Compton	12.0%	425,911	398,464	13,724	412,188	(13,724)
Middletown	31.1%	7,200,117	8,369,412	(233,859)	8,135,553	935,436
Narragansett	16.2%	2,091,648	2,134,161	(8,503)	2,125,658	34,011
Newport	45.7%	10,465,454	10,402,340	31,557	10,433,897	(31,557)
New Shoreham	12.7%	141,379	85,500	27,940	113,440	(27,940)
North Kingstown	28.1%	10,710,721	10,662,516	24,102	10,686,618	(24,102)
North Providence	57.2%	21,078,426	17,944,337	1,567,044	19,511,381	(1,567,044)
North Smithfield	37.4%	6,341,768	5,683,082	329,343	6,012,425	(329,343)
Pawtucket	83.3%	85,700,004	78,238,483	3,730,760	81,969,243	(3,730,760)
Portsmouth	14.4%	3,350,973	4,212,562	(172,318)	4,040,244	689,271
Providence	87.9%	235,228,690	221,212,806	7,007,942	228,220,748	(7,007,942)
Richmond	36.4%	4,020,293	5,063,630	(208,667)	4,854,963	834,669
Scituate	21.2%	2,935,429	3,909,685	(194,851)	3,714,834	779,405
Smithfield	26.0%	5,869,589	5,089,386	390,101	5,479,487	(390,101)
South Kingstown	18.6%	5,965,864	7,289,894	(264,806)	7,025,088	1,059,224
Tiverton	33.8%	6,269,409	6,027,039	121,185	6,148,224	(121,185)
Warwick	40.5%	37,978,480	36,354,185	812,148	37,166,333	(812,148)
Westerly	30.2%	9,552,187	8,272,261	639,963	8,912,224	(639,963)
West Warwick	64.8%	23,820,993	21,833,719	993,637	22,827,356	(993,637)
Woonsocket	85.4%	58,128,703	53,126,130	2,501,287	55,627,417	(2,501,286)
Bristol-Warren	see	12,550,492	15,310,869	(542,715)	14,768,154	2,217,662
Chariho	table	-	191,602	(38,320)	153,282	153,282
Exeter-West Greenwich	below	4,279,727	5,387,085	(221,472)	5,165,613	885,886
Foster-Glocester	39.2%	4,221,708	4,872,233	(130,105)	4,742,128	520,420
Central Falls*	94.4%	27,987,963	35,841,615	(1,570,730)	38,862,333	10,874,369
Total		\$ 777,934,728	\$ 743,185,798	\$ 23,359,521	\$ 771,136,772	\$ (6,797,961)
<i>Bristol</i>	26.8%	5,531,984	8,323,562	(558,316)	7,765,246	2,233,262
<i>Warren</i>	51.6%	7,018,508	6,987,307	15,600	7,002,907	(15,600)
<i>Exeter</i>	22.9%	1,673,727	2,400,545	(145,364)	2,255,181	581,454
<i>West Greenwich</i>	31.0%	2,606,000	2,986,540	(76,108)	2,910,432	304,432
<i>Adjusted Chariho</i>		10,761,884	12,432,388	(334,094)	12,098,294	1,336,410

*This includes a \$4.6 million stabilization fund payment to Central Falls.

Table 3: Calculation of Group Home Aid for FY 2017

- A.** Column *A* is the FY 2016 enacted amount of group home aid. The distribution includes \$15,000 per bed with the exception of \$22,000 per bed for the group home beds associated with Bradley Hospital's residential CRAFT program, both of which are then adjusted for the seven or ten year phase in.
- B.** Column *B* is the revised current law entitlement based on the December 31, 2015 report from the Department of Children, Youth and Families that identified 443 beds eligible for aid.
- C.** Column *C* shows the Governor's FY 2017 recommendation that assumes a bed count of 396.
- D.** Column *D* is the difference between the FY 2016 enacted aid shown in column *A* and the Governor's FY 2017 recommendation in column *C*.
- E.** Column *E* is the difference between the FY 2016 revised current law entitlement shown in column *B* and the Governor's FY 2017 recommendation in column *C*.

Table 3: Group Home Aid

<i>District</i>	<i>A</i> <i>FY2016</i> <i>Enacted Aid</i>	<i>B</i> <i>FY2016</i> <i>Revised</i>	<i>C</i> <i>Governor FY</i> <i>2017 Aid</i>	<i>D</i> <i>Change to</i> <i>Enacted</i>	<i>E</i> <i>Change to</i> <i>Revised</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	283,374	283,374	66,140	(217,234)	(217,234)
Charlestown	-	-	-	-	-
Coventry	95,489	95,489	83,129	(12,360)	(12,360)
Cranston	46,354	46,354	39,702	(6,652)	(6,652)
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	510,748	510,748	446,150	(64,598)	(64,598)
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	113,099	113,099	101,396	(11,703)	(11,703)
Little Compton	-	-	-	-	-
Middletown	302,018	302,018	290,390	(11,628)	(11,628)
Narragansett	-	-	-	-	-
Newport	184,024	184,024	156,817	(27,207)	(27,207)
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	182,432	182,432	153,742	(28,690)	(28,690)
North Smithfield	101,850	101,850	92,137	(9,713)	(9,713)
Pawtucket	491,410	491,410	358,964	(132,446)	(132,446)
Portsmouth	536,183	536,183	526,518	(9,665)	(9,665)
Providence	1,083,736	1,083,736	619,685	(464,051)	(464,051)
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	219,020	219,020	203,340	(15,680)	(15,680)
South Kingstown	300,911	300,911	221,242	(79,669)	(79,669)
Tiverton	-	-	-	-	-
Warwick	247,344	397,344	347,284	99,940	(50,060)
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	54,653	84,653	59,400	4,747	(25,253)
Bristol-Warren	109,676	109,676	101,362	(8,314)	(8,314)
Exeter-West Greenwich	252,851	252,851	101,674	(151,177)	(151,177)
Foster-Glocester	-	-	-	-	-
Central Falls	-	-	-	-	-
Total	\$ 5,115,172	\$ 5,295,172	\$ 3,969,072	\$ (1,478,626)	\$ (1,326,100)

Table 4: Calculation of State Share Ratio

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

A. The assessed value of real and tangible personal property for each city and town as of December 31 of the third preceding calendar year in accordance with Rhode Island General Law, Section 16-7-21. The assessed value as of December 31, 2012, is used for FY 2017 calculations. Property value is certified annually by the Department of Revenue, Division of Municipal Finance, based on local sales data and appraisals.

B. The adjusted equalized weighted assessed property valuations for the third preceding calendar year per current law, as of December 31, 2012, as reported by the Department of Revenue's Division of Municipal Finance. The total assessed local property value of a community is adjusted for differences in local assessment rates to allow the reporting of figures comparable on a statewide basis, resulting in the equalized weighted assessed valuation (EWAV).

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

C. The FY 2017 student counts are shown in Column *C* based on the resident average daily membership as of June 30, 2015. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

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

E. Column *E* includes the percentage of students in poverty status in pre-kindergarten through 6th grade as of June 30, 2015. Poverty status is defined as being at 185 percent of federal poverty guidelines.

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

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

G. Column *G* shows what the share ratio was for FY 2016. It uses property valuations as of December 31, 2011 and student counts as of June 30, 2014.

H. Column *H* shows the difference between the share ratio for FY 2017 and that for FY 2016.

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>A</i> <i>Assessed Value</i> <i>12/31/12</i>	<i>B</i> <i>Adjusted EWAV</i> <i>12/31/12</i>	<i>C</i> <i>June 2015</i> <i>Student Count*</i>	<i>D</i> <i>Adjusted</i> <i>EWAV</i>
Barrington	\$ 2,987,954,443	\$ 4,383,235,285	3,282	24.1%
Bristol	2,952,751,390	2,906,078,707	2,061	19.9%
Burrillville	1,476,648,025	1,391,698,509	2,383	66.8%
Charlestown	2,407,194,152	2,251,351,748	975	0.0%
Coventry	3,545,517,942	3,157,938,643	4,675	61.6%
Cranston	7,101,399,705	6,999,193,795	10,125	60.7%
Cumberland	3,807,622,523	3,812,806,260	4,874	55.5%
East Greenwich	2,387,555,706	3,777,578,609	2,370	9.4%
East Providence	4,249,653,672	3,189,787,857	5,310	65.9%
Exeter	813,298,590	1,062,988,416	789	23.4%
Foster	222,120,040	238,431,755	283	52.1%
Glocester	415,086,592	455,788,708	520	50.2%
Hopkinton	942,140,575	833,325,557	1,137	58.4%
Jamestown	2,196,993,977	3,202,672,373	654	0.0%
Johnston	2,651,934,914	2,613,723,048	3,130	52.5%
Lincoln	2,680,527,454	3,009,045,430	3,226	47.0%
Little Compton	1,886,763,014	2,376,989,588	378	0.0%
Middletown	2,686,646,341	2,858,950,718	2,306	29.5%
Narragansett	4,602,710,361	6,084,458,025	1,351	0.0%
Newport	5,324,679,946	5,842,720,039	2,075	0.0%
New Shoreham	1,691,777,074	2,360,684,528	116	0.0%
North Kingstown	3,836,410,772	4,862,905,667	3,950	30.0%
North Providence	2,768,146,438	2,236,225,266	3,642	65.1%
North Smithfield	1,553,149,755	1,636,803,702	1,789	48.0%
Pawtucket	3,771,017,172	2,372,483,091	10,387	87.0%
Portsmouth	3,424,048,645	3,790,170,186	2,436	11.6%
Providence	10,701,550,880	6,076,707,560	26,718	87.1%
Richmond	883,778,525	1,074,269,111	1,161	47.4%
Scituate	893,386,793	1,895,263,126	1,409	23.6%
Smithfield	2,572,324,986	2,857,978,940	2,391	32.1%
South Kingstown	4,368,856,701	5,209,173,345	3,393	12.8%
Tiverton	2,023,477,875	2,033,466,225	1,784	35.2%
Warren	1,189,159,274	1,018,956,607	1,297	55.4%
Warwick	9,339,853,289	9,020,687,540	9,051	43.4%
West Greenwich	875,063,078	923,939,819	887	40.8%
West Warwick	2,085,341,143	1,587,582,565	3,424	73.7%
Westerly	6,452,424,133	5,508,424,964	3,108	0.0%
Woonsocket	1,866,301,827	1,011,044,556	6,142	90.6%
Foster/Glocester	955,809,949	948,278,649	1,115	51.7%
Central Falls	491,738,405	209,007,560	3,968	97.0%
Total	\$ 117,082,816,077	\$ 117,082,816,077	140,072	

*Includes charter and state school students

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>E</i> <i>FY2014 % of</i> <i>Poverty Status</i>	<i>F</i> <i>FY2017 State</i> <i>Share Ratio</i>	<i>G</i> <i>FY2016 State</i> <i>Share Ratio</i>	<i>H</i> <i>Change to</i> <i>Share Ratio</i>
Barrington	5.9%	17.4%	19.7%	-2.3%
Bristol	32.2%	26.8%	26.9%	-0.1%
Burrillville	35.7%	53.6%	54.2%	-0.6%
Charlestown	27.6%	19.5%	19.3%	0.2%
Coventry	31.6%	49.0%	49.3%	-0.3%
Cranston	45.4%	53.6%	54.6%	-1.0%
Cumberland	24.8%	43.0%	42.5%	0.5%
East Greenwich	8.0%	8.7%	15.9%	-7.2%
East Providence	52.4%	59.5%	59.8%	-0.3%
Exeter	22.4%	22.9%	20.3%	2.6%
Foster	23.7%	40.5%	42.9%	-2.4%
Glocester	17.9%	37.7%	40.2%	-2.5%
Hopkinton	27.0%	45.5%	44.9%	0.6%
Jamestown	10.5%	7.4%	8.7%	-1.3%
Johnston	47.7%	50.2%	47.7%	2.5%
Lincoln	31.6%	40.0%	38.3%	1.7%
Little Compton	17.0%	12.0%	10.8%	1.2%
Middletown	32.7%	31.2%	33.2%	-2.0%
Narragansett	22.9%	16.2%	18.9%	-2.7%
Newport	64.6%	45.7%	46.0%	-0.3%
New Shoreham	17.9%	12.7%	8.3%	4.4%
North Kingstown	26.0%	28.1%	27.3%	0.8%
North Providence	47.9%	57.2%	58.1%	-0.9%
North Smithfield	22.1%	37.4%	36.4%	1.0%
Pawtucket	79.4%	83.3%	83.1%	0.2%
Portsmouth	16.8%	14.4%	16.3%	-1.9%
Providence	88.6%	87.8%	87.8%	0.0%
Richmond	20.0%	36.4%	39.6%	-3.2%
Scituate	18.5%	21.2%	28.3%	-7.1%
Smithfield	18.0%	26.0%	25.3%	0.7%
South Kingstown	23.0%	18.6%	19.0%	-0.4%
Tiverton	32.4%	33.8%	35.2%	-1.4%
Warren	47.5%	51.5%	51.7%	-0.2%
Warwick	37.4%	40.5%	40.4%	0.1%
West Greenwich	16.2%	30.9%	32.3%	-1.4%
West Warwick	54.4%	64.7%	64.2%	0.5%
Westerly	42.7%	30.2%	30.4%	-0.2%
Woonsocket	79.8%	85.4%	85.1%	0.3%
Foster/Glocester	21.9%	39.7%	42.1%	-2.4%
Central Falls	91.5%	94.3%	93.5%	0.8%
Total				

Table 5: Transition Plan for Districts

The funding formula results in a redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities and allow for an adjustment period, the law allows for a transition of up to seven years. The Department of Elementary and Secondary Education has developed a methodology to implement this transition based on how a district fares compared to funding distributions under the current system. This year's version calculates aid for the Bristol-Warren School District by the member community to comply with a 2015 Superior Court decision. It requires establishing the total gain or loss to each district.

A. Column **A** is the amount of formula aid that districts received in the fifth year of the formula's implementation, FY 2016.

B. Column **B** is the FY 2017 total base funding calculation.

C. Column **C** is the difference between FY 2017 base funding shown in Column **B** and the amount of formula aid received in FY 2016 and shown in Column **A**.

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

Table 5: Transition Plan for Districts

<i>District</i>	<i>A</i> <i>FY 2016 Enacted</i> <i>Base Formula</i> <i>Funding</i>	<i>B</i> <i>FY 2017 Base</i> <i>Calculation</i>	<i>C</i> <i>Difference</i>	<i>D</i> <i>Transition =</i> <i>1/2 or 1/5th</i>
Barrington	\$ 5,040,087	\$ 5,281,424	\$ 241,337	\$ 120,669
Burrillville	12,982,749	13,060,955	78,206	39,103
Charlestown	1,706,421	1,706,443	22	11
Coventry	21,765,325	23,387,443	1,622,118	811,059
Cranston	50,354,984	57,151,917	6,796,933	3,398,467
Cumberland	16,552,780	18,344,465	1,791,685	895,843
East Greenwich	2,770,431	1,942,316	(828,115)	(165,623)
East Providence	30,348,208	33,673,749	3,325,541	1,662,771
Foster	1,181,172	1,125,830	(55,342)	(11,068)
Glocester	2,515,667	1,894,259	(621,408)	(124,282)
Hopkinton	5,470,735	5,035,148	(435,587)	(87,117)
Jamestown	438,478	443,060	4,582	2,291
Johnston	13,920,605	16,840,002	2,919,397	1,459,698
Lincoln	10,225,160	11,731,788	1,506,628	753,314
Little Compton	398,464	425,911	27,447	13,724
Middletown	8,369,412	7,200,117	(1,169,295)	(233,859)
Narragansett	2,134,161	2,091,648	(42,513)	(8,503)
Newport	10,402,340	10,465,454	63,114	31,557
New Shoreham	85,500	141,379	55,879	27,940
North Kingstown	10,662,516	10,710,721	48,205	24,102
North Providence	17,944,337	21,078,426	3,134,089	1,567,044
North Smithfield	5,683,082	6,341,768	658,686	329,343
Pawtucket	78,238,483	85,700,004	7,461,521	3,730,760
Portsmouth	4,212,562	3,350,973	(861,589)	(172,318)
Providence	221,212,806	235,228,690	14,015,884	7,007,942
Richmond	5,063,630	4,020,293	(1,043,337)	(208,667)
Scituate	3,909,685	2,935,429	(974,256)	(194,851)
Smithfield	5,089,386	5,869,589	780,203	390,101
South Kingstown	7,289,894	5,965,864	(1,324,030)	(264,806)
Tiverton	6,027,039	6,269,409	242,370	121,185
Warwick	36,354,185	37,978,480	1,624,295	812,148
Westerly	8,272,261	9,552,187	1,279,926	639,963
West Warwick	21,833,719	23,820,993	1,987,274	993,637
Woonsocket	53,126,130	58,128,703	5,002,574	2,501,287
Bristol-Warren	15,310,869	12,550,492	(2,760,377)	(542,715)
Chariho	191,602	-	(191,602)	(38,320)
Exeter-West Greenwich	5,387,085	4,279,727	(1,107,358)	(221,472)
Foster-Glocester	4,872,233	4,221,708	(650,525)	(130,105)
Central Falls	35,841,615	27,987,963	(7,853,652)	(1,570,730)
Total	\$ 743,185,798	\$ 777,934,728	\$ 34,748,931	\$ 23,359,521
<i>Bristol</i>	8,323,562	5,531,984	(2,791,578)	(558,316)
<i>Warren</i>	6,987,307	7,018,508	31,201	15,600
<i>Exeter</i>	2,400,545	1,673,727	(726,818)	(145,364)
<i>West Greenwich</i>	2,986,540	2,606,000	(380,540)	(76,108)
<i>Adjusted Chariho</i>	12,432,388	10,761,884	(1,670,504)	(334,094)

Table 6: FY 2017 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>ACE (Textron)</i>	<i>Achievement First</i>	<i>Beacon</i>	<i>Blackstone Academy</i>	<i>Compass</i>	<i>Greene School</i>
Barrington	-	-	-	-	-	-
Burrillville	-	-	22	-	-	-
Charlestown	-	-	-	-	51	1
Coventry	-	-	2	-	1	37
Cranston	-	64	8	-	-	10
Cumberland	-	-	34	-	-	1
East Greenwich	-	-	1	-	2	3
East Providence	-	-	4	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	2	-	-	6
Jamestown	-	-	-	-	1	2
Johnston	-	-	4	-	-	1
Lincoln	-	-	12	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	8	3
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	2	-	40	8
North Providence	-	24	10	1	-	-
North Smithfield	-	-	24	-	-	-
Pawtucket	-	-	12	146	-	5
Portsmouth	-	-	2	-	-	-
Providence	225	581	20	40	4	36
Richmond	-	-	-	-	-	1
Scituate	-	-	3	-	-	-
Smithfield	-	-	3	-	-	-
South Kingstown	-	-	-	-	36	8
Tiverton	-	-	-	-	-	-
Warwick	-	9	14	-	1	14
Westerly	-	-	-	-	25	6
West Warwick	-	-	2	-	-	9
Woonsocket	-	-	119	-	-	1
Bristol-Warren	-	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	14	5
Foster-Glocester	-	-	2	-	-	3
Central Falls	-	-	19	118	-	18
Total	225	678	321	305	183	178
<i>Adjusted Chariho</i>	-	-	2	-	51	8

Table 6: FY 2017 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Highlander</i>	<i>Hope Academy</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>
Barrington	1	-	-	-	-
Burrillville	-	-	-	-	-
Charlestown	-	-	-	32	-
Coventry	-	-	1	8	-
Cranston	65	-	18	-	2
Cumberland	-	-	8	-	-
East Greenwich	-	-	2	-	-
East Providence	5	-	23	-	1
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	18	-	-	1	-
Lincoln	1	-	1	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	2	-
Narragansett	-	-	3	8	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	2	-	-	77	-
North Providence	7	7	11	1	-
North Smithfield	-	-	-	-	-
Pawtucket	43	-	139	2	119
Portsmouth	-	-	-	-	-
Providence	379	101	96	1	110
Richmond	-	-	-	-	-
Scituate	-	-	1	-	-
Smithfield	-	-	2	1	-
South Kingstown	-	-	-	45	-
Tiverton	-	-	-	-	-
Warwick	2	-	2	7	1
Westerly	-	-	-	14	-
West Warwick	1	-	2	6	-
Woonsocket	-	-	-	-	-
Bristol-Warren	3	-	-	-	-
Exeter-West Greenwich	-	-	-	15	-
Foster-Glocester	-	-	-	-	-
Central Falls	5	-	39	-	325
Total	532	108	348	220	558
<i>Adjusted Chariho</i>	-	-	-	32	-

Table 6: FY 2017 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>RI Mayoral Academies Blackstone Valley Prep</i>
Barrington	-	-	1	-	-
Burrillville	-	-	1	-	-
Charlestown	-	-	-	-	-
Coventry	3	2	-	-	-
Cranston	81	10	20	-	-
Cumberland	1	1	7	-	450
East Greenwich	-	-	-	-	-
East Providence	-	10	8	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	16	-	3	-	-
Lincoln	-	-	1	-	233
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	2	-	-	-
North Providence	3	5	3	-	-
North Smithfield	-	-	-	-	1
Pawtucket	3	40	28	-	560
Portsmouth	-	-	-	-	-
Providence	23	90	150	774	1
Richmond	-	-	-	-	-
Scituate	3	-	-	-	-
Smithfield	-	-	1	-	-
South Kingstown	-	-	1	-	-
Tiverton	-	-	-	-	-
Warwick	18	10	6	-	2
Westerly	-	-	-	-	-
West Warwick	6	10	1	-	-
Woonsocket	1	35	-	-	-
Bristol-Warren	-	-	1	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	1	-	1	-	-
Central Falls	1	25	17	-	469
Total	160	240	250	774	1,716
<i>Adjusted Chariho</i>	-	-	-	-	-

Table 6: FY 2017 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>RISE</i>			<i>Times2</i>	<i>Trinity</i>
	<i>Mayoral Academy</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>		
Barrington	-	-	-	-	-
Burrillville	14	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	-	-	-	-	-
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	-	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	-	-	-
North Smithfield	10	-	-	-	-
Pawtucket	-	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	1	-	72	727	204
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	80	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	-	240	-	-	-
Total	105	240	72	727	204
<i>Adjusted Chariho</i>	-	-	-	-	-

Table 6: FY 2017 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Village Green</i>	<i>Davies Career & Tech Center</i>	<i>Metropolitan Career & Tech Center</i>	<i>Urban Collaborative</i>	<i>Charter/State School Percentage of Total Enrollment</i>
Barrington	2	-	4	-	0.2%
Burrillville	-	-	4	-	1.7%
Charlestown	1	-	5	-	
Coventry	2	-	4	-	1.3%
Cranston	4	5	32	9	3.2%
Cumberland	4	18	8	-	11.0%
East Greenwich	1	-	3	-	0.5%
East Providence	21	3	29	-	1.9%
Foster	-	-	-	-	0.0%
Glocester	-	-	-	-	0.0%
Hopkinton	-	-	-	-	
Jamestown	-	-	12	-	2.3%
Johnston	2	2	6	-	1.7%
Lincoln	4	52	5	-	9.4%
Little Compton	-	-	1	-	0.3%
Middletown	-	-	18	-	0.9%
Narragansett	-	-	7	-	2.1%
Newport	-	-	33	-	1.6%
New Shoreham	-	-	-	-	0.0%
North Kingstown	1	-	12	-	3.7%
North Providence	5	70	14	-	4.5%
North Smithfield	-	1	-	-	2.0%
Pawtucket	27	486	49	-	16.5%
Portsmouth	-	-	11	-	0.5%
Providence	146	63	392	120	16.6%
Richmond	1	-	3	-	
Scituate	1	-	4	-	0.8%
Smithfield	-	14	5	-	1.1%
South Kingstown	1	-	24	-	3.3%
Tiverton	-	-	15	-	0.8%
Warwick	1	-	27	1	1.3%
Westerly	-	-	-	-	1.5%
West Warwick	2	-	4	-	1.3%
Woonsocket	3	3	47	-	5.0%
Bristol-Warren	-	-	27	-	0.9%
Exeter-West Greenwich	1	-	2	-	2.2%
Foster-Glocester	1	-	4	-	1.0%
Central Falls	14	158	26	7	38.1%
Total	245	875	837	137	7.5%
<i>Adjusted Chariho</i>	2	-	8	-	3.1%

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

<i>Sending District</i>	<i>ACE (Textron)</i>	<i>Achievement First</i>	<i>Beacon</i>	<i>Blackstone Academy</i>	<i>Compass</i>	<i>Greene School</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	119,261	-	-	-
Charlestown	-	-	-	-	94,978	1,752
Coventry	-	-	8,791	-	4,396	169,672
Cranston	-	386,936	38,501	-	-	51,976
Cumberland	-	-	154,382	-	-	3,860
East Greenwich	-	-	784	-	1,881	2,978
East Providence	-	-	21,382	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	9,804	-	-	26,144
Jamestown	-	-	-	-	667	1,333
Johnston	-	-	23,419	-	-	6,305
Lincoln	-	-	44,588	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	12,213	4,362
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	5,041	-	102,837	21,172
North Providence	-	145,737	61,579	7,184	-	-
North Smithfield	-	-	88,574	-	-	-
Pawtucket	-	-	119,653	1,414,897	-	52,348
Portsmouth	-	-	2,592	-	-	-
Providence	2,377,545	6,217,589	201,941	425,970	31,553	359,708
Richmond	-	-	-	-	-	3,266
Scituate	-	-	5,712	-	-	-
Smithfield	-	-	7,010	-	-	-
South Kingstown	-	-	-	-	63,506	14,707
Tiverton	-	-	-	-	-	-
Warwick	-	40,013	56,745	-	3,638	52,380
Westerly	-	-	-	-	72,114	19,520
West Warwick	-	-	13,958	-	-	52,344
Woonsocket	-	-	1,080,830	-	-	10,732
Bristol-Warren	-	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	29,616	13,589
Foster-Glocester	-	-	7,048	-	-	10,572
Central Falls	-	-	218,669	1,349,308	-	200,023
Total	\$ 2,377,545	\$ 6,790,275	\$ 2,290,264	\$ 3,197,359	\$ 417,399	\$ 1,078,743

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

<i>Sending District</i>	<i>Highlander</i>	<i>Hope Academy</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>
Barrington	\$ 2,205	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	-	-	-
Charlestown	-	-	-	60,281	-
Coventry	-	-	4,396	35,165	-
Cranston	384,048	-	105,878	-	9,625
Cumberland	-	-	32,420	-	-
East Greenwich	-	-	1,567	-	-
East Providence	37,419	-	140,053	-	5,346
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	111,690	-	-	6,305	-
Lincoln	3,596	-	3,596	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	5,592	-
Narragansett	-	-	6,107	13,376	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	6,049	-	-	200,130	-
North Providence	40,026	42,079	62,605	5,132	-
North Smithfield	-	-	-	-	-
Pawtucket	414,299	-	1,332,636	14,957	1,195,035
Portsmouth	-	-	-	-	-
Providence	3,986,767	963,955	911,892	11,044	1,132,765
Richmond	-	-	-	-	-
Scituate	-	-	1,904	-	-
Smithfield	-	-	4,673	2,337	-
South Kingstown	-	-	-	83,226	-
Tiverton	-	-	-	-	-
Warwick	8,730	-	8,730	25,463	3,638
Westerly	-	-	-	43,377	-
West Warwick	5,816	-	11,632	34,896	-
Woonsocket	-	-	-	-	-
Bristol-Warren	7,210	-	-	-	-
Exeter-West Greenwich	-	-	-	33,318	-
Foster-Glocester	-	-	-	-	-
Central Falls	59,329	-	449,204	-	3,775,010
Total	\$ 5,067,184	\$ 1,006,034	\$ 3,077,293	\$ 574,599	\$ 6,121,419

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

<i>Sending District</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>RI Mayoral Academies Blackstone Valley Prep</i>
Barrington	\$ -	\$ -	\$ 2,205	\$ -	\$ -
Burrillville	-	-	6,732	-	-
Charlestown	-	-	-	-	-
Coventry	14,945	10,550	-	-	-
Cranston	468,750	57,752	128,979	-	-
Cumberland	5,403	3,860	37,824	-	2,011,600
East Greenwich	-	-	-	-	-
East Providence	-	64,147	59,870	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	77,463	-	18,915	-	-
Lincoln	-	-	5,034	-	958,651
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	7,057	-	-	-
North Providence	15,395	35,921	21,553	-	-
North Smithfield	-	-	-	-	3,355
Pawtucket	31,409	400,838	293,150	-	5,447,205
Portsmouth	-	-	-	-	-
Providence	231,917	930,824	1,628,153	7,938,824	7,888
Richmond	-	-	-	-	-
Scituate	6,473	-	-	-	-
Smithfield	-	-	3,271	-	-
South Kingstown	-	-	2,340	-	-
Tiverton	-	-	-	-	-
Warwick	72,750	43,650	30,555	-	7,275
Westerly	-	-	-	-	-
West Warwick	44,201	74,444	8,142	-	-
Woonsocket	10,732	357,210	-	-	-
Bristol-Warren	-	-	6,487	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	3,524	-	4,934	-	-
Central Falls	11,866	293,254	201,718	-	5,348,072
Total	\$ 994,828	\$ 2,279,507	\$ 2,459,862	\$ 7,938,824	13,784,046

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

<i>Sending District</i>	<i>RISE Mayoral Academy</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Times2</i>	<i>Trinity</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	78,866	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	-	-	-	-	-
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	-	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	-	-	-
North Smithfield	36,235	-	-	-	-
Pawtucket	-	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	11,044	-	766,747	7,672,198	2,202,424
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	803,340	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	-	2,756,249	-	-	-
Total	\$ 929,485	\$ 2,756,249	\$ 766,747	\$ 7,672,198	\$ 2,202,424

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

<i>Sending District</i>	<i>Village Green</i>	<i>Davies Career and Tech Center</i>	<i>Metropolitan Career and Tech Center</i>	<i>Urban Collaborative</i>	<i>Total</i>
Barrington	\$ 3,151	\$ -	\$ 6,931	\$ -	\$ 14,492
Burrillville	-	-	21,159	-	226,018
Charlestown	1,752	-	9,463	-	168,226
Coventry	10,550	-	21,099	-	279,564
Cranston	25,026	31,763	204,056	60,639	1,953,929
Cumberland	16,983	80,279	37,052	-	2,383,663
East Greenwich	784	-	2,665	-	10,659
East Providence	137,915	22,451	189,232	-	677,815
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	35,948
Jamestown	-	-	8,533	-	10,533
Johnston	10,809	12,610	34,228	-	301,744
Lincoln	18,698	222,942	20,856	-	1,277,961
Little Compton	-	-	1,079	-	1,079
Middletown	-	-	54,805	-	60,397
Narragansett	-	-	11,341	-	47,399
Newport	-	-	161,600	-	161,600
New Shoreham	-	-	-	-	-
North Kingstown	2,521	-	34,279	-	379,086
North Providence	31,816	441,315	94,421	-	1,004,763
North Smithfield	-	3,355	-	-	131,519
Pawtucket	273,706	4,606,643	459,169	-	16,055,945
Portsmouth	-	-	16,332	-	18,924
Providence	1,473,542	642,111	4,155,577	1,309,464	45,591,442
Richmond	3,266	-	9,799	-	16,331
Scituate	2,665	-	7,616	-	24,370
Smithfield	-	38,321	12,618	-	68,230
South Kingstown	1,671	-	46,125	-	211,575
Tiverton	-	-	50,423	-	50,423
Warwick	5,093	-	115,673	5,093	479,426
Westerly	-	-	-	-	135,011
West Warwick	11,632	-	32,569	-	289,634
Woonsocket	22,996	29,129	470,659	-	2,785,628
Bristol-Warren	-	-	98,448	-	112,145
Exeter-West Greenwich	2,057	-	7,804	-	86,384
Foster-Glocester	3,524	-	15,505	-	45,107
Central Falls	162,731	1,793,427	294,949	72,890	16,986,699
Total	\$ 2,222,888	\$ 7,924,346	\$ 6,706,065	\$ 1,448,086	\$ 92,083,669

Table 8: Recommended Categorical Aid for FY 2017

<i>Sending District</i>	<i>High Cost Special Education</i>	<i>High Cost ELL</i>	<i>Density Charter Aid</i>	<i>Transportation</i>	<i>Total</i>
Barrington	\$ 123,115	\$ 1,339	\$ -	\$ 50,303	\$ 174,757
Burrillville	11,802	721	-	23,643	36,166
Charlestown	-	-	-	-	-
Coventry	40,350	1,099	-	20,129	61,578
Cranston	497,530	59,195	-	409,289	966,014
Cumberland	77,357	2,123	159,600	106,160	345,240
East Greenwich	143,759	274	-	27,487	171,520
East Providence	263,702	25,391	-	11,701	300,794
Foster	26,519	-	-	6,102	32,621
Glocester	23,661	-	-	13,846	37,507
Hopkinton	-	-	-	-	-
Jamestown	34,940	33	-	-	34,973
Johnston	23,407	14,412	-	228,896	266,715
Lincoln	116,901	1,438	92,700	-	211,039
Little Compton	-	-	-	-	-
Middletown	143,318	9,787	-	-	153,105
Narragansett	35,732	218	-	-	35,950
Newport	16,538	16,406	-	-	32,944
New Shoreham	19,887	455	-	-	20,342
North Kingstown	48,838	2,268	-	-	51,106
North Providence	246,223	14,368	-	119,943	380,534
North Smithfield	71,106	1,007	-	25,476	97,589
Pawtucket	134,928	188,827	497,700	115,494	936,949
Portsmouth	166,554	389	-	-	166,943
Providence	833,506	1,540,593	1,306,800	266,326	3,947,225
Richmond	-	-	-	-	-
Scituate	35,619	-	-	32,203	67,822
Smithfield	115,493	467	-	50,922	166,882
South Kingstown	82,383	-	-	106,617	189,000
Tiverton	53,122	304	-	-	53,426
Warwick	432,542	6,548	-	25,863	464,953
Westerly	177,873	1,898	-	-	179,771
West Warwick	-	8,433	-	39,217	47,650
Woonsocket	41,108	122,647	86,700	8,908	259,363
Bristol-Warren	206,286	8,814	-	643,869	858,969
Chariho	49,320	776	-	1,100,782	1,150,878
Exeter-West Greenwich	131,533	727	-	618,693	750,953
Foster-Glocester	57,424	-	-	225,831	283,255
Central Falls	14,165	211,465	444,300	73,660	743,590
Subtotal	\$ 4,496,541	\$ 2,242,422	\$ 2,587,800	\$ 4,351,360	\$ 13,678,123
Charters & State Schools	3,459	130,830	-	-	134,289
Total	\$ 4,500,000	\$ 2,494,939	\$ 2,634,492	\$ 4,351,360	\$ 13,812,412

Table 9: Current Law Comparison to Recommended FY 2017 Aid

A. Column **A** is the amount that districts would receive in the sixth year of the formula's implementation pursuant to the ten-year phase in of the formula and consistent with current law. It also provides full funding, rather than transitioned aid, for any district converting from a half-day to a full-day kindergarten for the 2014-2015 school year or after. It also includes group home funding. It does not include distribution from categorical funds shown at the bottom of the table. For the purposes of this exercise they are assumed to remain at the FY 2016 enacted level.

B. Column **B** is the amount that districts would receive in the sixth year of the formula's implementation pursuant to the ten-year phase in of the formula and based on the Governor's proposals to not provide full funding for districts converting to full-day kindergarten for the 2014-2015 school year or later and to add new stabilization funds for the state schools. This is shown on Table 1A in Columns **A** and **B**. It does not include distribution from categorical funds shown at the bottom of the table.

C. Column **C** shows the distribution of funds from a new proposed category of funding to support English language learners that are in the most intensive programs.

D. Column **D** shows the distribution of funds from a new proposed category of aid which would provide additional state support for those districts that have at least 5.0 percent of their students enrolled at charter or state schools.

E. Column **E** shows the Governor's total FY 2017 recommended aid. Distribution from categorical funds remain at the bottom of the table.

F. Column **F** is the difference between the Governor's FY 2017 recommendation shown in Column **E** and formula aid pursuant to current law shown in Column **A**.

Table 9: Current Law Comparison to Recommended FY 2017 Aid

District	A	B	C	D	E	F
	FY2017 Current Law Formula Aid*	FY2017 Recommended Formula Aid* (Table 2)	High Cost ELL (Table 8)	School of Choice Density Aid (Table 8)	FY2017 Total Recommended Aid	Change to Current Law
Barrington	\$ 5,196,988	\$ 5,160,756	\$ 1,339	\$ -	\$ 5,162,095	\$ (34,893)
Burrillville	13,087,992	13,087,992	721	-	13,088,713	721
Charlestown	1,706,432	1,706,432	-	-	1,706,432	-
Coventry	22,899,808	22,659,513	1,099	-	22,660,612	(239,196)
Cranston	54,342,755	53,793,153	59,195	-	53,852,348	(490,407)
Cumberland	17,448,623	17,448,623	2,123	159,600	17,610,346	161,723
East Greenwich	2,619,175	2,604,808	274	-	2,605,082	(14,093)
East Providence	32,457,129	32,457,129	25,391	-	32,482,520	25,391
Foster	1,170,104	1,170,104	-	-	1,170,104	-
Glocester	2,502,567	2,391,385	-	-	2,391,385	(111,182)
Hopkinton	5,383,618	5,383,618	-	-	5,383,618	-
Jamestown	440,769	440,769	33	-	440,802	33
Johnston	15,574,260	15,380,303	14,412	-	15,394,715	(179,545)
Lincoln	11,079,870	11,079,870	1,438	92,700	11,174,008	94,138
Little Compton	412,188	412,188	-	-	412,188	-
Middletown	8,425,943	8,425,943	9,787	-	8,435,730	9,787
Narragansett	2,125,658	2,125,658	218	-	2,125,876	218
Newport	10,590,714	10,590,714	16,406	-	10,607,120	16,406
New Shoreham	113,440	113,440	455	-	113,895	455
North Kingstown	10,816,341	10,686,618	2,268	-	10,688,886	(127,455)
North Providence	19,665,123	19,665,123	14,368	-	19,679,491	14,368
North Smithfield	6,104,562	6,104,562	1,007	-	6,105,569	1,007
Pawtucket	82,328,207	82,328,207	188,827	497,700	83,014,734	686,527
Portsmouth	4,566,762	4,566,762	389	-	4,567,151	389
Providence	228,840,433	228,840,433	1,540,593	1,306,800	231,687,826	2,847,393
Richmond	4,854,963	4,854,963	-	-	4,854,963	-
Scituate	3,732,064	3,714,834	-	-	3,714,834	(17,230)
Smithfield	5,720,563	5,682,827	467	-	5,683,294	(37,269)
South Kingstown	7,246,330	7,246,330	-	-	7,246,330	-
Tiverton	6,206,747	6,148,224	304	-	6,148,528	(58,219)
Warwick	37,775,032	37,513,617	6,548	-	37,520,165	(254,867)
Westerly	8,912,224	8,912,224	1,898	-	8,914,122	1,898
West Warwick	22,827,356	22,827,356	8,433	-	22,835,789	8,433
Woonsocket	56,427,300	55,686,817	122,647	86,700	55,896,164	(531,136)
Bristol-Warren	14,869,516	14,869,516	8,814	-	14,878,330	8,814
Chariho	153,282	153,282	776	-	154,058	776
Exeter-West Greenwich	5,351,774	5,267,287	727	-	5,268,014	(83,760)
Foster-Glocester	4,742,128	4,742,128	-	-	4,742,128	-
Central Falls	38,862,333	38,862,333	211,465	444,300	39,518,098	655,765
Subtotal	\$ 777,581,071	\$ 775,105,839	\$ 2,242,422	\$ 2,587,800	\$ 779,936,061	\$ 2,354,990
Charter and State Schools	97,297,074	99,564,083	130,830	-	99,694,913	2,397,839
Categorical Funds	14,301,360	17,676,280	3,459	-	17,679,739	3,378,379
Total	\$ 889,179,505	\$ 892,346,202	\$ 2,376,711	\$ 2,587,800	\$ 897,310,713	\$ 8,131,208

*Includes group home funding

Table 10: Education Aid for FY 2010 – FY 2015

<i>District</i>	<i>FY2010</i>	<i>FY2011</i>	<i>FY2012</i>	<i>FY2013</i>	<i>FY2014</i>	<i>FY2015</i>
Barrington	\$ 1,800,191	\$ 1,777,692	\$ 2,374,854	\$ 3,350,904	\$ 3,971,797	\$ 4,701,418
Burrillville	13,169,342	13,049,312	13,008,772	12,965,501	13,063,243	13,173,610
Charlestown	1,725,632	1,708,264	1,704,449	1,694,669	1,706,995	1,708,666
Coventry	18,278,654	18,106,570	18,670,838	19,707,074	20,348,442	21,039,824
Cranston	32,032,775	31,729,746	34,148,058	39,188,868	43,347,609	47,040,378
Cumberland	11,966,879	11,853,639	12,663,079	13,834,760	14,705,457	15,756,436
East Greenwich	1,450,763	1,327,711	1,507,198	1,955,236	2,323,568	2,469,555
East Providence	24,881,232	24,531,957	25,375,608	26,993,305	28,082,665	29,373,000
Foster	1,305,135	1,293,021	1,242,314	1,214,327	1,204,783	1,193,192
Glocester	2,973,405	2,946,000	2,862,833	2,792,685	2,705,444	2,640,483
Hopkinton	5,749,276	5,695,888	5,726,195	5,615,973	5,515,535	5,576,348
Jamestown	391,353	386,846	369,267	363,461	361,936	406,834
Johnston	9,701,822	9,609,655	10,131,916	11,083,498	11,997,593	13,192,809
Lincoln	6,384,476	6,320,677	6,999,556	8,156,329	8,990,606	9,855,862
Little Compton	291,845	288,570	313,858	338,666	365,270	401,928
Middletown	9,653,308	9,562,746	9,407,808	9,288,241	9,109,276	8,905,309
Narragansett	1,440,139	1,423,684	1,488,608	1,663,260	1,805,079	1,993,920
Newport	10,912,686	10,812,053	10,701,213	10,661,062	10,656,332	10,623,202
New Shoreham	57,149	56,081	61,851	72,292	81,762	91,103
North Kingstown	10,735,891	10,633,129	10,674,839	10,758,204	10,796,604	10,725,467
North Providence	12,222,938	12,107,544	12,751,556	14,139,108	15,094,386	16,607,860
North Smithfield	4,384,693	4,342,683	4,630,725	5,133,980	5,400,054	5,587,845
Pawtucket	63,316,158	62,743,324	64,600,780	68,246,641	71,459,692	74,842,935
Portsmouth	6,026,090	5,968,097	5,762,149	5,380,832	5,128,661	4,882,427
Providence	181,619,378	179,813,040	185,804,948	197,968,379	206,273,348	215,122,639
Richmond	5,722,291	5,669,397	5,648,866	5,474,556	5,335,436	5,205,437
Scituate	2,942,545	2,913,522	3,155,942	3,514,829	3,720,471	3,960,437
Smithfield	5,023,550	4,899,277	4,966,920	4,982,755	4,985,793	5,115,212
South Kingstown	9,289,273	9,198,692	8,832,470	8,511,975	8,154,486	7,977,157
Tiverton	5,326,062	5,275,223	5,329,648	5,677,809	5,775,390	5,828,165
Warwick	33,816,257	33,493,714	33,796,578	34,449,461	35,164,250	36,064,777
Westerly	5,780,009	5,721,304	5,982,372	6,572,162	7,164,219	7,704,193
West Warwick	19,030,395	18,855,252	19,143,704	19,775,027	20,309,057	21,027,603
Woonsocket	44,881,514	44,356,033	45,012,523	46,744,955	48,170,444	50,690,278
Bristol-Warren	19,071,142	18,896,443	18,625,047	17,832,369	17,089,869	16,749,945
Exeter-West Greenwich	6,894,092	6,708,949	6,818,348	6,705,948	6,639,220	1,316,445
Chariho	387,074	383,667	642,082	898,449	1,127,409	6,637,627
Foster-Glocester	5,268,913	5,219,945	5,372,978	5,289,023	5,213,358	5,204,461
Central Falls	43,255,325	42,865,644	41,145,437	39,744,688	38,451,858	39,085,004
Total	\$ 639,159,653	\$ 632,544,990	\$ 647,456,186	\$ 678,741,261	\$ 701,797,397	\$ 730,479,794

Revenues Changes

The Governor recommends \$5,000 and \$216.3 million more general revenues than estimated at the November 2015 Revenue Estimating Conference for FY 2016 and FY 2017, respectively. The Revenue Estimating Conference increased the enacted FY 2016 estimates by \$52.4 million for a total of \$3,596.2 million and included \$3,493.0 million for FY 2017. The table below shows the Governor's recommended changes, followed by their explanations.

Recommended General Revenues Changes	FY 2016	FY 2017
Taxes		
Cigarette Tax	\$ -	\$ 7,121,957
Earned Income Tax Credit	-	(2,689,328)
Reinstate Nexus Program	-	1,000,000
Retaliatory Assessments	-	1,074,000
Intercompany Transaction Audit Project	-	6,696,000
New Revenue Officers	-	1,778,112
New Field Audit Revenue Agents	-	1,009,167
Total Taxes	\$ -	\$ 15,989,908
Departmental Revenues		
Medical Marijuana Restructuring	\$ -	\$ 9,751,893
Insurance and Banking Regulation Staffing	-	400,000
New Revenue Officers	-	645,110
License Plate Issuance Delay	-	(2,000,415)
Reinstitute Hospital Licensing Fee at 5.862 Percent	-	169,050,449
Public Finance Management Fees	-	295,000
Local Agriculture and Seafood Fund	-	(150,000)
Forward Capacity Market Revenue	-	108,864
Rhode Island Foundation Arts Grant	5,000	-
Total Departmental Revenues	\$ 5,000	\$ 178,100,901
Other Revenue		
Fraud and Waste Initiative	\$ -	\$ 5,000,000
State Fleet Vehicle Sale	-	1,000,000
RI Airport Corporation Transfer	-	275,000
Narragansett Bay Commission Transfer	-	1,450,000
Resource Recovery Transfer	-	1,500,000
Infrastructure Bank Transfer	-	8,000,000
Rhode Island Health and Educational Building Corporation Transfer	-	5,000,000
Total Other Revenues	\$ -	\$ 22,225,000
Total General Revenues Changes	\$ 5,000	\$ 216,315,809

Taxes. The Governor's budget includes \$16.0 million more in tax revenues for FY 2017. Of this amount, \$12.2 million is from enhanced compliance and collections measures for multiple taxes. The Budget also assumes a total of \$7.1 million of additional revenue from a 25-cent increase in the cigarette tax.

Enhanced Compliance and Collections

- **New Revenue Officers.** The Governor's budget assumes a total of \$1.8 million in additional personal income, business, and sales tax revenues from the filling of three new revenue officer positions in the Division of Taxation. Combined with \$0.6 million in interest and penalties generated by collection and compliance actions, the Budget assumes a total increase of \$2.4 million. Accounting for the \$0.2 million cost for the positions, the net budget impact is \$2.2 million.

- ***New Field Audit Revenue Agents.*** The Governor's budget assumes \$1.0 million in additional sales and use tax revenues from the filling of two new field audit revenue agent positions in the Division of Taxation. Accounting for the \$0.2 million cost for the positions, the net budget impact is \$0.8 million.
- ***Reinstate Nexus Program.*** The Budget includes \$1.0 million in additional business and sales tax revenues from the reinstatement of the Division of Taxation Nexus program, which will analyze whether business entities that legally conduct business in the state also have nexus, requiring the entity to register with the Secretary of State's office and work with the Division regarding any potential taxes owed. The Division of Taxation had an active Nexus program from FY 1993 through FY 2010, during which time it generated approximately \$19 million in collections. The Department reports that FY 2011 budget constraints resulted in a shift in Division resources away from the Nexus program. Accounting for the \$0.1 million cost for a new revenue policy analyst position to administer the program, the net budget impact is \$0.9 million.
- ***Retaliatory Assessments.*** The Governor's budget includes \$1.1 million in additional gross premiums taxes from a compliance initiative between the Department of Business Regulation and the Division of Taxation to collect retaliatory taxes, fees, and other assessments from insurance companies that are not domiciled but are registered to write policies in the state. Retaliatory assessments are imposed on insurance companies that charge Rhode Island residents the premium taxes and fees of their home state, if those taxes and fees are higher than those charged by Rhode Island.
- ***Intercompany Transfer Pricing Audit Project.*** The Governor's budget assumes an additional \$6.7 million in revenue from the establishment of a contract between the Division of Taxation and a third-party vendor to analyze existing data to determine whether transactions between related companies that are not part of a combined group, but are affiliated, and transactions between commonly controlled companies were taxed accurately prior to the institution of combined reporting.

Other Tax Initiatives

- ***Earned Income Tax Credit.*** The Governor's budget includes a revenue loss of \$2.7 million for FY 2017 from modification to the Earned Income Tax Credit for low and moderate wage earners. Effective January 1, 2017, the credit would equal 15.0 percent of the federal credit. The 2014 Assembly enacted changes that enhanced the value of the credit, including altering the rate to 10.0 percent of the federal credit and making it 100 percent refundable. The value was again increased by the 2015 Assembly, which established the credit as equal to 12.5 percent of the federal credit, effective January 1, 2016. The loss from the proposed change would annualize to \$5.5 million for FY 2018.
- ***Cigarette Tax.*** The Governor's budget assumes new revenues of \$7.1 million associated with proposed legislation to increase the cigarette excise tax by \$0.25 per pack, to \$4.00 per 20-pack, effective August 1, 2016. The Office of Revenue Analysis estimates a final retail price per pack of \$9.78, \$0.40 cents less than in Massachusetts, which has higher minimum markup provisions. The Budget assumes tobacco tax collections of \$6.5 million, including \$5.7 million from the excise tax increase and \$0.8 million from the floor tax applied to inventory held as of August 1, 2016, and an associated \$0.6 million in sales tax collections.

Departmental Revenues. The Governor recommends additional revenues of \$178.1 million from departmental receipts for FY 2017. Of this amount, \$169.1 million results from the extension of the hospital licensing fee and \$9.8 million is assumed from significant restructuring of the state's medical marijuana program.

- ***Medical Marijuana Restructuring.*** The Governor's budget includes a proposal to significantly restructure the state's medical marijuana program and expand associated regulations. Changes include: establishing

licenses for cultivators who grow plants for sale exclusively to compassion centers; shifting the licensing of caregivers and compassion centers from the Department of Health to the Department of Business Regulation; and instituting a tagging system ranging from \$150 to \$350 per tag per plant for certain licensed growers, including patients, caregivers, and cultivators. Compassion centers would not be subject to the plant tag requirements. The Budget assumes \$10.8 million from new tag and registration fees.

The Department of Health would continue to license patients, establish a new license for individuals designated by patients as authorized purchasers, and patients would no longer be required to choose a specific compassion center when registering with the Department of Health, effective July 1, 2016.

New revenues are offset by a reduction of \$0.8 million from transferring patient and caregiver license fees to restricted receipts in the Department of Health and the Department of Business Regulation to fund licensing and registration administration. The Governor includes 5.0 new positions in the Department of Business Regulation for the program. The Budget assumes an additional revenue loss of \$0.2 million from lowering the compassion center surcharge from 4.0 percent to 3.0 percent.

Total revenues assumed from the initiative are \$9.8 million. Associated revenue changes are shown in the following table.

Medical Marijuana Restructuring Revenues	FY 2016	FY 2017
New Fees		
\$150 Patient Self-Grow Plant Tag	\$ -	\$ 1,440,000
\$150 Caregiver Medicaid Grow Plant Tag	-	611,902
\$350 Caregiver Non-Medicaid Grow Plant Tag	-	8,253,228
\$350 Co-Op Grow Plant Tag	-	399,000
\$350 Cultivator Licensee Plant Tag	-	31,500
Fee Changes		
Compassion Center Surcharge Reduction	-	(172,405)
Other		
Registration and Licensing Fees to Restricted Receipts	-	(901,647)
Indirect Cost Recovery on Restricted Receipts	-	90,315
Total Departmental Revenues	\$ -	\$ 9,751,893

The Governor’s recommendation includes \$1.3 million from general revenues for the Department of Business Regulation to develop a tracking system for plant tags, resulting in an overall net impact of \$8.5 million from the initiative for FY 2017.

- **Reinstitute Hospital Licensing Fee at 5.862 Percent.** The Governor recommends Article 8 to extend the licensing fee for FY 2017 at the current rate of 5.862 percent for all hospitals except South County and Westerly, which will be assessed a fee of 3.67 percent. It assumes \$162.3 million from community hospital payments and \$6.7 million from state payments for Eleanor Slater Hospital. The licensing fee appears annually in the Appropriations Act and is not included in consensus revenue estimates, because the Revenue Estimating Conference can only estimate revenues under current law.

- **Local Agriculture and Seafood Fund.** The Budget requires deposit of lease payments from renewable energy projects costing \$5.0 million or more into the Local Agriculture and Seafood Small Grants and Technical Assistance Fund. This would result in Deepwater Wind’s \$150,000 annual lease payment being deposited to restricted receipts with a corresponding loss to the general fund. The Assembly did not concur with similar legislation proposed during last year’s budget process.

- **Public Finance Management Board Fees.** The Governor’s budget includes an additional \$0.3 million in revenues from removing the exemption to the fee paid for debt issuances for taxable issues and refundings and

by municipalities. She proposes that the additional revenues be used to finance a new Office of Debt Management within the Office of the General Treasurer. The Office will be responsible for monitoring the process by which the state and other governmental units issue and manage public debt. Funding will support 1.0 new position and technology upgrades including a web portal to track all public debt.

- **License Plate Reissuance.** The Budget assumes a revenue loss of \$2.0 million from the one year delay of the mandatory reissuance of license plates, from July 1, 2016 to April 1, 2017. The reissuance has been delayed three times previously, from September 1, 2011 to September 1, 2013, from September 1, 2013 to September 1, 2015, and from September 1, 2015 to July 1, 2016. The associated legislation maintains the provision in current law that allows the new plates to be issued at the time of initial registration and upon the renewal of the registration. The enacted budget includes \$3.0 million to begin producing the new plate sets in FY 2016. The Governor recommends shifting the funds to FY 2017.
- **New Revenue Officers.** The Governor's budget assumes \$0.6 million in interest and penalties generated by the filling of three new revenue officer positions in the Division of Taxation. Combined with \$1.8 million in additional personal income, business, and sales tax revenues, the Budget assumes a total increase of \$2.4 million. Accounting for the \$0.2 million cost for the positions, the net budget impact is \$2.2 million.
- **Insurance and Banking and Regulation Staffing.** The Budget assumes \$0.4 million from the filling of Department of Business Regulation vacancies in the divisions of Banking and Insurance Regulation. Under current law, the state is reimbursed 150 percent of the Department's staffing and administrative costs for examinations conducted by staff of both divisions. The Budget adds \$0.2 million to fill the vacant positions.
- **Forward Capacity Market Revenue.** The Budget includes \$0.1 million in revenues from the state's participation in a Forward Capacity Market agreement, in which the state commits to a one hour twice per year test to demonstrate its ability to decrease demand for electricity. If successful, an incentive payment is made. The Department of Administration indicates that a total of \$0.7 million in revenues through FY 2019 could be received. The last four year agreement which ended in FY 2014 yielded a total of \$0.4 million.
- **Rhode Island Foundation Arts Grant.** The Governor's revised FY 2016 budget includes \$5,000 from a new Rhode Island Foundation grant awarded to the State Council on the Arts to issue grants to cultural arts organizations from the Expansion Arts program and to the program's administrators to attend professional development workshops.

Other Revenues

- **Fraud and Waste Initiative.** The Budget assumes \$5.0 million in revenues from investing a total of \$1.5 million for annual service agreements and purchasing a fraud and waste data tool that will combine data across agencies including Department of Labor and Training, Department of Revenue and health and human service agencies to detect fraud and waste. The Department of Administration indicates that the estimate utilized the total revenue that the state is currently forecasting for FY 2016, and utilized the 2012 Internal Revenue Service tax gap estimate. The expected revenues are budgeted as miscellaneous, as it is not known where the revenues will be realized. The total estimate assumes that the state is not currently receiving 15 percent of the tax gap wages on individual income due to wage reporting issues and 5.0 percent on sales and use tax. The savings assumed a collection rate of 35 percent on the individual income and 20 percent on sales tax.
- **State Fleet Vehicle Sale.** The Budget includes \$1.0 million in revenues from the sale of current vehicles. The Governor's budget proposes leasing approximately 250 light-duty passenger vehicles that are currently

used by employees in numerous departments. A third party administrator would be responsible for maintenance and replacement with the leasing cost offset by the current costs to operate and maintain.

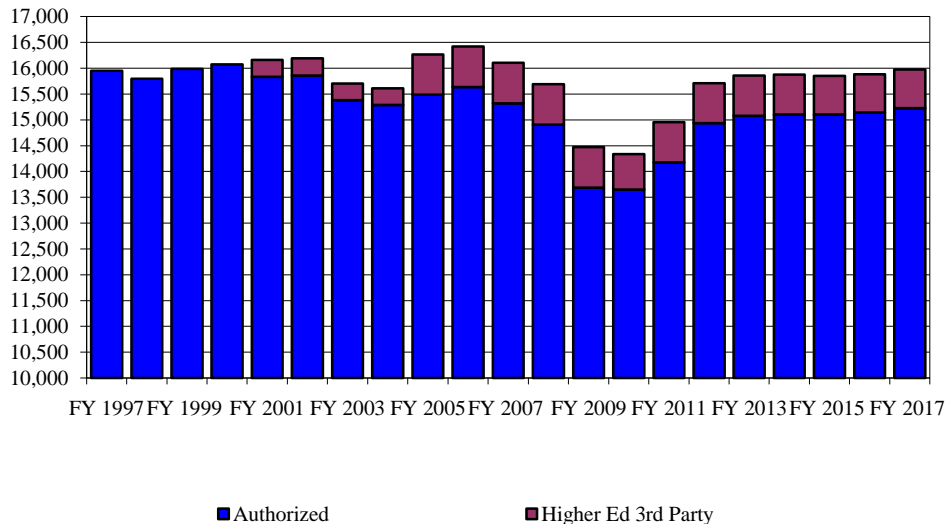
- ***Infrastructure Bank Transfer.*** The Budget includes the transfer of \$8.0 million from the Infrastructure Bank to general revenues by June 30, 2017.
- ***Resource Recovery Corporation Transfer.*** The Budget includes the transfer of \$1.5 million from the Resource Recovery Corporation to general revenues by June 30, 2017.
- ***Narragansett Bay Commission Transfer.*** The Budget includes the transfer of \$1.5 million from the Narragansett Bay Commission to general revenues by June 30, 2017 to offset the cost of general obligation bonds that have been issued on the Commission's behalf.
- ***RI Health and Educational Building Corporation Transfer.*** The Budget includes the transfer of \$5.0 million from the Rhode Island Health and Educational Building Corporation to general revenues by June 30, 2017.
- ***Rhode Island Airport Corporation Transfer.*** The Governor proposes that the Rhode Island Airport Corporation transfer \$0.3 million to general revenues by June 30, 2017 to reflect advanced debt service payments for general obligation bonds that have been issued on the Corporation's behalf.

State Government Personnel and Staffing

Summary

The Governor recommends \$1,987.8 million for personnel expenditures and 15,227.3 full-time equivalent positions, including 745.8 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$66.9 million and 108.9 more positions than the FY 2016 enacted budget. The expenditures include both salaries and benefits, as well as contracted services.

Full-Time Equivalent Positions

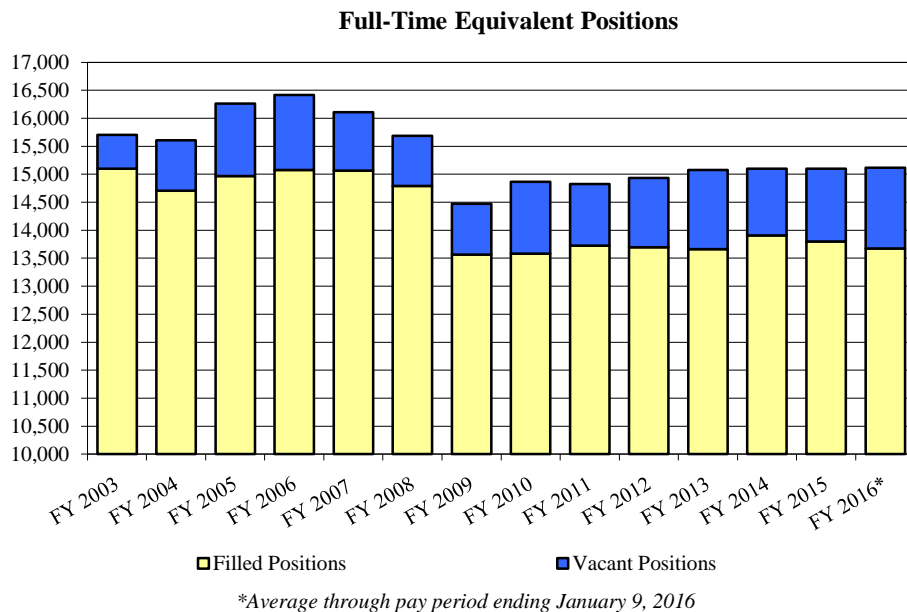


The General Assembly sets personnel limits for each agency and department defined as the maximum allowable number of full-time equivalent positions filled during any pay period. These limits are referred to as authorized levels. The authorized levels do not include temporary or seasonal employees or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

The chart on the next page shows the staffing levels from FY 2003 through FY 2015. Authorized levels peaked in FY 2006; however, filled positions peaked in FY 2003. A significant reduction to both authorized and filled positions is apparent in FY 2009, FY 2010 and FY 2011 due to a major surge of retirements. Other significant issues during that period are noted below.

- Total filled positions peaked at 15,099.0 in FY 2003. Filled positions dropped by 393.0 to 14,706.0 in FY 2004 due to a hiring freeze.
- The increase in authorized positions during FY 2005 is the result of an additional 461.2 higher education positions that are dedicated for research or supported by other third-party funds. There are consistent vacancies within this group of positions.
- Total authorized positions peaked in FY 2006 from an additional 151.9 authorized positions, primarily from a new class of correctional officers at the Department of Corrections and new nursing programs at each of the colleges. However, filled positions remained consistent with prior years.

- During FY 2007, the Governor proposed initiatives including measures to encourage eligible individuals to retire, such as ending statutory status and payment for unused sick leave and revisions to accrued vacation leave, freezing longevity payments, shutting down government operations for two days, and establishing limited service positions. The Assembly did not concur with the proposal; however, it did adopt a reduction of vacant general revenue funded positions, eliminating 419.4 vacant positions.



- The decline in both authorized and filled positions in FY 2009 resulted from changes to retiree health benefits included in Article 4 of 2009-H 5019, Substitute A, as amended. This change caused a significant number of state employees to retire. There were 14,917.8 filled positions on December 6, 2007, compared to December 8, 2008, when there were 13,302.1 filled positions.

The FY 2016 enacted budget includes authorization for 15,118.4 positions. The Governor’s FY 2016 revised recommendation reflects 20.9 more positions. As of January 9, there were 13,706.3 positions filled, leaving 1,283.8 non-research vacancies. In FY 2015, the state averaged 13,804.3 filled positions reflecting an average of 1,133.9 non-research vacancies. In FY 2014, the state averaged 13,908.9 filled positions reflecting an average of 1,001.8 non-research vacancies.

Personnel Costs

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

The Governor’s personnel recommendation includes \$1,684.8 million for salaries and benefits and \$303.0 million for contracted services. These expenditures represent an increase of \$66.9 million, or 3.4 percent, from the FY 2016 enacted budget. Salaries and benefits increase by \$46.0 million, or 2.8 percent and contracted services increase by \$20.9 million, or 7.4 percent. General revenue expenses for salaries and benefits increase by 2.5 percent and contracted services increased by 21.4 percent to primarily reflect expenditures for the Unified Health Infrastructure Project.

It should be noted that these expenditures exclude internal service funds; however, the staffing levels do include them.

FY 2017 Governor	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 579,139,483	\$ 176,530,393	\$ 41,767,740	\$ 315,406,383	\$ 1,112,843,999
Benefits	315,458,446	104,876,494	25,937,529	125,711,132	571,983,601
Total Salaries and Benefits	\$ 894,597,929	\$ 281,406,887	\$ 67,705,269	\$ 441,117,515	\$ 1,684,827,600
Contracted Services	63,802,494	167,583,128	42,954,517	28,676,117	303,016,256
Total Personnel	\$ 958,400,423	\$ 448,990,015	\$ 110,659,786	\$ 469,793,632	\$ 1,987,843,856

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

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

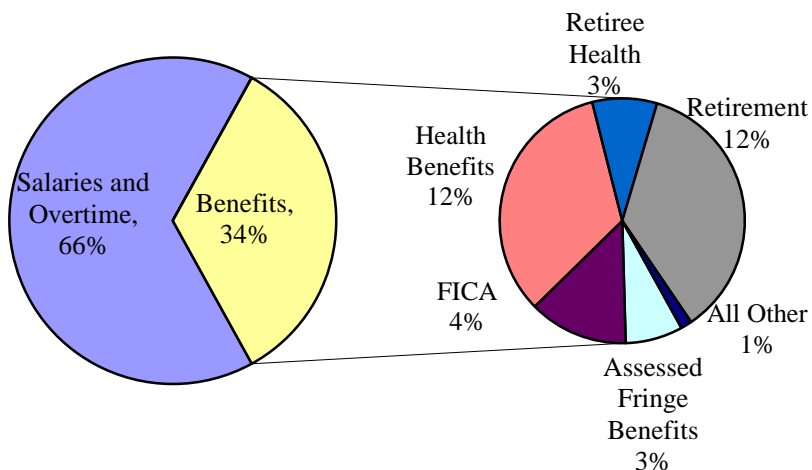
Employee status refers to an employee's protection during reorganizations or layoffs. When an employee is first hired, he or she may have temporary or probationary status, which provides the least protection. All employees that were hired prior to August 7, 1996, will have statutory status when reaching 20 years of state service. This means that the state is required to find a suitable position for that employee in the case of reorganizations or layoffs. For veterans, statutory status is acquired after 15 years of service. As of February 2016, there were 3,318 employees with statutory status, including 159 employees who were eligible through the veteran provision.

Governor Chafee recommended \$300,000 to conduct an analysis of the state's personnel system and to recommend alternatives to the current system. The study was completed in January 2013 and found that the current personnel structure, organization and staffing of the Division of Human Resources is not sufficient to support the state's need. Additionally, the recruiting process is highly paper-based, job classification structures do not reflect qualifications to deliver the services and the compensation structures are non-competitive.

A total of 16 actions were recommended, including: implementing an online application system, eliminating the public hearing process when making changes to classification structure, and hiring a new chief of human resources to be dedicated to establishing strategic direction and developing policies. The 2013 Assembly provided funding for this position, which was filled in December 2013. The FY 2016 revised and the FY 2017 recommended budgets include a total of \$1.2 million for a classification and compensation study. The vendor is currently working on the job descriptions and the study is expected to be completed in spring 2016.

Salaries and benefits make up 84.8 percent of total personnel costs. The following charts represent the total cost of salaries and benefits. The larger pie chart divides salaries, including overtime, and benefits.

FY 2017 Recommended Salaries and Benefits



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

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

The 2011 Assembly froze longevity increases for all employees effective July 1, 2011, or upon expiration of all current contracts when applicable. The Governor's FY 2016 recommended budget proposed changes to longevity that are described later in the report; though this proposal was later rescinded. The following table shows the years that an employee was eligible for these increases.

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

* As of July 1, 2011 or contract expiration

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

In April 2014, the Chafee Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017. Most state employee contracts expired on June 30,

2013. This includes 2.0 percent salary increases effective April 6, 2014, October 5, 2014 and October 4, 2015. Several contracts remained unsettled as of the submission of the FY 2017 budget, including those covering members of the Rhode Island Brotherhood of Correctional Officers.

The contract for the State Troopers Association covered the period of May 1, 2010 through April 30, 2013, and was subject to a wage re-opener for the last contract year. The State Troopers Association re-opened the contract for wage negotiations and a settlement was reached in August 2015. The settlement covers a three year period; May 1, 2013 through May 1, 2015 for a 10.0 percent salary increase, consisting of retroactive hikes of 3.5 percent as of May 1, 2013; 3.0 percent as of May 1, 2014; and 3.5 percent as of May 1, 2015.

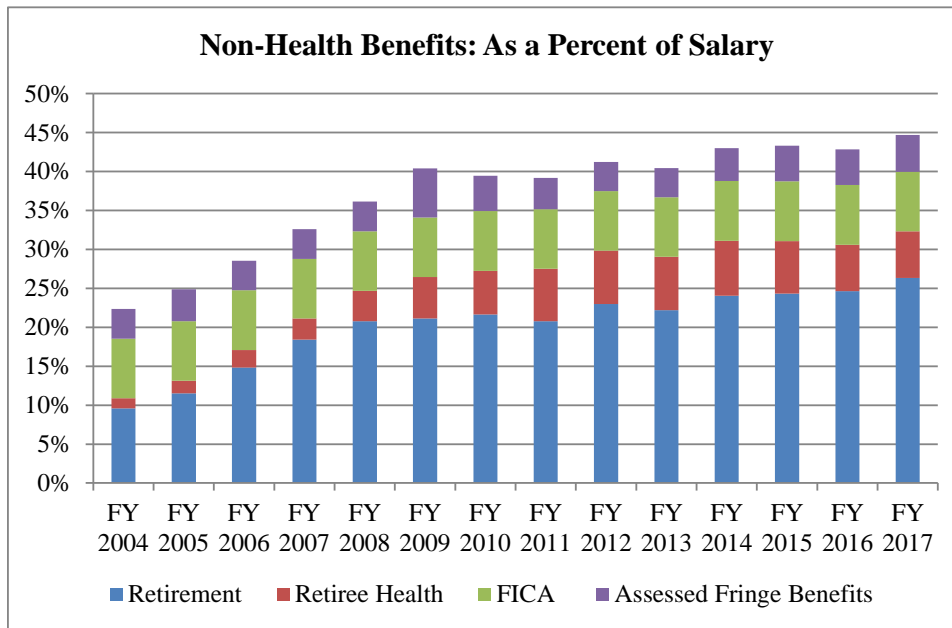
The following table identifies the recent cost-of-living adjustments and any other notable adjustments to employee salaries.

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

Overtime. Overtime accounts for 3.6 percent of total salary and benefit expenses. The majority of overtime expenses occur in the Department of Corrections for correctional officers, followed by the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Human Services and Public Safety.

Overtime - FY 2017 Governor	
Corrections	40.9%
BHDDH	13.4%
Public Safety	8.8%
Human Services	8.8%
Transportation	7.9%
Higher Education	7.9%
Children, Youth and Families	6.3%
All Others	6.1%
Total	100%

Benefits. Benefits include direct benefits to employees such as health, workers' compensation and unemployment as well as unfunded liabilities for retirement and retiree health. With the exception of health benefits, these are calculated as a percentage of salary and are approximately one-third of the total cost of a position. The following table shows non-health benefits as a percent of salary from FY 2004 through FY 2017. It is important to note that while FICA is part of the cost of a position, it is a federal requirement over which the state has no control. Each benefit is described in the paragraphs that follow.



Retirement. Participation in Rhode Island’s hybrid defined benefit/defined contribution plan is mandatory for most state employees, except for certain higher education employees who participate in a defined contribution plan. The 2011 Assembly adopted changes including participation in a new defined contribution plan for all employees, except judges, state police and correctional officers. The 2015 Assembly enacted changes consistent with the pension settlement agreement agreed to in the spring of 2015; these changes are described later in the report.

Employees must work until a combination of their years of service and age equal 95. Employees who were not eligible to retire when the 2011 changes became effective have an individualized retirement age based on their years of service but they must be at least 59 years old to retire.

The salary basis is the five highest consecutive years. Cost-of-living adjustments are only granted when the pension systems’ aggregate funded ratio exceeds 80.0 percent; the formula uses both investment returns and inflation, but no more than 3.5 percent or less than zero. It is only applied to the member’s first \$25,000 of pension income, indexed to grow at the same rate as the cost-of-living adjustment. Prior to full funding, intermittent cost-of-living adjustments are granted every four years and there are different provisions for pre-settlement retirees. There have been many changes to the retirement system over the past few years. These changes are discussed later in the report.

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

FICA. The Federal Insurance Contributions Act tax is a United States payroll tax imposed by the federal government on both employees and employers to fund Social Security and Medicare. This applies to all employee groups except State Police. This rate is calculated on salaries and overtime; however, the Social Security portion has a salary limit. In calendar year 2016, the salary limit is \$118,500. There is no salary limit for the Medicare portion.

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

Assessed Fringe. The assessed fringe benefit internal service fund was established in August 1999 to comply with federal regulations and to eliminate the fluctuations in agency budgets that result from workers' compensation claims, unemployment claims, and unused leave. A biweekly assessment is applied to the amount of salaries and wages paid from all accounts and funds. This fund allows the costs to be spread out over all fund sources, as opposed to only general revenues. The rate for most employees is 4.6 percent for FY 2016; however, the rate for certain public safety personnel is 2.35 percent because these employees receive injured on duty benefits. The rate for higher education faculty is 3.93 percent because they do not receive severance payments.

The FY 2016 enacted budget was based on an assessment of 4.3 percent; however, nearing the end of FY 2015, the Budget Office projected that the fund would not have resources to cover costs. The fund ended FY 2015 with a deficit of \$1.9 million. In order to eliminate the deficit, the assessment rate for FY 2016 was increased from 4.3 to 4.6 percent, or by 7.0 percent.

The FY 2017 planning values assume a 4.75 percent assessment, which is projected to generate \$42.0 million in FY 2017 and will be used to pay workers' compensation claims, unemployment claims, and unused leave. Expenditures for workers' compensation account for approximately 80 percent of the total assessment.

The FY 2017 Budget assumes statewide savings of \$0.5 million, including \$0.3 million from general revenues from changes related to Workers' Compensation. The Department of Labor and Training calculates the necessary assessment for this component, which is partially based on a classification of employees. A Bureau of Audit review revealed that certain higher education employees were misclassified and this classification resulted in a higher assessment than required.

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

The following table shows the cost of health benefits and the state employee co-shares for FY 2016 for both individual and family plans.

FY 2016 Revised	Below \$49,670		\$49,670 - \$95,481		Over \$95,481	
	Individual	Family	Individual	Family	Individual	Family
Total Cost of Benefits	\$ 7,822	\$ 21,925	\$ 7,822	\$ 21,925	\$ 7,822	\$ 21,925
% of Premium: State	80.0%	85.0%	80.0%	80.0%	75.0%	75.0%
Annual Cost to State per Employee	\$ 6,258	\$ 18,636	\$ 6,258	\$ 17,540	\$ 5,867	\$ 16,444
% of Premium: Employee	20.0%	15.0%	20.0%	20.0%	25.0%	25.0%
Annual Cost to Employee	\$ 1,564	\$ 3,289	\$ 1,564	\$ 4,385	\$ 1,956	\$ 5,481

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

Weighted Average	FY 2016 Enacted	FY 2016 Rev. Req.	FY 2016 Revised	FY 2017 Request	FY 2017 Gov. Rec.
Medical	\$ 17,105	\$ 16,513	\$ 16,513	\$ 17,058	\$ 17,058
Dental	920	881	881	907	907
Vision	130	126	126	130	130
Total	\$ 18,155	\$ 17,520	\$ 17,520	\$ 18,095	\$ 18,095

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

As shown in the table above, the FY 2016 enacted budget assumes a planning value of \$18,155; however, it assumes savings from medical and vision that were budgeted in the Department of Administration for later distribution. The Budget Office subsequently distributed the savings to agency budgets, thereby reducing the weighted average to \$17,520 or 3.5 percent.

The Budget Office notes that the Health Insurance Fund was showing a larger surplus than expected; the FY 2016 revised budget includes additional medical benefit savings of \$2.5 million from a partial medical benefit “holiday,” which is equivalent to one-half what agencies would be charged for a full pay period. The Budget Office further notes that as the fiscal year progresses, if the fund balance maintains sufficient funds then a full medical holiday may be possible. This would result in additional savings of \$2.5 million.

The FY 2017 budget is based on a planning value of \$18,095, which is 3.3 percent more than the FY 2016 revised budget. The FY 2017 recommended budget assumes \$2.6 million less for medical benefits than previously assumed.

Beginning in June 1997, before employees were contributing to the cost of health benefits, the state began offering employees the option of choosing a medical benefit waiver as opposed to enrolling in a state health plan. The waiver had been \$2,002 through FY 2011; it was then reduced by half to \$1,001. It should be noted that new contracts eliminate the waiver for two state employed spouses who are hired on or after June 29, 2014.

The 2014 Assembly adopted legislation replacing the assessments that support the infant and adult immunization programs, effective on January 1, 2016 and established a new funding methodology. Pursuant to Rhode Island General Law 42-7.4-3, the Healthcare Services Funding Contribution will be based on a per-person enrollment for those in fully-insured or self-insured plans with the exception of municipal employees. State employees and employees of non-profit hospital corporations will be included beginning July 1, 2016. It should be noted that this cost has not been factored into the health benefit rates in the budget.

Total Costs. The true cost examples for two employees who have salaries of \$50,000 and \$100,000, respectively, and a family health plan in FY 2017 is displayed in the following table.

Cost of a Position - FY 2017 Recommended				
	Expense	% of Salary	Expense	% of Salary
Salary	\$ 50,000		\$ 100,000	
FICA	3,825	7.65%	7,650	7.65%
Assessed Fringe	2,375	4.75%	4,750	4.75%
Retiree Health	2,985	5.97%	5,970	5.97%
Retirement	13,170	26.34%	26,340	26.34%
Subtotal	\$ 22,355	44.71%	\$ 44,710	44.71%
Health Benefits	18,095	Family Plan	18,095	Family Plan
Total Co-share	(3,619)		(4,524)	
Subtotal Benefits	\$ 36,831	73.7%	\$ 58,281	58.3%
Total Cost	\$ 86,831		\$ 158,281	

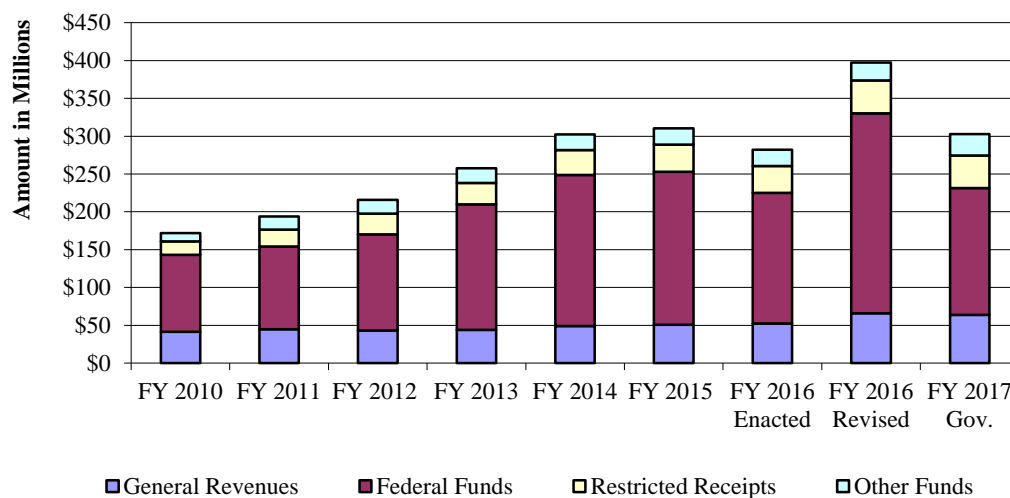
Contracted Services. Contracted services make up the remaining 15.2 percent of personnel costs. The recommended budget includes \$303.0 million for expenditures the state classifies as contracted services, often referred to as consultants. These expenditures that reflect the compensation paid for the services of

non-employee individuals or firms and include payments to professional practitioners and other independent contractors who sell their services.

By fund source, 55.3 percent of the expenses are supported by federal grants and 21.1 percent are funded from general revenues. The Executive Office of Health and Human Services and the Department of Elementary and Secondary Education account for more than a third of these expenses from all sources.

The following chart shows the costs of contracted services from FY 2009 through FY 2017. The total cost remained relatively consistent from FY 2009 through FY 2011; however, there is a decline in the amount of general revenues spent over that time. The significant increases in FY 2012 and FY 2013 are mostly as a result of Race to the Top funds in the Department of Elementary and Secondary Education. The Department was awarded \$75.0 million to spend over four years. The FY 2013 and FY 2014 budgets also include over \$50 million from federal funds for the implementation of the Affordable Care Act.

Contracted Services, FY 2010 to FY 2017



The FY 2016 revised budget includes \$397.4 million for contracted services. This is \$115.3 million more than enacted, including increases \$13.4 million from general revenues, \$92.0 million from federal funds, \$7.9 million from restricted receipts and \$2.0 million from other funds. Of the increase, \$109.3 million is for the Unified Health Infrastructure Project. The FY 2017 budget includes \$303.0 million, which is \$20.9 million or 7.4 percent more than enacted, and is \$94.4 million less than the revised budget.

Over the past few fiscal years, the Assembly required state agencies to be held more accountable for contracted services they purchase. The Assembly concurred with most of Governor Chafee’s FY 2015 budget proposal to repeal or consolidate most requirements. The paragraphs that follow identify these reporting requirements, and any significant revision.

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

The 2006 Assembly amended this legislation in 2006-H 6779, Substitute A, to establish a \$0.1 million threshold for which services obtained are substantially similar to work performed by regular employees of the department, commission, board, council or agency. The legislation further required state agencies to

list all privatization contracts as part of the budget requests, which must contain the name of the contractor, duration of the contract and costs of previous, current and upcoming years. Agencies must also include a summary of contracted private employees for each contract, reflected as full-time equivalent positions and their hourly wage rate. It appeared that only a few agencies were complying with this requirement.

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

Governor Chafee included legislation in Article 17 of his recommended FY 2015 budget that increased the threshold from \$100,000 to \$150,000 and required that the reporting be annually submitted to the Budget Office electronically. The legislation requires that the Budget Office electronically post all contracts and reports online using the state's transparency portal or an equivalent website no later than December 1 of each year. The Assembly concurred and included the legislation in Section 4 of Article 9 of 2014-H 7133, Substitute A, as amended. This reporting requirement has not been met.

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

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

This reporting requirement has not been met. The staff from the Budget Office indicates that it has been in discussions with Council 94 to format the template for reporting.

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

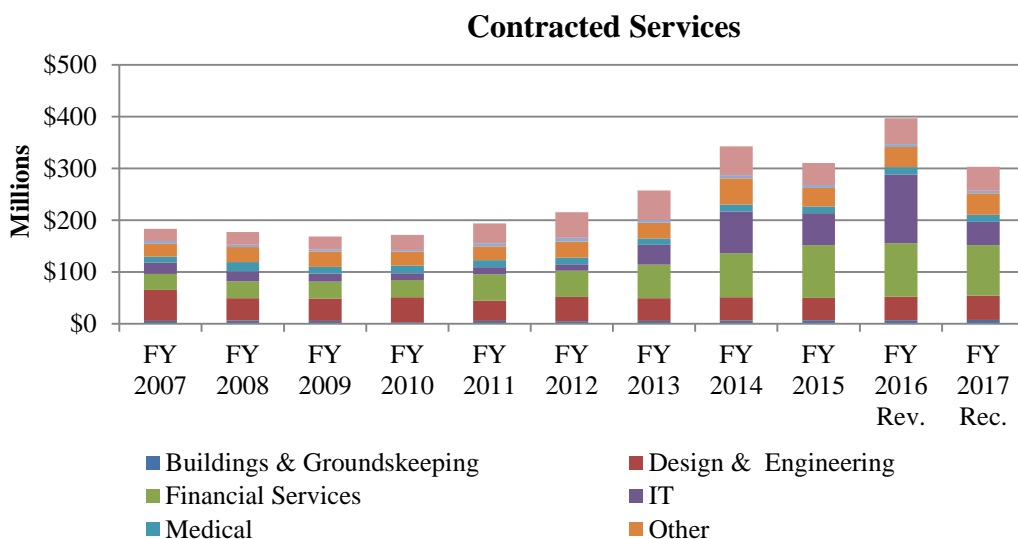
Governor Chafee included legislation in Article 17 of 2014-H 7133 to repeal this, in conjunction with modifying a similar requirement. The Assembly concurred.

RIGL 42-149-3.1. This legislation, adopted in Public Law 2011, Chapter 409 requires an assessment of 5.5 percent on contractual costs to be paid to the retirement system on a quarterly basis when a department, commission, board, council, agency or a public corporation agrees to obtain contractual services that are substantially similar to and in lieu of services provided by regular employees of the department, commission, board, council, agency or public corporation. During the FY 2013 budget process, the

administration indicated that it developed a mechanism within the state’s accounting system to calculate this charge and \$0.4 million was collected in FY 2013, FY 2014 and FY 2015.

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

P.L. 2007, Chapter 073. The 2007 Assembly adopted legislation to correct a situation concerning contract employees that were doing the same work as state employees, under state employee supervisors. Departments and agencies would be allowed to convert those positions to state employee positions within available funding. The law also required that an agency or department may not employ contracted employees or employee services where the contracted employees would work under state employee supervisors after October 1, 2007, without determination of need by the Director of Administration acting upon the positive recommendations of the Budget Officer and the Personnel Administrator and 15 days after a public hearing. The FY 2014 enacted budget and six previous budgets included this language. The FY 2016 enacted budget did not include this language and the Governor’s FY 2017 budget also excludes the language.



The table above shows the types of services provided by outside contractors from FY 2007 to FY 2017. The majority of the expenditures are spent on design and engineering services, training and educational, and management and consultant services. The smallest area of spending is legal services and buildings and grounds keeping services.

FY 2017 Proposed Personnel Initiatives

The Governor includes Article 3 as part of her recommended budget to include several personnel initiatives. The article covers four general issues: classification, compensation for directors, health benefits and personnel administration including the Personnel Appeal Board and probationary period. Several of these initiatives were included in her FY 2016 recommended budget; she subsequently requested an amendment to rescind some of the proposals or limit them to those employees not covered by collective bargaining agreements. Article 3 includes several proposals that were included in the FY 2016 recommended budget for reconsideration, including director’s pay, probationary period and adding certain positions to the unclassified service.

- **Classification Issues.** The Governor proposes legislation that adds several positions to the unclassified service, including an administrative officer for the Rhode Island Emergency Management Agency; a new

cybersecurity officer; and chiefs of staff, public information officers and policy directors in several departments. The FY 2016 enacted budget included several changes to the unclassified service, including language that provided that if any position added to the unclassified service by legislative act after January 1, 2015, is occupied by a classified employee on June 30, 2015, the positions shall remain in the classified service until such position becomes vacant. It also added certain positions in several departments to the unclassified service: for the Department of Administration, a chief of staff, public information officer and legislative/policy director; for Office of Commerce, a secretary, deputy secretary, chief of staff, communications director, legislative director and policy director; and several others.

- **Classification Study.** The Governor recommends a total of \$1.2 million from general revenues, including \$950,750 in FY 2016 and \$250,000 in FY 2017 for a classification and compensation study. This is to continue the work begun with a study and review of the personnel system completed in January 2013 that found that the current structure, organization and staff of the human resources division is not sufficient, the recruiting process is cumbersome and slow, the job classification structures do not reflect qualifications to deliver services and career earnings potential for state employees is lower than neighboring states. The vendor is currently working on the job descriptions and the study is expected to be completed in spring 2016.

- **Retiree Health Insurance.** The Governor includes a proposal that would allow retired employees who currently are receiving health insurance coverage from the state to opt out and receive a cash payment in lieu of the insurance coverage, provided that the individual has another form of health coverage. There would be no limit on the number of times a retiree could receive the waiver and the waiver amount is not specified. Current active employees who opt out of receiving health coverage receive a waiver of \$1,001 per year.

- **Administrative Changes.** The Governor proposes legislation to require the Personnel Appeal Board to give deference to the degree of discipline imposed upon the employee by the appointing authority provided that the factual findings of the Personnel Appeal Board are substantially consistent with the facts relied upon by the appointing authority and the degree of discipline imposed was not arbitrary, capricious or contrary to rule or law. She also proposes to extend the probationary period for certain positions from 6 months to 12 months, effective July 1, 2016 or upon the expiration of applicable labor contracts. Her FY 2016 budget included similar proposals that were not adopted.

- **Director's Salaries.** The Governor proposes to repeal the requirement that the Department of Administration seek the General Assembly's approval in determining salaries for cabinet directors. Director's salaries would be similar to those employees of the Office of the Governor, which are currently determined by the Governor, and would be entitled to receive cost-of-living increases as provide to unclassified employees of the Executive branch. Current law requires that the Department of Administration refer a proposed salary for a director to the General Assembly by the last day in April, which will take effect in 30 days unless it is rejected by a formal action of the House and Senate within the time frame. The 2015 Assembly provided a one-time four-month extension to the current law on director salaries, instead of enacting a similar proposal for the Governor to repeal this process. The public hearing process was extended to July and the referral of proposed salaries to the Assembly was extended to August 30.

Recent Compensation and Benefit Revisions

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

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

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

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

Public labor unions challenged the constitutionality of the law subsequent to its enactment. To avoid what could have been a lengthy and costly trial, state and labor unions were ordered into federal mediation. In February 2014, a proposed settlement was announced, which maintained most of the pension changes; however, the retirement age was reduced from 67 to 65 and allowed employees who have worked at least 20 years to keep their defined-benefit pensions. Retirees would receive a one-time 2.0 percent cost-of-living increase upon the enactment of the agreement and intermittent cost-of-living increases would be given every four years instead of every five years. Additionally, the settlement needed the approval of retirees, state employees, as well as the General Assembly. If more than half of any one group were to vote against the settlement, the litigation would continue. Though most employees and retirees voted in support of the settlement, a majority of police officers voted against it; thereby rejecting the settlement in whole. The trial was originally scheduled for September 2014, and later rescheduled for April 2015.

In March 2015, a proposed settlement was announced. The Assembly enacted Article 21 of 2015-H 5900, Substitute A, as amended to codify the pension settlement agreement signed by all the parties (except all municipal police and Cranston fire) in April 2015 and determined by the Court to be fair, adequate and reasonable in May 2015. The legislation does not exclude any parties. It preserves over 90 percent of the 2011 pension reform savings. The changes include providing a cost-of-living increase every four years instead of every five as well as two, one-time \$500 payments to all current retirees. It changes the formula for calculating the cost-of-living increase to use both investment returns and the consumer price index with a maximum of 3.5 percent; currently it is only based on investment returns with a 4.0 percent maximum. It also increases the base used for cost-of-living calculations from \$25,000 to \$30,000 for current retirees.

It returns state employees, teachers and Municipal Employees Retirement System (MERS) general employees with at least 20 years of service as of June 30, 2012 to a defined benefit plan with a 2.0 percent annual accrual and higher employee contribution rate. It also increases the state's contribution to the

defined contribution plan for those with between 10 and 20 years of service as of June 30, 2012. It also contains increases in accrual rates for correctional officers and municipal public safety employees.

It includes adjustments to the retirement age for all groups and allows local municipalities to re-amortize the unfunded liability four additional years to 25 years for MERS plans and the local employer portion of teacher contributions.

There was no assumed impact to the FY 2016 budget; the FY 2017 budget was expected to require an additional \$12.6 million from general revenues. This is reflected in the rates adopted by the Retirement Board, which are used in the Governor's FY 2017 recommended budget.

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

The 2012 Assembly adopted legislation establishing a Medicare exchange for eligible retirees that offers a wider array of health benefit choices at a lower cost through competition. The state sets up a Health Reimbursement Arrangement (HRA) for each retiree and deposits the state subsidy into the account each month. It is the same percent subsidy that the retiree previously received. The maximum state contribution is set at equal to the lowest cost plan, adjusted for age that is comparable to the highest former plan. A retiree can choose a lower cost plan and use the balance of funds for any approved expense including: purchasing a plan for a spouse, dental or vision coverage, and payment of Medicare Part B premiums and Part D coverage.

As part of her FY 2016 recommended budget, Governor Raimondo had proposed changing the requirements for what benefits must be included in early retiree health benefits. The Assembly did not concur.

It should be noted that the federal "Cadillac" was scheduled to take effect in 2018 for plans deemed high cost. The tax would be 40.0 percent of the cost above federally established thresholds. While final regulations have not been issued, it is widely assumed that the threshold will be \$10,200 for an individual plan and \$27,500 for a family plan. The current pre-65 rate plan costs \$11,300 for an individual plan and \$31,500 for a family plan. In December 2015, Congress delayed the start of the tax to 2020. Originally, the tax was nondeductible; however, when the law was modified in December, it became tax deductible for employers who pay it. To date, no federal regulations have been issued.

The retiree health rate in the last actuarial valuation assumed a 0.29 percent to account for the costs of the "Cadillac" tax. The rate has not been adjusted yet to account for the delay.

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

The second savings initiative was to delay the 3.0 percent cost-of-living adjustment from July 1, 2010 to January 2, 2011. Together these initiatives were intended to save approximately \$29.5 million from all sources, including \$17.5 million from general revenues in FY 2011. In FY 2010, the initiatives accounted

for savings of \$26.8 million from all sources, including \$15.0 million from general revenues. These savings ended for FY 2012, and the contract called for a 3.0 percent increase effective July 1, 2011.

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

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

Governor Raimondo proposed legislation in her FY 2016 budget to freeze longevity payments currently expressed as a percent of salaries, at the amount earned by an employee as of June 2015, or the last pay period prior to the expiration of applicable collective bargaining agreements, whichever occurs later. It also excluded longevity from an employee's base rate salary, which means longevity will not grow with other raises. She subsequently requested an amendment to rescind this proposal. The Assembly retained current law.

Changes for each agency are summarized in the paragraphs at the end of this report and explained in further detail in the individual agency analyses contained in the FY 2016 Revised and FY 2017 sections of this publication.

Distribution of Positions

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

FY 2017 Changes to Enacted FTE	Gen. Govt.	Human Services	Education	Public Safety	Natural Res.	Transp.	Total
<i>FY 2016 Enacted</i>	2,330.2	3,747.6	4,630.4	3,229.6	428.0	752.6	15,118.4
New Positions	44.0	17.0	38.6	17.0	2.0	-	118.6
Consolidation Initiatives	23.0	(9.0)	(2.0)	-	-	(11.0)	1.0
Program Reduction	(5.5)	(2.0)	(2.6)	-	-	(0.6)	(10.7)
<i>Total Change to Enacted</i>	61.5	6.0	34.0	17.0	2.0	(11.6)	108.9
FY 2017 Recommended	2,391.7	3,753.6	4,664.4	3,246.6	430.0	741.0	15,227.3

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2016 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 55.3 percent of all positions.

The Budget includes 2,391.7 full-time equivalent positions for general government agencies, 15.7 percent of the distributed positions. This is 61.5 positions more than the authorized level, reflecting 44.0 new positions and 23.0 for two consolidation initiatives.

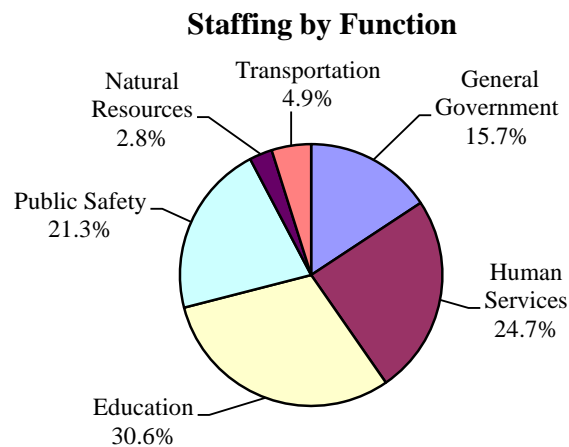
The Budget provides 3,753.6 full-time equivalent positions for human services, or 24.7 percent of all distributed positions. This is 6.0 positions more than enacted.

The Budget includes 4,664.4 full-time equivalent positions for education, 30.6 percent of all distributed positions. This is 34.0 positions more than the FY 2016 enacted budget.

There are 3,246.6 full-time equivalent positions for public safety agencies, 21.3 percent of all distributed positions. This is 17.0 positions more than the FY 2016 authorized level.

The Budget provides 430.0 full-time equivalent positions for natural resources agencies. This is 2.0 positions more than enacted.

The Budget provides the authorized level of 741.0 full-time equivalent positions for transportation, 11.6 less than enacted.



Program Changes to FY 2016 Enacted Staffing Levels

Administration. The Governor recommends FY 2016 revised staffing of 723.7 positions, 12.0 more than authorized. This includes the transfer of 5.0 positions from the Departments of Transportation and Behavioral Healthcare, Developmental Disabilities and Hospitals, as part of the capital consolidation initiative, and 4.0 new senior positions. It also includes new positions in other programs including the Office of Management and Budget, Construction Permitting, Approvals and Licensing, Central Management and Purchasing. The recommendation assumes 12.7 unidentified positions to be eliminated.

She recommends staffing of 743.7 positions for FY 2017. To the revised budget, she adds 20.0 positions from various agencies for the consolidation of auditing functions, 1.0 new cybersecurity director position and 1.0 new position in the Office of Energy Resources.

Business Regulation. The Governor recommends staffing of 104.0 positions for the Department of Business Regulation in FY 2017. This is 6.0 more than enacted, including 5.0 positions added for administration of the Medical Marijuana program and one new position in the Insurance Division.

Labor and Training. The Governor recommends 416.5 full-time positions for both FY 2016 and FY 2017. This is 6.5 positions more than authorized, including 3.0 each for grant monitoring and evaluation and the Misclassification Task Force and 1.0 for the Workforce and Education Realignment Project, offset by a vacancy reduction of 0.5 positions.

Revenue. The Governor recommends 523.5 positions for FY 2017, 9.0 more than enacted. This includes 6.0 positions in the Division of Taxation for revenue enhancements, 2.0 in the Office of Revenue Analysis and 1.0 in the Division of Municipal Finance for the Municipal Transparency Portal project.

Secretary of State. The Governor recommends 59.0 positions for FY 2017, 2.0 more than authorized to reflect one junior application developer and a copy editor position.

Office of the General Treasurer. The Governor recommends staffing of 87.0 for FY 2016, 3.0 more than the enacted level. This includes 1.0 new program director position for the CollegeBound*fund* and 2.0 new positions for the Retirement System.

For FY 2017, she also adds 1.0 position to staff the new Office of Debt Management, for total staffing of 88.0.

Board of Elections. The Governor recommends 1.0 new position to assist with the implementation of new campaign finance laws, for FY 2017 staffing of 12.0 positions.

Public Utilities Commission. The Governor recommends 51.0 positions for FY 2017, 1.0 more than the authorized level to reflect a new position to deal with residential utility termination cases.

Behavioral Healthcare, Developmental Disabilities and Hospitals. The Governor transfers two positions to the Department of Administration for the consolidation of facilities management functions that occurred in the FY 2016 enacted budget and eliminates two positions in the Division of Behavioral Healthcare Services for staffing authorization of 1,417.4 in FY 2017.

Health. The Governor recommended 503.6 positions for FY 2017, 13.0 more than enacted to reflect the transfer of the Women, Infants, and Children Nutrition Assistance Program from the Department of Human Services.

Human Services. The Governor transfers seven fraud detection positions for the consolidation of audit functions into the new Office of Internal Audit in the Department of Administration and adds three positions in the Division of Veterans' Affairs. The Governor transfers the Women, Infants and Children program to the Department of Health but does not reduce staffing by the 13.0 positions assigned to that program, essentially adding 13.0 unidentified positions to the Department of Human Services.

Commission on the Deaf and Hard of Hearing. The Governor recommends staffing authorization of 4.0 positions, 1.0 more than enacted to reflect a new staff interpreter position.

Elementary and Secondary Education. The Governor recommends FY 2017 staffing of 339.4 positions, 2.0 more than authorized to support the Department's performance management system and the evaluation model to develop and implement professional practice and training for all evaluators.

Public Higher Education. The Governor's FY 2017 recommendation includes 4,293.8 positions, 34.6 more than enacted. This includes 2.0 fewer positions, one each from the University and the Office of the Postsecondary Commissioner to reflect transfers to the Department of Administration for auditing functions; 34.0 more for the University, including faculty and advisers; and 2.6 more for the College.

Rhode Island State Council on the Arts. The Governor's budget includes 2.6 positions fewer positions to reflect the elimination of the Rhode Island Film and Television Office. Elimination of the Office would require a statutory change, for which legislation was not included in the government reorganization article. The Budget does not eliminate the Office's statutory obligation to administer the Motion Picture and Theatrical Production tax credits.

Corrections. The Governor includes 1,432.0 positions for FY 2017, 13.0 more than enacted. This includes 8.0 new probation officer positions to shift inmate discharge planning from contracted to direct personnel. She also adds 5.0 new probation officer positions to fund a proposal of the Justice Reinvestment Working Group that would allow for the closure of one double module at the Intake Service Center.

Military Staff. The Governor recommends 96.0 positions for FY 2017, 4.0 more than enacted, including two maintenance positions, a projects manager and a program manager.

Environmental Management. The Governor recommends 401.0 positions for FY 2017, 2.0 more than enacted including an environmental scientist and a senior legal counsel position.

Transportation. The Governor recommends staffing of 752.0 positions for FY 2016, which includes a program reduction of 0.6 of a position. For FY 2017, she includes 741.0 positions, 11.0 less than the revised budget to reflect the transfer of positions to the Department of Administration. This includes 3.0 to the Division of Capital Asset Management and Maintenance and 8.0 to the Office of Management and Budget for the consolidation of auditing functions.

Medicaid

Medicaid is a health insurance program jointly funded by the federal government and the states to provide services to low-income children, pregnant women, parents of dependent children, the elderly, and people with disabilities. The federal government's share of expenditures for most Medicaid services is called the federal medical assistance percentage (FMAP). The remainder is referred to as the nonfederal or state share. With passage of the Patient Protection and Affordable Care Act of 2010, states now have the option of expanding coverage to include certain low-income adults with the federal government paying all program costs for the first three years and eventually paying 90 percent of the total cost.

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

FY 2017 as Recommended	General Revenues	All Funds	% of Medicaid
OHHS	\$ 907,821,845	\$ 2,374,372,477	85.3%
BHDDH	163,514,235	332,601,572	11.9%
Children, Youth and Families	22,578,140	47,939,616	1.7%
Human Services	12,972,114	28,007,744	1.0%
Health	1,038,359	1,973,591	0.1%
Total	\$ 1,107,924,693	\$ 2,784,895,000	100%

Reinventing Medicaid. On February 26, 2015, Governor Raimondo signed an executive order establishing the Working Group to Reinvent Medicaid, which was comprised of Medicaid stakeholders to conduct a comprehensive review of the Medicaid program and make recommendations for short and long-term plans to transform the program.

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

The following table shows only the expenditure savings assumed for the Office from Reinventing Medicaid. A majority of the savings, \$70.3 million from all sources is from a reduction to rates paid to hospitals, nursing facilities and the managed care plans. There are over 40 initiatives and the table aggregates some of the program efficiencies, such as residency verification and coordinated coverage for those with Medicare or other third party coverage. The status noted represents the testimony provided at the November Caseload estimating conference at the end of October 2015.

It should be noted that the savings included in the FY 2017 recommended budget are the same as savings in the FY 2016 enacted and revised recommendation. However, the Governor requests the legislative authority to make certain changes within the Medicaid program that are tied to several of the initiatives in her Reinventing Medicaid initiatives. This includes supporting housing arrangement and community health teams to further clarify the savings taken in FY 2016 to expand opportunities for housing and access to Medicaid services.

Proposal	FY 2017 Recommended		Oct. 2015 Status
	Gen. Rev.	All Funds	
Hospital/Nursing Home & Managed Care Payments	\$ (30,688,081)	\$ (70,287,551)	On Target
Pilot Coordinated Care Program	(3,000,000)	(6,038,647)	On Target
Community Health Teams	(1,000,000)	(2,012,882)	On Target
Home Stabilization Initiatives	(1,750,000)	(3,522,544)	Delayed
Assisted Living Opportunities	(1,801,320)	(3,625,845)	Delayed
STOP Program	(500,000)	(1,006,440)	On Target
Adult Day Services	(500,000)	(1,006,441)	On Target
Coordinated Care Management for SPMI	(3,000,000)	(6,038,647)	Delayed
Eleanor Slater Hospital*	(1,000,000)	(2,012,882)	On Target
Medicaid Eligible Adults to Expansion	(1,500,000)	-	On Target
Electronic Visit Verification*	(1,523,299)	(3,066,222)	Delayed
Other Program Efficiencies	(8,989,820)	(18,095,451)	On Target
Total	\$ (55,252,520)	\$ (116,713,553)	
<i>*Initiatives also impact Department of Behavioral Healthcare, Developmental Disabilities & Hospitals</i>			

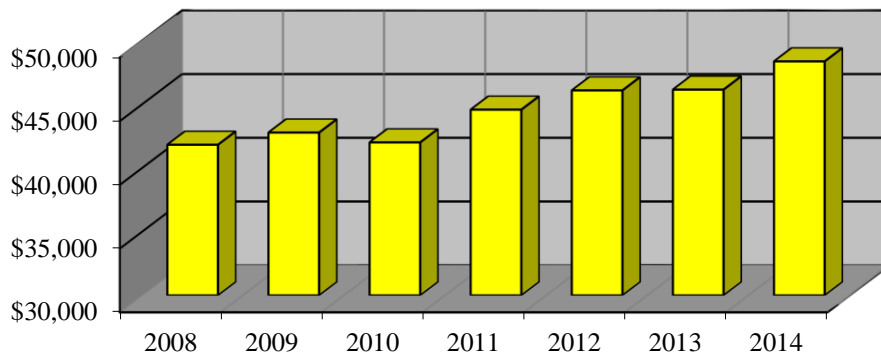
Medicaid Rate. The federal medical assistance percentage (FMAP), also known as the federal Medicaid matching rate, is a calculation with significant impact on state health and human services spending. Each state has a Medicaid rate. The formula that determines an individual state's Medicaid rate is based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

The following table includes the Rhode Island Medicaid rates used from FY 2010 through the projected FY 2017 rate. Enhanced rates were authorized as fiscal relief to states affecting FY 2008 through FY 2011 rates. Since the Medicaid rate is published for the federal fiscal year which starts on October 1, the state uses a blended rate for its fiscal year. For example, Rhode Island's FY 2017 projected rate is based on one quarter of the federal fiscal year 2016 rate and three quarters of the federal fiscal year 2017 rate resulting in a slightly different rate. The Medicaid rates are shown in the following table.

Medicaid Rates	FFY	SFY
FY 2017	51.02%	50.87%
FY 2016	50.42%	50.32%
FY 2015	50.00%	50.03%
FY 2014	50.11%	50.40%
FY 2013	51.26%	51.48%
FY 2012	52.12%	52.33%
FY 2011	61.39%	62.26%
FY 2010	63.93%	63.92%
FY 2009	63.89%	61.04%
FY 2008	52.51%	52.59%

The following chart shows the state's per capita income during six calendar years. The FY 2017 rate is based on 2012 through 2014 data.

State of Rhode Island Per Capita Personal Income

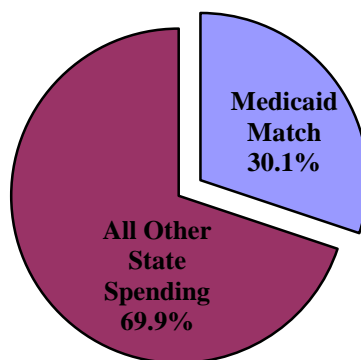


The per capita income data is released by the federal Bureau of Economic Analysis and is used by the federal government to calculate each state’s reimbursement rate for Medicaid. It should be noted that per capita income is affected by income and population. As reported by Federal Funds Information for States, some states, such as Wyoming, Alaska, New Mexico, Rhode Island and Oregon, had personal income growth above the national average in 2014.

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

Medicaid as a Percent of the State Budget. Programs supported by Medicaid are 31.1 percent of total spending in the FY 2017 recommended budget and 30.1 percent of spending from general revenues.

FY 2017 Recommended Medicaid as Percent of General Revenue Spending



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

The 2012 Assembly concurred with the Governor's FY 2013 budget recommendation to shift Medicaid benefits to the Executive Office of Health and Human Services from the Department of Human Services. The 2014 Assembly transferred Medicaid funded behavioral health services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Executive Office. The Office's budget also includes medical benefit expenses for children and youth in the care of the Department of Children, Youth and Families.

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

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

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

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

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

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

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

As noted, the federal government will pay 100 percent of the cost for states to provide benefits to adults age 19 to 64, without dependent children, with incomes at or below 138 percent of poverty January 1, 2014 until January 1, 2017, with the rate incrementally decreasing to 90 percent in January 2020 requiring a 10 percent state match. The FY 2017 recommended budget includes \$466.9 million from all sources, \$454.7 million from federal funds and \$12.1 million from the state match. The out-year estimates for the state match include: \$26.3 million in FY 2018; \$32.0 million in FY 2019; \$43.0 million in FY 2020 and \$52.0 million in FY 2021.

HealthSource RI. In September 2011, Governor Chafee issued an executive order to establish the Rhode Island Health Benefits Exchange, renamed HealthSource RI, the marketplace for purchasing health insurance, known as the exchange. The 2015 Assembly enacted Article 18 of 2015-H 5900, Substitute A, as amended to establish the health benefits exchange into general law as a division within the Department of Administration. It authorizes HealthSource RI to operate a state-based exchange to meet the minimum requirements of the federal act. It authorizes an assessment be charged by the Department, which cannot be more than the revenues that would be raised through the federally facilitated marketplace upon those insurers offering products on the exchange. The assessment is estimated to generate \$7.1 million in calendar year 2016, of which \$3.6 million is budgeted for FY 2016. The Budget also includes \$2.6 million from general revenues to be used in conjunction with the revenues from the assessment for the operations of HealthSource RI.

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

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

Article 18 requires religious employers that purchase plans on the exchange to offer their employees a full-choice option. The employers will not be responsible for any additional costs of a plan selected by an employee. It also requires that if an employer elects the religious exemption variation, it must provide written notice to enrollees that that plan excludes coverage for abortion services.

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

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

The 2013 Assembly lowered the state's threshold criteria for RIte Care parents to 133 percent of poverty and created a premium assistance program to aid in the transition to coverage through the exchange with

the state paying 50 percent of the cost of commercial coverage, after subtracting what the parents are currently paying for RItE Care coverage and any federal tax credits or subsidies that are available.

Unified Health Infrastructure Project. The state received approval from the Centers for Medicare and Medicaid Services to implement a nine-year, \$230.8 million project that includes \$162.6 million from federal funds including Medicaid, matched by \$50.6 million from general revenues in April 2015. The project is a joint venture among the Office of Health and Human Services, Department of Human Services, and HealthSource RI. The project will replace the state's existing eligibility system that will eventually determine eligibility for all health and human services programs, including new health care reform subsidies, through a single application.

The state submitted a new plan in July 2015 that increased project costs to \$363.7 million, including \$79.0 million for the state match. This is \$154.2 million more than the October 2014 plan and increases state funding by \$27.2 million. The updated plan calls for a one year delay to July 1, 2016 and a fully integrated system, RI Bridges, instead of two separate systems for its human services eligibility, application and worker accessibility activities in the affected agencies.

The Governor's FY 2017 recommended budget includes savings of \$44.0 million, including \$19.6 million from general revenues in administrative and operational efficiencies in the human services agencies. This includes \$42.6 million, \$19.1 million from general revenues in the medical assistance expenses and \$1.4 million, including \$0.5 million from general revenues in the Department of Human Services' budget. The majority of the savings is from ensuring eligibility standards are met through additional income verification sources.

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

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

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

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

For disabled individuals, expenses for this population appear in the budgets of the Office Executive, as well as the Departments of Human Services, Behavioral Healthcare, Developmental Disabilities, and Hospitals, and Children, Youth and Families. Costs for this population are also above the national average when comparing only full benefits enrollees and all enrollees.

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

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

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

Poverty Guidelines

The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Executive Office. The 2016 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	\$ 11,880	\$ 15,800	\$ 16,394	\$ 17,820	\$ 20,790	\$ 21,384	\$ 21,978	\$ 23,760	\$ 29,700
2	16,020	21,307	22,108	24,030	28,035	28,836	29,637	32,040	40,050
3	20,160	26,813	27,821	30,240	35,280	36,288	37,296	40,320	50,400
4	24,300	32,319	33,534	36,450	42,525	43,740	44,955	48,600	60,750
5	28,440	37,825	39,247	42,660	49,770	51,192	52,614	56,880	71,100
6	32,580	43,331	44,960	48,870	57,015	58,644	60,273	65,160	81,450
7	36,730	48,851	50,687	55,095	64,278	66,114	67,951	73,460	91,825
8	40,890	54,384	56,428	61,335	71,558	73,602	75,647	81,780	102,225

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

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

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

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

Medicaid Recipients

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

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

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

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

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

Populations	
Mandatory	Optional
Low income Medicare beneficiaries up to 135% of poverty	Low income elderly or adults with disabilities and individuals eligible for home & community care waiver services
Children up to age 1 at or below 185% of poverty; Parents and children age 1 to 19 at or below 133 % of poverty	Children to 250% of poverty
Supplemental Security Income or Social Security Disability Insurance recipients	Non-disabled adults, without dependent children, ages 19 through 64 with income at or below 138% of poverty
	Individuals who are medically needy
	Women eligible for breast and cervical cancer treatment services
Children in adoption assistance or who live in foster care under a Title IV-E program	Children under 18 who would otherwise need institutional care

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

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

There are two programs that provide a monthly cash assistance benefit to a disabled individual: Social Security Disability Insurance (SSDI) and/or Supplemental Security Income (SSI).

If an individual is determined to be disabled and has a work history of 40 quarters, he or she may first be eligible for Social Security Disability Insurance, which is not considered to be a public assistance program. This is a federal program where the individual receives a monthly payment.

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

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

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

Medicaid - Benefits

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

The most recent Office of Health and Human Services' Rhode Island Annual Medicaid Expenditure Report includes Medicaid spending by population and cost per person for FY 2014 as shown in the following table.

Populations	Persons	% of Population	Costs*	% of Cost	Annual Cost/Person
Children/Parents	138,963	62.9%	\$ 497.0	24.8%	\$ 3,576
Expansion	20,166	9.1%	137.0	6.8%	\$ 6,804
Elderly	18,457	8.4%	503.0	25.1%	\$ 27,240
Disabled - Children	11,929	5.4%	175.0	8.7%	\$ 13,500
Disabled - Adults	31,437	14.2%	693.0	34.6%	\$ 22,056
Total	220,952	100%	\$2,005.0	100.0%	
<i>*In millions</i>					

The report typically included a breakdown by cost by mandatory and optional populations and mandatory and optional services. However this was not included in the FY 2015 report for FY 2014 spending but was included in the report for FY 2013 spending which is shown in the next table. The state spent \$1,785.0 million from federal and state funds on Medicaid services in FY 2013. Of this total, \$615.0 million, or 34.0 percent, was spent on mandatory services for mandatory populations.

Mandatory Populations*		
Mandatory	Gen. Rev.	All Funds
Mandatory Services	\$ 298.4	\$ 615.0
Optional Services	134.9	278.0
<i>Subtotal - Mandatory Populations</i>	\$ 433.3	\$ 893.0
Optional Populations*		
Mandatory Services	\$ 311.0	\$ 641.0
Optional Services	121.8	251.0
<i>Subtotal - Optional Populations</i>	\$ 432.8	\$ 892.0
Total Expenses	\$ 866.1	\$ 1,785.0
* In millions		

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

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

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

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

Medicaid Programs

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

Medical Benefits

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

The federal government allows states to provide medical benefits to individuals beyond the populations it mandates and that coverage is provided through Medicaid waivers. Rhode Island chooses to provide benefits to children whose family income is at or below 250 percent of poverty (for example, a family of four with an income that does not exceed \$60,625) and to parents if the family income is at or below 133 percent of poverty (for that same family of four, an income that is not above \$31,322). If a family's income is at or below 200 percent of poverty, the child (or children) would receive RIte Care benefits, but the parent (or parents) would not because the annual income is too high. The Centers for Medicare and Medicaid Services issued a ruling that requires states to use the new methodology mandated under the Affordable Care Act for verifying income that uses a family's modified adjusted gross income (MAGI) instead of family income with certain disregards.

Under the MAGI conversion, states have a higher income threshold for certain populations because the disregards are adjusted using the new calculation with the intent to not make any person ineligible for benefits because of the conversion. For Rhode Island this conversion changes the income threshold for children, increasing it from 250 percent with the disregards to 261 percent. Rhode Island lowered the income threshold for parents to the mandatory level of 133 percent, which is not impacted by the MAGI conversion.

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

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

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

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

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

Foster Care. The state provides RIte Care benefits to a child in a foster care placement. The state does not provide benefits to the biological parent or the foster parent.

Adoptive Assistance. The state provides RIte Care benefits to a child in adoptive assistance.

Children with Special Health Care Needs - Katie Beckett Option. The state chooses to provide home care and other services to children under the age of 18 who would require an institutional level of care. The income eligibility is based on the child's income and not the family's income. States can also choose to provide this service as a waiver, which would include a limited number of placements, or as an option under the Medicaid state plan, which is not limited. Rhode Island provides the services under the state plan option allowing for an unlimited number of program participants.

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

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

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

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

Long Term Care Residential and Community Care Services

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

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

Assisted Living Facilities. The state provides eligible residents access to assisted living facilities, a less expensive alternative to residing in a nursing home. Individuals can access this option, available through the Medicaid global waiver.

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

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

Residential Services and Other Programs

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

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

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

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

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

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

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

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

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

Foster Care. The state provides foster care services to children in its custody.

Group Homes. The state provides placement in group home settings to children in its custody.

Bradley Hospital Group Homes Psychiatric Hospitalization. The state provides short-term treatment and crisis stabilization for children in acute distress, comprehensive evaluations, and long-term treatment. The state pays for psychiatric hospitalization services for Medicaid eligible children and children who are uninsured at Emma Pendleton Bradley Hospital in East Providence.

Bradley Hospital Group Homes. There are five group homes that are run by Bradley Hospital for children ages 4 to 21, located in East Providence (Rumford House and Swan House), East Greenwich (Greenwich House), North Providence (Hill House), and Warwick (Heritage House).

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

Office of Health and Human Services

The Office of Health and Human Services is the umbrella agency for the four health and human service departments and each agency is analyzed separately in the *House Fiscal Advisory Staff Budget Analysis FY 2017*. The following table shows the services provided by population and the department that is responsible for the expenses.

Programs	OHHS	DHS	BHDDH	DCYF	DOH
Medical Benefits					
Children and parents	X				
Elderly	X	X			
Disabled and adults, without dependent children	X				
Residential and Other Services					
Nursing and hospice services	X				
Assisted living/home & community based services - elderly	X	X			
Foster care and group home placements				X	
Community based services - developmentally disabled			X		
Mental health and substance abuse treatment services			X		
HIV surveillance and treatment services	X				X

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 agency parties to the agreement are: Department of Behavioral Healthcare, Developmental Disabilities and Hospitals; Department of Human Services; Rhode Island Department of Elementary and Secondary Education; and the Office of the Attorney General. The Department of Justice finding is for those who meet the state's definition of an individual with a disability included in Rhode Island General Laws.

The populations addressed in the consent decree are individuals with intellectual and developmental disabilities that include: the Rhode Island Youth Transition Target Population that are transition-age youth attending Rhode Island secondary school; the Rhode Island Exit Target Population that are transition age youth during the 2013-2014, 2014-2015, or 2015-2016 school years; the Rhode Island Sheltered Workshop Target Population that perform sheltered workshop tasks or have received day activity services in the previous year; and the Rhode Island Day Target Population that receive day activity services in facility-based day program settings or have received such services in the previous year.

The consent decree has two fiscal components: a monitor and a Trust Fund. Charles Moseley from the National Association of State Directors of Developmental Disabilities Services has been assigned as the monitor. The consent decree stipulates the state payment to the monitor is not to exceed \$300,000 annually. The monitor is responsible for approving the training component of the consent decree related to career

development and transition plans and will also approve outreach and education programs. The monitor will also conduct factual investigation and verification of data and documentation that is necessary to determine if the state is in compliance with the consent decree. The monitor has reporting requirements starting on April 1, 2014 through April 1, 2015 and every 6 months (180 days) after that.

The consent decree also stipulates that by October 1, 2014, the state will establish and begin distributing funds 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 state also had to create an employment first task force no later than May 1, 2014 that includes but is not limited to: the Community Provider Network of Rhode Island, the Paul V. Sherlock Center on Disabilities at Rhode Island College, the Rhode Island Disability Law Center, the Rhode Island Developmental Disabilities Council, the Rhode Island Parent Information Network, individuals with intellectual and developmental disabilities and parent and family representatives.

The state will ensure available funding for services and will reallocate resources expended on the sheltered workshop plans and segregated day programs to fund supported employment and/or integrated day services as individuals transition to supported employment and/or integrated day only placements, in order to have funding “follow the person”.

The FY 2017 recommended budget includes \$232.8 million from all sources, of which \$114.3 million is from general revenues, to support services to approximately 3,800 adults receiving services through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals’ Division of Developmental Disabilities. This is \$4.9 million more than enacted and adds \$24.8 million, \$12.2 million from general revenues to: increase the hourly rate paid to direct care workers, add funding for projected caseload increase related to increased awareness of available programs because of the consent decree and payments to services in the community based program based on current spending trends. This is offset by \$22.0 million in savings, including \$10.8 million from general revenues primarily from moving individuals in the 24-hour residential facilities in both the community based and state-run programs to less intensive setting such as shared living arrangements.

Medicaid Waiver Process

The 2009 Assembly passed Article 22, which amended the Rhode Island Medicaid Reform Act of 2008. The legislation provides that the Executive Office of Health and Human Services may implement the Global Consumer Choice Demonstration Waiver however, requires that any changes that requires a modification to any rules and regulations that was in existence prior to the global waiver must receive prior approval by the General Assembly. Also any category II or category III change must receive General Assembly approval.

The Executive Office has submitted and continues to submit legislation to notify the Assembly of changes that may or may not eventually require a Category II or III change but this allows for a discussion of the intent to make changes within the Medicaid program that could potentially impact procedure, policy and program expenses. It is sometimes determined that a change does not need legislative approval and the language is not included in the final appropriations act. However, the changes are still vetted through the public budget process.

Categories of Changes and General Requirements for Each Category. When making changes, the state must characterize the change in one of the three following categories. The Centers for Medicare and Medicaid Services has 15 calendar days after receiving notification of the change (either informally for

Category I or formally for Categories II and III) to notify the state of an incorrect characterization of a programmatic change. To the extent the state and the Centers are unable to reach mutual agreement on the characterization of the programmatic change, the Centers' characterization shall be binding and non-appealable as to the procedure to be followed.

The following table shows each separate category, gives brief explanations and examples, and identifies whether or not Assembly approval is required.

Category	Assembly Approval	Global Waiver Change	Examples Waiver Changes
I	No	Any administrative change that does not affect eligibility, benefits, healthcare delivery, payment methods or cost sharing	General operating procedures, instruments to determine level of care and prior authorization procedures
II	Yes	State plan amendment change that does not change the special terms and conditions of the global waiver or expenditure authority	Benefit packages, payment methods, and cost sharing levels that do not affect eligibility
III	Yes	Requires modifying the current waiver or expenditure authority	All eligibility changes, changes to spend down levels, aggregate changes to cost sharing that exceed current limit

The following section describe the category changes.

A Category I Change is a change which is administrative in nature for which the state has current authority under the state plan or demonstration, and which does not affect beneficiary eligibility, benefits, overall healthcare delivery systems, payment methodologies or cost sharing. The state must notify Centers for Medicare and Medicaid Services of such changes either in writing or orally in the periodic review calls and update reports. Implementation of these changes does not require approval by Centers for Medicare and Medicaid Services or the Assembly.

Examples of Category I changes include, but are not limited to:

- Changes to the instruments used to determine the level of care
- Changes to the Assessment and Coordination Organization Structure Demonstration Approval Period: January 16, 2009 through December 31, 2013
- Changes to general operating procedures
- Changes to provider network methodologies (provider enrollment procedures, but not delivery system changes)
- Changes to prior authorization procedures
- Adding any home and community based service that has a core definition in federal guidelines
- Modifying a home and community based service definition to adopt the core definition

A Category II Change is a change that could be made as a State Plan Amendment or through federal authority without any change in either the special terms and conditions of the waiver, or the section 1115 waiver and expenditure authorities. This change requires Assembly approval. These changes may affect benefit packages, overall healthcare delivery systems, cost sharing levels, and post-eligibility contributions to the cost of care. Such changes do not, however, include changes that affect beneficiary eligibility (including changes to the level of spend down eligibility). The state must comply with its existing State Plan Amendment public notice process prior to implementation. The state must also notify Centers for Medicare and Medicaid Services in writing of Category II changes prior to implementation, and must provide the Centers with appropriate assurances and justification, that include but are not limited to the following:

- i) That the change is consistent with the protections to health and welfare;

- ii) Change results in appropriate efficient and effective operation of the program;
- iii) That the changes would be permissible as a State Plan or section 1915 waiver amendment; and that the change is otherwise consistent with sections 1902, 1903, 1905, and 1906, current Federal regulations, and Centers for Medicare and Medicaid Services policy; and
- iv) Assessment of the cost of the change. Centers for Medicare and Medicaid Services will not provide federal matching funds for activities affected by unapproved but implemented Category II changes.

Examples of Category II changes include, but are not limited to:

- Changes to the intermediate care facility (ICF/MR), hospital or nursing home level of care criteria that are applied prospectively (not to existing long term care or home and community care recipients);
- Adding any home and community based services for which the State intends to use a definition other than the core definition. (the service definition must be included with the assurances);
- Modifying any home and community based service definition unless it is to adopt the core definition;
- Adding an “other” home and community based service that does not have a core definition (the service definition must be included with the assurances);
- Removing any home and community based service that is at that time being used by any participants;
- Change/modify or end RItE Share premium assistance options for otherwise eligible individuals;
- Changes to payment methodologies for Medicaid covered services including, but not limited to diagnostic related group payments to hospitals or acuity based payments to nursing homes

Finally, a *Category III Change* is a change requiring modifications to the current waiver or expenditure authorities including descriptive language within those authorities and the special terms and conditions, and any other change that is not clearly described within Categories I and II. This change also requires Assembly approval.

In addition, a programmatic change may be categorized as a Category III change by the state to obtain reconsideration after unsuccessfully pursuing approval of the change under Category II. The state must comply with the waiver demonstration public notice process. The state must notify the Centers for Medicare and Medicaid Services in writing of Category III changes, and submit an amendment to the waiver. Category III changes shall not be implemented until after approval of the amendment by Centers for Medicare and Medicaid Services.

Examples of Category III changes:

- All eligibility changes;
- Changes in Early Periodic and Screening Diagnostic Treatment (EPSDT) benefit;
- Spend down level changes;
- Aggregate cost-sharing changes that are not consistent with Deficit Reduction Act cost sharing flexibility (would exceed five percent of family income unless, otherwise specified in these special terms and conditions);
- Benefit changes are not in accordance with Deficit Reduction Act benchmark flexibility;
- Post-eligibility treatment of income; and
- Amendments requesting changes to the budget neutrality cap

Process for Changes to the Demonstration. The State must submit the corresponding notification to the Centers for Medicare and Medicaid Services for any changes it makes to the demonstration as characterized in the Category I, II or III definitions section depending on the level of change. Assembly

approval is required for Category II and III changes before any changes can be submitted for federal approval. The Centers for Medicare and Medicaid Services will inform the state within 15 calendar days of any correction to the state's characterization of a change, which shall be binding and non-appealable as to the procedure for the change. The state must also have a public notice process for Category II and III changes to the demonstration.

Mergers and Consolidations

Introduction

Merger and consolidation proposals have appeared regularly in budgets. The FY 1991 budget presented to the 1990 General Assembly listed 72 state agencies and departments. By contrast, the FY 2016 budget adopted by the 2015 General Assembly contains 38 state agencies and departments. The Governor's FY 2017 recommendation of 38 state agencies and departments includes several administrative transfers, conversions, and revisions to some of the changes enacted by the 2015 Assembly. These are noted below along with a history of prior proposals and enacted changes.

FY 2017

Office of Diversity, Equity and Opportunity. The Governor proposes legislation to establish the Office of Diversity, Equity and Opportunity in statute; the Office is currently operating under an executive order. The legislation places the State Equal Opportunity Office under the administrative supervision of the Office of Diversity, Equity and Opportunity instead of the Division of Human Resources and requires the Office of Personnel Administration to consult with the Office in preparing a comprehensive plan to maintain and secure equal opportunity. It also adds the associate director of the Office as a member of the Labor Relations Committee.

Division of Enterprise Technology Strategy and Services. The Governor proposes legislation to replace the current Division of Information Technology, which was created by an executive order with the Division of Enterprise Technology Strategy and Services to be managed by the chief of digital excellence. The legislation amends current law to establish the Office of Library and Information Services within the Division and places the chief of library services under the supervision of chief of digital excellence. The Division will also consist of the following offices: Information Technology and Digital Excellence.

Division of Capital Asset Management and Maintenance. The Governor proposes legislation to create the Division of Capital Asset Management and Maintenance, which will assume the responsibilities of the current Divisions of Facilities Management and Capital Projects and Property Management. Both divisions were created by executive orders in 2004. The legislation allows the director of the Department of Administration to appoint a director of the division. Some of the responsibilities of the division director include: reviewing agency capital budget requests to ensure that requests are consistent with strategic and master facility plans of the state; managing and maintaining state owned facilities; overseeing new construction and rehabilitation projects; maintaining an inventory of all state properties; and responding to facilities emergencies.

Office of Internal Audit. The Governor proposes legislation to repeal the Bureau of Audits and establish the Office of Internal Audit within the Office of Management and Budget. The Office will be managed by a chief of internal audit, who must be appointed by the director of the Department of Administration. The Office is authorized to conduct audits of any state department, agency or private entity that is a recipient of state funding or state grants. The Office is also tasked with evaluating the efficiency of operations and internal controls, preventing and detecting fraud, waste, abuse or mismanagement of funds.

The Budget reflects the consolidation of internal auditing functions and staff from the Departments of Transportation and Human Services, the Office of Postsecondary Commissioner and the University of Rhode Island are transferred to the Office.

Women, Infants, and Children Nutrition Program. The Governor proposes legislation to transfer the administration and management of the Women, Infants, and Children Nutrition Program from the Department of Human Services to the Department of Health. The Department previously managed the

program; however, the 2009 Assembly adopted legislation to transfer the program to the Department of Human Services. This was to consolidate management and nutrition benefits. There have been issues with the United States Department of Agriculture regarding the designation of the administrating state agency.

Department of Health. The Budget reflects a reorganization of functions within the Department of Health. Certain programs such as the Health Laboratories and the Office of State Medical Examiners are merged. It reflects the creation of the Division of Customer Services and includes the operations of Vital Records, which was previously under the Public Health Information program and the operations of Licensing, Professional Boards and Commissions and the Center for Health Facilities Regulation, previously under the Environmental and Health Services Regulation program.

Office of Veterans' Affairs. The Governor includes legislation to create the Office of Veterans' Affairs within the executive branch, reporting directly to the Governor. This will remove it as a Division in the Department of Human Services; however, for administrative purposes, funding for the Office of Veterans' Affairs will remain in the Department of Human Services' budget.

History

FY 1991

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

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

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

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

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

FY 1992

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

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

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

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

FY 1993

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

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

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

FY 1994

Consumers Council. The Council was abolished as recommended.

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

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

Children's Code Commission. This agency was abolished.

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

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

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

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

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

FY 1995

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

FY 1996

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

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

were taken over by the Department of Human Services, and Intergovernmental Relations merged functions into the Governor's Office.

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

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

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

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

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

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

FY 1997

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

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

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

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

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

Commission on Care and Safety of the Elderly. Governor Almond recommended merging the Commission and the Department of Elderly Affairs into the Department of Human Services. The Assembly

did not concur with the merger of Elderly Affairs, but did agree to legislation merging the Commission, with funding, into the Department of Elderly Affairs. The Commission retained its line item appropriation.

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

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

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

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

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

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

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

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

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

Fire Safety and Training Academy. Governor Almond recommended that a number of public safety functions be merged into the State Police. This was similar to Governor Sundlun's proposal to the 1993 Assembly to merge seven agencies and departments providing for training and education of public safety

officials into a Department of Public Safety headed by the Superintendent of the State Police. The Academy was one of the agencies recommended. The Assembly did not concur.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FY 1998

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

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

FY 2000

Workers' Compensation Fraud Unit. In Article 8 of his FY 2000 Appropriations Bill, Governor Almond proposed to transfer the Workers' Compensation Fraud unit from the Department of Administration to the Department of Labor and Training. Both the Workers' Compensation Fraud unit and the Workers' Compensation Compliance unit (currently housed in Labor and Training) perform investigative activities. The merger would create a single investigative unit and provide the Fraud unit investigators with access to workers' compensation computer files. The Assembly concurred.

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

Educational Surrogate Parent Program. Governor Almond proposed transferring the Educational Surrogate Parent Program from the Office of the Child Advocate to a private vendor. Federal funding for this program will continue to be provided to the Department of Elementary and Secondary Education who will select and contract with a private vendor instead of the Office of the Child Advocate for these services.

The proposal also included the elimination of 7.4 full-time equivalent positions associated with the program. The Assembly did not concur.

FY 2002

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

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

FY 2003

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

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

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

FY 2004

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

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

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

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

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

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

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

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

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

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

FY 2005

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

Legal Services. Governor Carcieri recommended shifting 14.7 full-time equivalent positions from other parts of the Department of Administration into a newly created Division of Legal Services in his FY 2005 revised budget. The Governor issued Executive Order 04-09 to create the new division that would

centralize and coordinate the Executive Department's legal services for policy and provide more efficient use of legal resources within state government. The Assembly concurred.

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

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

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

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

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

FY 2006

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

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

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

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

subprograms, the Capitol Police and the Sheriffs. It includes 46.0 Capitol Police and 196.0 Sheriffs positions. The Assembly concurred.

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

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

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

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

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

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

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

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

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

FY 2007

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

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

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

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

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

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

Department of Revenue. The Assembly transferred \$253.6 million from all sources of funds, including \$35.5 million from general revenues, \$1.6 million from federal funds, \$0.8 million from restricted receipts,

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

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

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

Health and Human Services Secretariat. Governor Carcieri proposed legislation consistent with his Executive Order 05-21 establishing the Office of Health and Human Services to serve as the principal agency for managing the Departments of Human Services, Elderly Affairs, Mental Health, Retardation and Hospitals, Health, and Children, Youth and Families. It also created the unclassified position of secretary of health and human services. He included the position in the FY 2006 revised and FY 2007 budgets of the Governor's Office. The legislation gives the secretary authority to appoint the employees for the Secretariat. The budget does not include associated positions. The Assembly concurred and provided for the current five employees to be transferred to the office from their respective agencies. This includes 2.0 from Department of Human Services, 1.0 from Department of Children, Youth and Families, 1.0 from Department of Health and 1.0 from the Governor's Office.

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

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

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

FY 2008

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

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

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

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

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

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

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

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

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

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

Environmental Administrative Adjudication Program. Governor Carcieri proposed legislation to transfer the administrative adjudication program from the Department of Environmental Management into the Department of Administration. His budget included \$551,331 from general revenues to support three of the five positions that staff the office and proposed laying off the remaining two positions. The Office

adjudicates all appeals pertaining to applications or permits for environmental matters. The Assembly did not concur and provided \$666,308 to fund the program in the Department of Environmental Management.

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

FY 2009

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FY 2010

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

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

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

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

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

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

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

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

Food Nutrition Service Function. The Assembly enacted legislation to transfer food programs from the Department of Human Services and the Women, Infants and Children supplemental nutrition program from the Department of Health and any other such programs into the Office of Health and Human Services by March 1, 2010.

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

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

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

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

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

FY 2011

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

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

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

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

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

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

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

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

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

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

FY 2012

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

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

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

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

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

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

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

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

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

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

Higher Education Administration. The Assembly included legislation that requires the Director of Administration to submit a revised plan for the organizational structure for higher education administration, staff support and resource allocation. The plan shall address the goal of improving affordability and

accessibility to public higher education and maximizing efficiencies while providing sufficient support to the governance structure of public higher education. The Director of Administration is required to report findings, recommendations and alternative designs to the General Assembly no later than November 1, 2011.

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

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

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

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

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

FY 2013

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

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

Human Resources Restructure. The Governor's FY 2013 budget recommendation includes savings of \$0.8 million from the elimination of 12.0 positions in the Division of Human Resources. This consists of 2.0 positions from the Employee Services Unit and 10.0 positions in the Classification and Examination Unit, which is about half of the current staff. The Governor's FY 2012 revised budget includes \$0.3 million

for a personnel study of the merit system to be accomplished in the current year to make the proposed reductions possible. The Assembly restored \$0.4 million of the general revenue savings and shifted funding for the personnel study from FY 2012 to FY 2013 to reflect a delay in the work proposed.

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

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

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

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

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

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

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

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

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

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

FY 2014

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

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

Office of Regulatory Reform. Subsequent to the enactment of the FY 2013 budget, the Assembly adopted legislation contained in Chapter 445 of the 2012 Public Law to transfer the Office of Regulatory Reform from the Economic Development Corporation to the Office of Management and Budget in the Department of Administration. The Governor's revised budget reflects this transfer as well as the 2.0 positions that support the Office. The Office was created in 2010 to improve the state's business climate by making it easier for businesses to navigate through state and local permitting and regulatory issues. The Assembly adopted legislation in 2013-H 6063, Substitute B, requiring that the Office of Regulatory Reform reports to the Secretary of Commerce within the Executive Office of Commerce, effective February 1, 2015.

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

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

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

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

FY 2015

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

In May 2013, Governor Chafee issued Executive Order 13-05 entitled "Promotion of Diversity, Equal Opportunity and Minority Business Enterprises in Rhode Island." The Executive Order required that the Department of Administration review all divisions and offices within the Department that are charged with facilitating equal opportunity employment and to make recommendations to improve collaboration between these offices. The creation of the Office of Diversity, Equity and Opportunity reflects the Department of Administration's recommendation.

Rhode Island Emergency Management Agency. The Budget reflects the Emergency Management Agency and the National Guard as two stand-alone agencies. They were two distinct programs in the Military Staff under the control of the Adjutant General. This action was recommended to reflect the individual agency missions as well as their operational structures. There were major changes to funding levels or positions.

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

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

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

Higher Education Assistance Authority. The Budget includes legislation that requires the administration to include a plan for allocating Higher Education Assistance Authority programs to other agencies as part of FY 2016 budget.

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

FY 2016

Higher Education Assistance Authority Merger. The Governor's budget transferred all of the powers, duties, authority and resources of the Rhode Island Higher Education Assistance Authority to the Council for Postsecondary Education and the Office of the General Treasurer and established a new Division of Higher Education Assistance in the Office of Postsecondary Commissioner. The budget reflects the transfer of \$19.1 million and 15.0 full-time equivalent positions to the Office of Postsecondary Commissioner. Administrative responsibility for the state's tuition savings program would be transferred to the Office of the General Treasurer. The recommendation represents direct program positions as well as overhead support. Remaining direct functions will require fewer staff with the efficiencies provided for in a merger; therefore, the Assembly eliminated 5.0 positions and \$0.8 million. One position and \$0.3 million is shifted to the Office of the General Treasurer to administer the *CollegeBoundfund*.

Executive Office of Commerce. The 2013 Assembly created the Executive Office of Commerce to be administered by a secretary of commerce, effective February 1, 2015. The Office oversees and 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 has powers to operate functions from the Department of Business Regulation and, subsequently, various functions from the Department of Administration. Consistent with the legislation, the Governor's Budget includes the transfer of Housing and Community Development functions to the Executive Office of Commerce. It also transfers the Film and Television Office from the Department of Administration to Commerce. It does not, however, transition Department of Business Regulation functions, leaving it as a stand-alone department. The Assembly concurred, with the exception of transferring the Film and Television Office to the Arts Council.

Capital Projects Consolidation. The Governor's Budget proposes consolidating construction property and asset management functions into the Department of Administration. It appears that the positions are kept in their respective agencies, including the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Environmental Management, Corrections, and Transportation. The Assembly concurred; however, transferred funding back for the Department of Environmental Management, consistent with the Governor's requested budget amendment.

Division of Advocacy. The Governor's Budget proposes consolidating the Governor's Commission on Disabilities, the Commission on the Deaf and Hard of Hearing, the Office of the Child Advocate, and the Office of the Mental Health Advocate under a newly created Division of Advocacy within the Executive Office of Health and Human Services. The consolidation is for administrative and budget purposes only and all agencies would maintain their responsibilities as mandated by current law. The Governor subsequently submitted an amendment that rescinded the proposed legislation and maintained the offices as separate agencies and restored operating savings assumed to be achieved through the merger. The Assembly concurred.

Non-Prescribing Boards Consolidation. The Governor proposed consolidating all of the non-prescribing health professional boards into one board. There are 25 professional boards that include a variety of professions, such as dietitians, physical therapists, occupational therapists, optometrists, social workers and funeral home directors. The Department of Health currently approves all written and practical examinations, and issues licenses and permits for these professions. The proposed legislation creates a single board of review for appeals, discipline and advisory functions. This would allow for the elimination of 2.0 positions that support the boards and \$0.2 million from general revenues. The Assembly did not concur.

RI Film and Television Office. The Budget transfers the Rhode Island Film and Television Office, including \$0.3 million from general revenues and 2.6 full-time positions from the Department of Administration to the Rhode Island State Council on the Arts. The Film and Television Office works with filmmakers to identify filming sites, vendors, and the benefits of working in Rhode Island. The Governor's FY 2016 recommendation transferred the Office to the Executive Office of Commerce. The Office was transferred to the Department of Administration from the Council as part of the FY 2013 budget.

Bays, Rivers and Watersheds Coordination Team. The Assembly concurred with the Governor's proposal to abolish 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 work is funded by an \$80,000 transatlantic cable fee, a \$1 per hundred gallons charge on septage disposal in the state, and a \$250,000 annual allocation from the Oil Spill, Prevention, Administration and Response Fund. The restricted receipts will now be utilized by the Department of Environmental Management for efforts relating to watershed and marine monitoring, water pollution abatement, and climate change.

Explanations of Budget Articles

2016-H 7454

Article 1

Section 1. Appropriations. This section of Article 1 contains the appropriations for FY 2017.

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

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

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

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

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

Section 7. Temporary Disability Insurance Funds. This section appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund for FY 2017.

Section 8. Employment Security Funds. This section appropriates all funds required for benefit payments to the unemployed from the Employment Security Fund for FY 2017.

Section 9. Lottery. This section appropriates to the Lottery Division any funds required for the payment of prizes and commissions.

Section 10. Full-Time Equivalent Positions. This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2017. It also provides that state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization. Total staffing is 15,227.3 full-time equivalent positions, which is 108.9 positions more than the FY 2016 enacted budget.

Section 11. Multi-Year Appropriations. This section makes multi-year appropriations for a number of capital projects included in the FY 2017 through FY 2020 Capital Budget that are funded from Rhode Island Capital Plan funds. The FY 2017 and multi-year appropriations supersede appropriations made for capital projects in Section 11 of Article 1 of the FY 2016 Appropriations Act.

Explanations of Budget Articles

Section 12. Reappropriations. This section provides that any unexpended and unencumbered funds for Rhode Island Capital Plan Fund projects may be reappropriated at the recommendation of the Governor in FY 2017. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. Unexpended funds of less than \$500 can be reappropriated at the discretion of the state Budget Officer.

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

Section 14. Resource Recovery Corporation Transfer. This section of Article 1 requires the transfer of \$1.5 million from the Resource Recovery Corporation to state general revenues by June 30, 2017.

Section 15. Infrastructure Bank Transfer. This section requires the transfer of \$8.0 million from the Infrastructure Bank to state general revenues by June 30, 2017.

Section 16. Narragansett Bay Commission Transfer. This section requires the transfer of \$1.5 million from the Narragansett Bay Commission to state general revenues by June 30, 2017.

Section 17. Health and Educational Building Corporation. This section of the article requires the transfer of \$5.0 million from the Rhode Island Health and Educational Building Corporation to state general revenues by June 30, 2017.

Section 18. Airport Corporation. This section of the article requires the transfer of \$275,000 from the Rhode Island Airport Corporation to state general revenues by June 30, 2017.

Section 19. Effective Date. This section of Article 1 establishes July 1, 2016 as the effective date of the article.

Article 2. Public Finance Management Board

Article 2 requires the Public Finance Management Board to advise and assist municipalities, authorities, boards, commissions, public and quasi-public corporations having authority to issue revenue or general obligation bonds. Currently that advice and assistance is given by the Board upon request. It also requires that each issuer of revenue or general obligation bonds submit a report of final sale to the Board within 30 days of the sale and sets a penalty of \$250 per day for any issuer that fails to submit a notice of proposed debt or report of final sale. This article is effective January 1, 2017.

The Governor's budget assumes additional revenue of \$0.3 million from the Board, through its existing authority to set fees through rules and regulations, no longer exempting the fee paid for debt issuances for taxable issues and refundings and by municipalities. The revenues would support a new Office of Debt Management within the Office of the General Treasurer. The Office will be responsible for monitoring the process by which the state and other governmental units issue and manage public debt. Funding will support 1.0 new position and technology upgrades including a web portal to track all public debt.

Explanations of Budget Articles

Article 3. Public Officers and Employees

Article 3 requires the Personnel Appeal Board to give deference to the degree of discipline imposed upon the employee by the appointing authority provided that the factual findings of the Personnel Appeal Board are substantially consistent with the facts relied upon by the appointing authority and the degree of discipline imposed was not arbitrary, capricious or contrary to rule or law. It extends the probationary period for certain positions from 6 months to 12 months effective July 1, 2016 or upon the expiration of applicable labor contracts. It changes the requirements for what benefits shall be included in early retiree health plans and allows retired employees who currently are receiving health insurance coverage to opt out, receive a cash payment in lieu of the insurance coverage, provided that the individual has another form of health coverage. The article also repeals current process for the General Assembly's notification in determining salaries for cabinet directors, instead allowing theirs to be similar to those employees of the Office of the Governor and entitled to receive cost-of-living increases as provided to unclassified employees of the Executive branch. The article also adds several positions to the unclassified service, including an administrative officer from the Rhode Island Emergency Management Agency; a new cybersecurity officer; and chiefs of staff, public information officers and policy directors in several departments.

Article 4. Government Organization

Sections 1 and 2. Office of Diversity, Equity and Opportunity. These sections establish the Office of Diversity, Equity and Opportunity in statutes; the Office is currently operating under an executive order. The article places the State Equal Opportunity Office under the administrative supervision of the Office of Diversity, Equity and Opportunity instead of the Division of Human Resources and requires the Office of Personnel Administration to consult with the Office in preparing a comprehensive plan to maintain and secure equal opportunity. It also adds the associate director of the Office as a member of the Labor Relations Committee, which currently consist of five members.

Sections 3 through 5. Division of Enterprise Technology Strategy and Service. These sections replace the current Division of Information Technology, which was created by an executive order with the Division of Enterprise Technology Strategy and Service to be managed by the chief of digital excellence. The article amends current law to place the Office of Library and Information Services within the Division and requires the chief of library services to be under the supervision of the chief of digital excellence. The Division will also consist of the following divisions: Information Technology and Digital Excellence.

Section 6. Division of Capital Asset Management and Maintenance. This section creates the Division of Capital Asset Management and Maintenance, which will assume the responsibilities of the current Divisions of Facilities Management and Capital Projects and Property Management. Both divisions were created by executive orders in 2004. The article allows the director of the Department of Administration to appoint a director of the division. Some of the responsibilities of the division director include: reviewing agency capital budget requests to ensure that requests are consistent with strategic and master facility plans of the state; managing and maintaining state owned facilities; overseeing new construction and rehabilitation projects; maintaining an inventory of all state properties, and responding to facilities emergencies. The Budget includes \$0.7 million from general revenues to fund four new positions in the Division of Capital Asset Management and Maintenance.

Sections 7 through 12. Office of Internal Audit. These sections amend current law to repeal the Bureau of Audits and establish the Office of Internal Audit within the Office of Management and Budget. The

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Office will be managed by a chief of internal audit, who must be appointed by the director of the Department of Administration. The Office is authorized to conduct audits of any state department, agencies or private entity that is a recipient of state funding or state grants. The Office is also tasked with evaluating the efficiency of operations and internal controls, preventing and detecting fraud, waste, abuse or mismanagement of funds.

The Budget reflects the consolidation of internal auditing functions, and staff from the Departments of Transportations and Human Services, the Office of Postsecondary Commissioner and the University of Rhode Island are transferred to the Office. The Budget assumes savings of \$0.2 million, including \$0.1 million from general revenues from the elimination of 2.0 positions.

Sections 13 through 15. Women, Infants, and Children Nutrition Program. These sections transfer administration and management of the Women, Infants, and Children Nutrition Program from the Department of Human Services to the Department of Health to comply with federal statutes. The Budget includes \$26.1 million from federal funds and 13.0 full-time equivalent positions to support the program in the Department of Health, which previously managed the program; however, the 2009 Assembly adopted legislation to transfer the program to the Department of Human Services to consolidate management of nutrition benefit programs.

Sections 16 through 18. Office of Veterans' Affairs. These sections create the Office of Veterans' Affairs within the executive branch reporting directly to the Governor. This will replace it as a Division in the Department of Human Services; however, for administrative purposes, funding for the Office of Veterans' Affairs will remain in the Department of Human Services' budget.

Section 19. Effective Date. This section of Article 4 establishes an effective date upon passage.

Article 5. Capital Development Program

Article 5 places \$257.5 million of new general obligation bond authorizations on the November 2016 ballot for voter approval through six separate questions. The first question would provide \$25.5 million for the second phase of a project to renovate and build additions to the College of Engineering complex at the University of Rhode Island and provide \$20.0 million to build one or more innovation campuses involving a university/business collaboration. The second question is for \$70.0 million for infrastructure modernization and repairs to the Port of Davisville at Quonset, including Pier 2.

Question three is \$35.0 million for green economy projects. It is divided into seven distinct components with \$7.0 million for capital improvements to historic state parks including Fort Adams, Brenton Point, Colt State Park and Goddard Memorial State Park; \$4.0 million for open space acquisition; \$10.0 million for completion of the Blackstone River Bikeway and the South County Bikeway; \$5.0 million for brownfield remediation; \$3.0 million for stormwater pollution prevention projects; \$2.0 million to develop public recreational facilities; and \$4.0 million for local land acquisition grants. Question four would provide \$40.0 million for affordable housing construction, redevelopment and foreclosure assistance. Question five would provide \$40.0 million for school construction projects through the School Building Authority Capital Fund.

Question six would provide \$27.0 million to complete the veterans' home based on updated cost estimates. The voters approved a \$94 million bond that would be reduced by federal reimbursements estimated at the time to be \$21.2 million. The federal Veterans Administration approved a different project design that increased the

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anticipated cost to \$120.5 million, but also authorized a larger reimbursement. The total cost to the state will be more than \$12.0 million less than originally anticipated.

Article 6. Public Debt Management Act

This article would authorize the Commerce Corporation to issue up to \$20.0 million in debt to provide funds to the Quonset Development Corporation for renovations to at least one of the Davisville piers. Assuming an interest rate of 4.0 percent and a 20-year term, annual debt service payments would be \$1.5 million to be paid back from Quonset Development Corporation funds. Article 5 includes legislation to put before the voters on the November 2016 ballot for \$70.0 million in new general obligation bonds to provide additional funding for the rehabilitation of the piers for total project funding of \$90.0 million.

Article 7. Medicaid Reform Act

Article 7 includes the resolution language to make program changes requiring legislative approval that are included in the Governor's FY 2017 budget. There are three statutory changes included in separate legislation: eliminate the nursing home October 1, 2016 adjustment, and beneficiary choice, and increase wages for home care workers. The remaining proposals are not separately identified in the legislation and include: collecting of patient liability, reducing administrative rates paid to managed care plans and re-procurement of those plans, and identifying opportunities to leverage and repurpose resources for hospital and nursing home incentive programs. It includes waiver authority to expand services to non-elderly adults with dementia and allow access to non-medical services and supports such as housing stabilization services. It allows the Office of Health and Human Services to seek federal opportunities that do not adversely impact beneficiaries or increase program expenses beyond the FY 2017 appropriation. The Governor's budget assumes \$18.7 million, including \$6.7 million in savings.

Article 8. Hospital License Fee

This article appears to extend the hospital licensing fee in FY 2017 at a rate of 5.862 percent on net patient services revenue for the hospital fiscal year ending on or after September 30, 2017, for all community hospitals except South County and Westerly, which will be assessed a 3.67 percent license. It includes the due date for filing returns and making the payment. The legislation also reflects a 5.703 percent license fee which appears to be in error.

Revenue from the two-tiered fee will be \$169.1 million, including \$162.3 million from community hospital payments and \$6.7 million from state payments for Eleanor Slater Hospital. This article appears annually in the Appropriations Act.

Article 9. Medical Assistance and Uncompensated Care

Article 9 extends the uncompensated care payments to the community hospitals, with the state making a payment for FY 2017 and FY 2018 that does not exceed \$125.0 million. It also eliminates the two upper payment limit reimbursements made to community hospitals and graduate medical education activities and ties any rate changes to a national index. This lowers hospital spending by \$43.3 million including \$21.3 million from general revenues.

The article eliminates the October 1, 2016 inflation adjustment for nursing facilities and acuity adjustments, and eliminates beneficiary choice for enrollment in the Integrated Care Initiative and includes options

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counseling in a person-centered planning process. It also directs Medicaid funded home health providers to increase the pay for personal care attendants and home health aides. There are provisions for repayment by the providers if the increase is used for other purposes not deemed appropriate by the Secretary of Office of Health and Human Services. The providers must file a report by September 1, 2016, attesting that the increase was passed through to the direct care workers.

The article allows those eligible for Medicaid through the expansion options group to enroll in the premium assistance program and expands services to Medicaid beneficiaries including community health teams.

The article reverses the component of reinventing Medicaid legislation that eliminated minimum reimbursement amounts paid from third party commercial insurers for early intervention services and increases the \$7,500 assessment made against commercial insurers to \$12,500 to be deposited into the children's health account.

Finally, the article directs the Secretary to identify and implement fiscal controls within the overall budget to achieve full savings in the FY 2016 budget under the Reinventing Medicaid initiative. The budget reduces the November adopted caseload estimate for revised medical assistance expenses by \$16.1 million, including \$8.0 million from general revenues from these unidentified controls.

Article 10. Revised Budget

Section 1. Revisions to Appropriations. This section of Article 10 contains the revised appropriations for FY 2016.

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

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

Section 4. Full-Time Equivalent Positions. This section limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2016. In addition, state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. This section also contains the usual provision that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization. Total staffing is 15,139.3 full-time equivalent positions, 20.9 positions more than enacted.

Section 5. Effective Date. This section of Article 10 establishes an effective date upon passage of the article.

Article 11. Strengthening Neighborhood Schools

Section 1. Local Budgets and Uniform Chart of Accounts. Section 1 would require local education agencies to post their adopted budgets on their websites and also include a link to the Department of Elementary and Secondary Education's website effective for FY 2018. It would also require each local

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education agency to update the information within 60 days after adoption and/or making any changes to the budget.

Section 1 would also require the Department of Elementary and Secondary Education to ensure the uniform chart of accounts allows for both school to school and district to district comparisons and that the structure of the uniform chart of accounts shall ensure that data is collected and presented at a minimum, by position, program and school location in order to facilitate such comparisons. Local education agencies would have to submit budget information that conforms with the uniform chart of accounts requirements to the Department within 30 days of the local budget's adoption. It would require the Department of Elementary and Secondary Education to annually publish on its website a "performance dashboard" that would include the per pupil expenditures of each public school and district by revenue source and expenditure category as well as student performance indicators.

Sections 2 and 5. Full-Day Kindergarten. Sections 2 and 5 repeal the requirement that beginning in FY 2017, the state will provide full funding, rather than transitioned aid, for any district converting from a half-day to a full-day kindergarten for the 2014-2015 school year or after. The Governor's budget excludes \$2.5 million in funding to the 13 districts that converted to full-day kindergarten in FY 2015 or after based on this repeal.

Section 3. Local Maintenance of Effort. Current law requires that each community contribute local funds to its school committee in an amount not less than its local contribution for schools in the previous fiscal year with certain exemptions for high local contribution communities, high per pupil expenditure communities and non-recurring expenditures. Section 3 changes the maintenance of effort requirement beginning in FY 2018. It would require the annual contribution to increase by the greater of inflation or consistent per pupil growth, defined as at least one percent for two consecutive years. The legislation does not change the exemptions.

Section 4. Education Funding Formula. Section 4 makes a number of changes to the education funding formula.

High Cost English Language Learners. This section creates a new category of funding to support English language learners that are in the most intensive programs. The funding shall be used on evidence-based programs proven to increase outcomes and will be monitored by the Department of Elementary and Secondary Education. The calculation is ten percent of the core instruction amount, adjusted for the state share ratio, for students based on criteria determined by the Commissioner. The Governor's budget includes \$2.5 million for FY 2017 and is intended to be the first of a two-year phase up to a total of \$5.0 million for FY 2018 and beyond.

School of Choice Density Aid. This section creates a new category of aid which would provide additional state support for those districts who have at least 5.0 percent of their students enrolled at a school of choice, which includes charter schools or state schools. For FY 2017, six districts would be eligible for this funding which provides \$300 per pupil for every student sent to a charter or state school. This amount shall be recalculated every three years in a manner to be determined by the Commissioner of Elementary and Secondary Education though it is not clear what element would be recalculated and by what standard. The Governor's budget includes \$2.6 million for FY 2017.

Stabilization Fund. Section 4 amends the Central Falls stabilization fund language to include the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula

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and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. The Governor's recommended budget includes \$2.3 million in additional funding to Davies and the Met schools including \$2.0 million for Davies and \$0.3 million for Met.

The proposed legislation also amends the language with regard to Central Falls. Currently, there is an annual review to determine the amount of the state and city appropriation. The city has been receiving the funding since FY 2015 without making any local contributions. This legislation would remove the annual determination which would make the city automatically eligible for stabilization funding and no longer require a local contribution.

High Cost Special Education Categorical Funding. Section 4 would reduce the threshold for eligibility for high cost special education categorical funding to four times the per pupil core instruction amount and student success factor amount effective FY 2018; the current threshold is five times the amount.

Funding Formula Review. Section 4 includes language requiring the Department of Elementary and Secondary Education to conduct a review of the education funding formula no less than every five years and make recommendations to the Assembly.

Student Success Factor. Section 4 also changes the definition of poverty used to calculate the 40.0 percent student success factor from being eligible for free and reduced lunch to being at 185 percent of federal poverty guidelines. Based on guidance from the United States Department of Agriculture, an alternate definition for use in the funding formula is required. This will have no impact on the numbers of children because free and reduced lunch eligibility is based on federal poverty guidelines with 185 percent of poverty being the threshold for reduced price lunch.

Sections 4, and 6 through 8. Local Tuition to Charter and State Schools. These sections contain a number of changes to local tuition payments to state and charter schools. It reduces the local tuition payments made to charter and state schools by \$355 per student in an effort to capture the cost differential between traditional districts and charter schools in areas such as: preschool services and screening, services to students ages 18 to 21, career and technical education, out-of-district special education placements, retiree health benefits, debt service and rental costs. This is estimated to reduce local tuition payments to charter and state schools by \$3.6 million. The proposed legislation would require the Commissioner of Elementary and Secondary Education to review and recalculate the reduction to local funding every three years in order to ensure accuracy though it is not clear what element would be recalculated and by what standard.

The legislation codifies existing practice in how the Department of Elementary and Secondary Education calculates the local per pupil cost used to determine local tuition payments to charter and state schools. It includes language to exclude the local share of funding paid to charter and state schools in the calculation of local per pupil expenditures and it freezes the amount of this exclusion at the FY 2014 level. It also removes obsolete language regarding the funding of charter schools that is no longer applicable because charter schools are funded through the funding formula.

The proposed legislation would also repeal the provision that any charter school with an approved career or technical education program that enrolls special education students would be able to charge the sending district its average per pupil special education cost. There are currently no charter schools with an approved career or technical program.

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Article 12. Taxes and Revenues

This article would increase the cigarette tax from \$3.75 to \$4.00 per pack effective August 1, 2016 and includes an inventory tax on cigarettes on hand upon which the existing rate was paid for the tax stamps. Whenever rates change, a tax on the differential rate, often called an inventory or floor tax, on existing inventory that had been taxed at the old rate is levied. The 2015 Assembly increased the cigarette tax from \$3.50 to \$3.75 per pack, effective August 1, 2015. The FY 2017 budget assumes \$7.1 million in sales and tobacco tax revenues associated with this increase.

Article 13. Making Work Pay

Section 1. Minimum Wage. This section would increase the minimum wage from \$9.60 per hour to \$10.10 per hour, effective January 1, 2017. The 2015 Assembly increased the minimum wage from \$9.00 per hour to the current \$9.60, effective January 1, 2016. The minimum wage has been increased annually since January 1, 2013; prior to that date, it had not increased since 2007.

Section 2. Earned Income Tax Credit. This section would modify the state's Earned Income Tax Credit for low and moderate wage earners to equal 15.0 percent of the federal credit, effective January 1, 2017. The Budget assumes an associated revenue loss of \$2.7 million, which annualizes to \$5.5 million for FY 2018. The 2015 Assembly increased the percent of the federal credit from 10.0 percent to 12.5 percent, effective January 1, 2016.

Section 2 also includes language codifying past practice regarding the percent of the federal credit and refundability of the state credit prior to the changes made by the 2014 Assembly. The addition of this language does not impact current treatment of the credit.

Article 14. Compassion Centers and Caregivers (Medical Marijuana)

Article 14 would make significant changes to the state's medical marijuana regulation system. Expanded regulation and enforcement, overseen by the Department of Business Regulation, would include: establishing licenses for cultivators who grow plants for exclusive sale to compassion centers; shifting the licensing of caregivers and compassion centers from the Department of Health to the Department of Business Regulation; instituting a tagging system ranging from \$150 to \$350 per tag per plant for certain licensed growers, including patients, caregivers, and cultivators; lowering the number of plants that may be grown at one time by patients and caregivers from 12 to 6; and permitting licensed patients and caregivers to grow plants at only one location, registered with the Department of Business Regulation. The Budget includes 5.0 new full-time positions and \$1.8 million from all sources, including \$1.3 million from general revenues, for the Department of Business Regulation to administer the initiative.

The Department of Health would continue to license patients and would also establish a new license for individuals designated by patients as authorized purchasers. Patients would no longer be required to choose a specific compassion center when registering. The Budget includes \$0.4 million from fees for licensing and administration of the program by the Department of Health.

The proposal would also reduce the compassion center surcharge from 4.0 percent to 3.0 percent, effective July 1, 2016. The Budget assumes \$9.8 million in new revenues from the initiative. The Governor recommends \$1.3 million from general revenues for the Department of Business Regulation to develop a tracking system for plant tags, resulting in an overall net impact of \$8.5 million in new revenues.

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Article 15. Municipalities

Sections 1 through 3. Municipal Transparency Portal. These sections would require that the Division of Municipal Finance implement a standardized method of financial reporting for municipalities and develop an online “Transparency” portal for report submission and the public posting of municipal financial information. Municipal financial data must include audited annual financial statements, the status of its general fund, and a comparison of the municipality’s budget to actual expenditures. Municipalities would be required to use the portal to provide the Division of Municipal Finance with financial reports.

These sections would establish a financial reporting schedule of every three months, beginning in the sixth month of the municipality’s fiscal year. Cities and towns must currently provide the Division with reports on a quarterly basis. Municipalities that do not comply with the standardized format and new reporting requirements would be publicly posted as delinquent via the portal. The Division will encourage municipalities’ efforts to share data with each other via the portal and contract for shared services.

Section 4. Distressed Communities Refund Offset. Section 4 would establish that all communities qualifying as distressed participate in the Division of Taxation’s refund offset program within three months of notification of distressed status. The refund offset program allows cities and towns to contract with the Division to intercept state personal income tax refunds for application to outstanding municipal tax liabilities. As of December 2015, four of the eight communities that qualify for FY 2017 aid participate: East Providence, Pawtucket, West Warwick, and Woonsocket.

Section 5. Property Revaluations. This section would alter the current statutory municipal property revaluation schedule of a statistical update every third and sixth year with a full property revaluation conducted every ninth year. The legislation would expand the timeframe between statistical updates to every fifth and tenth year, with full revaluations occurring every fifteenth year. The changes would be effective as of the assessment date of December 31, 2017 and would impact associated state reimbursements beginning in FY 2018.

Article 16. Making it Easier to do Business in Rhode Island

Article 16 would make changes to the unemployment insurance taxes that some employers pay and lowers the amount the Unemployment Insurance trust fund must hold in reserve in order to save Rhode Island employers an estimated \$30 million in 2017 from a reduction in unemployment insurance taxes that would take effect on January 1, 2017. Article 16 would also establish a Temporary Disability Insurance Fraud and Integrity Task Force charged with educating workers, employers and healthcare professionals about the program and reduce the amount of time a claimant has to apply for temporary disability insurance benefits from 52 weeks to 90 days.

Article 17. Commerce

Sections 1 and 2. Wavemaker Fellowships. These sections would make several changes to the Wavemaker Fellowship Tax Credit program, enacted by the 2015 Assembly as one of several economic development initiatives. Under current law, a resident of the state who receives an associate’s, bachelor’s or master’s degree and who is employed by a Rhode Island based employer in certain scientific and engineering fields is eligible for a state income tax credit to assist in repayment of any student debt assumed in the course of achieving their degree. Credit recipients are chosen via a competitive process.

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The legislation would eliminate the existing annual credit limits for recipients and includes automatic approval of credits for applicants who meet specific criteria, including the application timeframe and applicant's academic performance. The sections would also eliminate the employer-blind requirement for recipient selection and allow businesses to reserve up to 15.0 percent of total credits available in a fiscal year for eligible employees. The Governor's budget includes \$5.0 million for the program, which is \$3.2 million more than documents supporting the Governor's FY 2016 budget indicated would be recommended for FY 2017.

Section 3. Tax Stabilization Incentives. Section 3 would amend current law regarding tax stabilization incentive payments that may be made by the Commerce Corporation, the authority for which was enacted by the 2015 Assembly as one of several economic development initiatives. Under current law, the Corporation may reimburse up to 10.0 percent of foregone revenue, subject to appropriation. This section would allow the Corporation to reimburse up to five municipalities per year up to 50.0 percent of property tax revenue foregone as a result of a tax stabilization agreement. Municipalities would be required to meet certain criteria, including formal affirmation by resolution of a project's importance for economic development. Municipalities would be selected for the larger reimbursements via a competitive process.

Section 4. Jobs Incentive Tax Credit. This section would change current requirements for businesses to receive tax credits under the New Qualified Jobs Incentive Tax Credit program, authorized by the 2015 Assembly as one of several economic development initiatives. The legislation would reduce the number of jobs that a business must create and maintain to qualify for credits by half. It would additionally eliminate the existing \$7,500 credit cap per new job. Total credits earned by a company for each job would still be capped at the amount of the employee's income tax withholdings. The minimum credit received per job would remain \$2,500.

Sections 5 and 6. Economic Development Initiative Funds. These sections would allow the Commerce Corporation to utilize funds appropriated for specific economic development initiatives for other initiatives, as deemed necessary by the Executive Office of Commerce. The 2015 Assembly authorized several economic development initiatives, including the Rebuild Rhode Island Tax Credit program for construction projects meeting specific size and scope criteria and the Anchor Institution Tax Credit for businesses that successfully solicit the relocation of a separate business or the relocation of at least ten employees of that business on a permanent basis. Under current law, the Corporation may require a project authorized for Rebuild Rhode Island tax credits to enter into a municipal tax stabilization agreement. While the Corporation may request state reimbursement of up to 10.0 percent of the municipality's associated foregone tax revenues, those reimbursements are subject to availability of appropriated funds. Section 5 would allow the Corporation to utilize Rebuild Rhode Island Tax Credit funds to reimburse municipalities and Section 6 would allow the Corporation to transfer Anchor Institution Tax Credit funds to the Rebuild Rhode Island Tax Credit Fund.

Sections 7 and 8. Research and Development Tax Credit. These sections would establish the Refundable Research and Development Tax Credit program to assist companies with significant research and development investments, effective July 1, 2016. Under this program, businesses would apply to the Commerce Corporation for credits up to the lesser of the business's municipal tax liability associated with the investment or \$0.2 million. Businesses would have to apply for credits prior to incurring the research related expenses. The application process may require that the business make a multi-year commitment for research and development investments, whether the applicant is making a significant capital investment, and whether the business would not engage in the research and development activities but for the credits' availability. Credits could be carried forward up to five years but would be fully refundable in the year issued. The legislation does not include a program sunset. The Budget includes \$5.0 million.

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Article 18. Renewable Energy Programs

This article extends the Renewable Energy Fund surcharge by five years through 2022. The surcharge of 0.3 mills per kilowatt-hour generates \$2.5 million annually and is set to expire on December 31, 2017. The Fund is administered by the Commerce Corporation and had a balance of approximately \$6 million at the end of December 2015.

This article would also allow for a leasing agreement or financing arrangement with a third party company for the installation of a net metering system. Net metering allows customers to receive credits for electricity that they generate but do not use. Currently, only municipalities and certain public agencies are allowed that option; the article extends that to include residential, commercial, private and public institutions. Section 3 of the article exempts net metered renewable energy installations after December 31, 2015, from municipal property taxes. If a city or town does not want to offer this exemption, it must adopt an ordinance to not allow it and consult with the Office of Energy Resources and the Division of Taxation.

Article 19. Division of Motor Vehicles

Article 19 delays the mandatory reissuance of fully reflective license plates from July 1, 2016 to April 1, 2017. The reissuance has been delayed three times previously, from September 1, 2011 to September 1, 2013, again to September 1, 2015, and from that date to July 1, 2016. The Budget assumes an associated revenue loss of \$2.0 million; the FY 2016 enacted budget includes \$3.0 million to begin producing the new plate sets in FY 2016. The Governor's recommendation shifts the funds to FY 2017.

Article 20. Local Agriculture and Seafood Program

Article 20 would require that all fees collected from the lease of tidal lands for a renewable energy project costing \$5 million or more be deposited into the Local Agriculture and Seafood Fund, instead of general revenues. The article also expands the legislative intent of the Rhode Island Local Agriculture and Seafood Act to provide the fishing industry with the resources to participate in matters concerning fisheries management regulations and authorizes grants of up to \$50,000 from the Fund is for this purpose. The Coastal Resources Management Council's agreement with Deepwater Wind for an annual lease payment of \$150,000 or the amount from a rent formula set forth by the federal Bureau of Ocean Energy Management, whichever is greater, for a period of 25 years. The budget assumes these funds are transferred from general revenue to restricted receipts.

Article 21. Behavioral Healthcare, Developmental Disabilities and Hospitals

Article 21 identifies the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals as the sole designated agency with the responsibility to plan, coordinate, manage, implement and report on state substance abuse policy and efforts that relate to federal substance abuse laws and regulations. The Office of Health and Human Services is the co-designated agency for this purpose. The two agencies will also be co-designated for the calculation of expenditures and maintenance of effort for the federally awarded Substance Abuse Block Grant. The Department reports that the federal Substance Abuse and Mental Health Authority is requiring the dual designation because as part of its maintenance of effort calculation, the Department includes Medicaid expenses which are shown in the Office of Health and Human Services' budget.

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Article 22. State Budget

Article 22 makes changes to the revenue and caseload estimating conferences. It deletes the meeting that occurs by November 10 and adds a meeting within the last ten days of January. It replaces the Department of Human Services with the Executive Office of Health and Human Services as a participant in the Caseload Estimating Conference and makes changes to the type of data that must be presented by the Office at the conference. It also removes cash assistance from the purview of the Caseload Estimating Conference.

Article 22 also changes the budget submission date from the third Thursday in January to the second Thursday in February and in the years when a new governor is inaugurated, from the first Thursday in February to the second Thursday in March.

Article 23. Safe Harbor for Sexually Exploited Children

Article 23 creates a new chapter of law known as “the Rhode Island safe harbor for sexually exploited children act”. The purpose of this safe harbor will be to ensure that minors who are victims of sex trafficking are provided immunity from prosecution for prostitution and that the child victim is redirected away from the criminal justice system and towards supportive services and programs. The article requires screening and risk assessment of potential victims and reporting of allegations to appropriate law enforcement agencies and the Department of Children, Youth and Families. This article would also specify eligibility for crime victims’ compensation grants to child victims of sex trafficking and sexual exploitation. These individuals are currently eligible for crime victim compensation benefits and have been recipients of program benefits.

Article 24. Restricted Receipts

Article 24 exempts three accounts from the state’s indirect cost recovery charge: Local Agriculture and Seafood Fund administered by the Department of Environmental Management created in Article 20, the existing Division of Motor Vehicles Modernization Project within the Department of Revenue and the proposed RISON Infrastructure Repairs/Equipment Replacement (Google) for the Emergency Management Agency.

Article 25. Effective Date

Article 25 provides that the act shall take effect on July 1, 2016, except where a provision within an article specifies a retroactive or prospective effective date.

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Summary Tables

General Revenues

	FY 2015 Audited	FY 2016 Enacted	FY 2016 Gov. Rev.	FY 2017 Nov. Consensus	FY 2017 Governor
Personal Income Tax	\$ 1,227,581,960	\$ 1,215,737,125	\$ 1,214,900,000	\$ 1,265,400,000	\$ 1,263,499,140
General Business Taxes			-	-	-
Business Corporations	147,979,089	136,380,000	153,500,000	156,000,000	163,651,005
Public Utilities Gross	103,950,349	104,700,000	104,000,000	104,500,000	104,500,000
Financial Institutions	22,743,284	16,500,000	17,700,000	19,500,000	19,500,000
Insurance Companies	120,264,561	125,249,699	122,400,000	126,600,000	127,674,000
Bank Deposits	2,259,880	2,000,000	2,300,000	2,300,000	2,300,000
Health Care Provider	44,125,338	44,915,693	44,000,000	45,100,000	45,100,000
Sales and Use Taxes					
Sales and Use	963,452,546	969,521,947	981,000,000	1,015,000,000	1,017,677,054
Motor Vehicle	49,117,001	36,538,048	36,200,000	12,200,000	12,200,000
Motor Fuel	(124,650)	500,000	500,000	500,000	500,000
Cigarettes	138,045,483	140,779,745	142,100,000	138,600,000	145,088,709
Alcohol	18,363,285	18,850,000	19,000,000	19,500,000	19,500,000
Other Taxes					
Inheritance and Gift	34,202,383	20,400,000	23,000,000	20,400,000	20,400,000
Racing and Athletics	1,107,202	1,100,000	1,100,000	1,100,000	1,100,000
Realty Transfer	9,493,464	10,210,937	10,000,000	10,300,000	10,300,000
Total Taxes	\$2,882,561,175	\$2,843,383,194	\$2,871,700,000	\$2,937,000,000	\$2,952,989,908
Departmental Receipts	354,121,814	357,236,271	356,705,000	191,400,000	369,500,901
Other Miscellaneous	8,778,364	1,397,000	783,000	1,116,000	23,341,000
Lottery	381,935,510	331,740,000	356,900,000	354,700,000	354,700,000
Unclaimed Property	13,711,780	10,000,000	10,100,000	8,800,000	8,800,000
Total General Revenues	\$3,641,108,643	\$3,543,756,465	\$3,596,188,000	\$3,493,016,000	\$3,709,331,809

Expenditures from All Funds

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
General Government				
Administration	\$ 368,031,640	\$ 396,014,187	\$ 424,390,402	\$ 397,694,673
Business Regulation	14,620,512	14,393,095	15,356,982	17,005,533
Executive Office of Commerce	74,924,345	76,378,826	74,238,052	83,622,348
Labor and Training	443,730,008	449,441,053	422,719,085	422,079,133
Revenue	423,207,249	478,228,453	498,535,038	502,599,539
Legislature	41,154,944	44,105,835	43,180,542	43,049,302
Lieutenant Governor	1,192,621	1,043,068	1,140,111	1,109,576
Secretary of State	7,986,884	7,764,433	9,572,293	10,749,205
General Treasurer	39,094,693	39,892,444	36,388,074	36,771,155
Board of Elections	1,818,305	1,797,868	2,401,248	1,982,707
Rhode Island Ethics Commission	1,644,876	1,611,119	1,680,779	1,653,383
Governor's Office	4,903,467	5,139,589	5,098,058	5,091,069
Human Rights	1,548,010	1,554,766	1,585,044	1,581,423
Public Utilities Commission	8,684,685	8,672,349	9,175,544	8,926,973
Subtotal - General Government	\$ 1,432,542,239	\$ 1,526,037,085	\$ 1,545,461,252	\$ 1,533,916,019
Human Services				
Health and Human Services	\$ 2,387,903,953	\$ 2,463,562,045	\$ 2,491,090,481	\$ 2,409,316,489
Children, Youth and Families	216,592,410	222,764,039	223,490,289	216,110,079
Health	121,401,905	131,108,001	166,048,992	163,332,529
Human Services	622,403,505	654,079,623	636,509,178	597,518,025
BHDDH	370,945,694	379,842,987	392,150,808	375,005,876
Child Advocate	717,273	714,417	728,474	695,582
Deaf and Hard of Hearing	491,883	539,040	588,452	587,746
Commission on Disabilities	428,524	435,961	442,327	440,570
Mental Health Advocate	508,251	549,419	543,787	542,009
Subtotal - Human Services	\$ 3,721,393,398	\$ 3,853,595,532	\$ 3,911,592,788	\$ 3,763,548,905
Education				
Elementary and Secondary	\$ 1,308,490,695	\$ 1,317,358,312	\$ 1,349,020,538	\$ 1,350,379,573
Higher Education	1,090,159,436	1,123,009,185	1,177,035,423	1,163,417,439
Arts Council	4,036,698	3,539,374	3,986,708	2,618,274
Atomic Energy	1,337,169	1,604,090	1,338,599	1,350,935
Historical Preservation	3,956,703	4,064,257	3,980,618	2,974,999
Subtotal - Education	\$ 2,407,980,701	\$ 2,449,575,218	\$ 2,535,361,886	\$ 2,520,741,220

Expenditures from All Funds

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Public Safety				
Attorney General	\$ 34,035,317	\$ 35,724,802	\$ 37,490,837	\$ 34,882,783
Corrections	211,025,689	217,726,101	223,872,563	226,119,650
Judicial	116,299,126	115,972,127	123,150,711	116,664,962
Military Staff	19,408,098	19,623,374	25,200,392	24,677,316
Emergency Management	18,537,918	28,530,116	22,229,347	23,994,138
Public Safety	123,725,416	123,876,829	128,582,314	121,809,215
Public Defender	11,700,347	11,616,528	12,022,845	11,897,202
Subtotal-Public Safety	\$ 534,731,911	\$ 553,069,877	\$ 572,549,009	\$ 560,045,266
Natural Resources				
Environmental Management	\$ 99,304,621	\$ 102,794,367	\$ 104,407,535	\$ 99,851,715
CRMC	5,669,383	7,215,410	8,059,447	7,211,407
Subtotal-Natural Resources	\$ 104,974,004	\$ 110,009,777	\$ 112,466,982	\$ 107,063,122
Transportation				
Transportation	\$ 463,816,478	\$ 482,858,909	\$ 485,171,429	\$ 479,457,845
Subtotal-Transportation	\$ 463,816,478	\$ 482,858,909	\$ 485,171,429	\$ 479,457,845
Total	\$ 8,665,438,731	\$ 8,975,146,398	\$ 9,162,603,346	\$ 8,964,772,377

Expenditures from General Revenues

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
General Government				
Administration	\$ 197,494,291	\$ 216,525,887	\$ 261,949,455	\$ 243,008,631
Business Regulation	9,236,495	9,135,640	11,583,939	12,750,654
Executive Office of Commerce	60,840,542	61,014,948	53,793,346	63,281,421
Labor and Training	8,324,769	8,472,717	10,962,731	10,322,779
Revenue	113,198,446	110,571,771	109,003,977	111,231,248
Legislature	39,474,071	42,490,012	41,483,970	41,352,730
Lieutenant Governor	1,127,621	1,043,068	1,140,111	1,109,576
Secretary of State	6,951,530	6,747,368	8,818,249	10,092,686
General Treasurer	2,420,250	2,407,642	2,438,376	2,856,231
Board of Elections	1,818,305	1,797,868	2,401,248	1,982,707
Rhode Island Ethics Commission	1,644,876	1,611,119	1,680,779	1,653,383
Governor's Office	4,903,467	5,139,589	5,098,058	5,091,069
Human Rights	1,252,174	1,243,892	1,261,749	1,258,128
Public Utilities Commission	-	-	-	-
Subtotal - General Government	\$ 448,686,837	\$ 468,201,521	\$ 511,615,988	\$ 505,991,243
Human Services				
Health and Human Services	\$ 909,934,065	\$ 926,021,780	\$ 961,104,492	\$ 914,720,115
Children, Youth and Families	152,587,731	154,782,322	161,709,661	151,984,020
Health	25,835,956	25,719,200	30,157,042	26,501,994
Human Services	98,271,683	97,728,070	99,029,041	103,282,109
BHDDH	172,488,711	174,461,291	181,207,923	168,143,778
Child Advocate	672,273	669,417	683,474	650,582
Deaf and Hard of Hearing	411,883	409,040	508,452	477,746
Commission on Disabilities	383,056	381,890	386,745	386,147
Mental Health Advocate	508,251	549,419	543,787	542,009
Subtotal - Human Services	\$ 1,361,093,609	\$ 1,380,722,429	\$ 1,435,330,617	\$ 1,366,688,500
Education				
Elementary and Secondary	\$ 1,067,719,085	\$ 1,067,544,042	\$ 1,107,876,413	\$ 1,109,259,026
Higher Education	196,304,956	180,983,077	220,551,979	199,498,689
Arts Council	1,863,052	1,859,778	2,908,054	1,539,620
Atomic Energy	957,170	936,450	967,749	981,100
Historical Preservation	1,380,972	1,430,963	1,460,041	1,373,860
Subtotal - Education	\$ 1,268,225,235	\$ 1,252,754,310	\$ 1,333,764,236	\$ 1,312,652,295

Expenditures from General Revenues

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Public Safety				
Attorney General	\$ 25,193,210	\$ 25,122,410	\$ 27,708,091	\$ 25,595,982
Corrections	200,225,250	204,394,923	213,265,010	212,679,501
Judicial	96,031,046	95,581,117	99,757,159	96,341,410
Military Staff	2,065,434	2,363,408	2,891,707	2,659,719
Emergency Management	1,766,002	1,762,453	1,859,570	1,848,876
Public Safety	97,060,493	93,257,274	103,977,508	99,825,776
Public Defender	11,621,977	11,503,708	11,910,025	11,784,382
Subtotal-Public Safety	\$ 433,963,412	\$ 433,985,293	\$ 461,369,070	\$ 450,735,646
Natural Resources				
Environmental Management	\$ 37,586,385	\$ 38,425,074	\$ 38,393,528	\$ 38,240,878
CRMC	2,433,260	2,421,855	2,949,211	2,452,438
Subtotal-Natural Resources	\$ 40,019,645	\$ 40,846,929	\$ 41,342,739	\$ 40,693,316
Transportation				
Transportation	\$ -	\$ -	\$ -	\$ -
Subtotal-Transportation	\$ -	\$ -	\$ -	\$ -
Total	\$ 3,551,988,738	\$ 3,576,510,482	\$ 3,783,422,650	\$ 3,676,761,000

Expenditures from Federal Grants

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
General Government				
Administration	\$ 43,302,629	\$ 43,989,894	\$ 15,389,473	\$ 14,896,706
Business Regulation	2,795,240	2,768,904	1,100,710	1,100,710
Executive Office of Commerce	10,983,803	11,063,878	15,394,706	15,290,927
Labor and Training	38,164,061	56,691,604	38,514,938	38,514,938
Revenue	1,315,154	5,288,759	2,145,367	2,145,367
Legislature	-	-	-	-
Lieutenant Governor	65,000	-	-	-
Secretary of State	-	22,859	-	-
General Treasurer	891,955	1,019,884	954,981	952,881
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	295,836	310,874	323,295	323,295
Public Utilities Commission	90,000	90,000	104,669	104,669
Subtotal - General Government	\$ 97,903,678	\$ 121,246,656	\$ 73,928,139	\$ 73,329,493
Human Services				
Health and Human Services	\$ 1,462,232,758	\$ 1,522,294,853	\$ 1,515,456,587	\$ 1,476,096,972
Children, Youth and Families	58,927,126	61,708,997	58,753,858	60,409,483
Health	65,752,434	70,070,913	100,449,514	100,365,021
Human Services	517,462,308	549,854,594	488,441,742	487,860,220
BHDDH	182,605,186	189,408,411	191,382,682	187,490,274
Child Advocate	45,000	45,000	45,000	45,000
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	35,459	21,181	10,297	10,297
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 2,287,060,271	\$ 2,393,403,949	\$ 2,354,539,680	\$ 2,312,277,267
Education				
Elementary and Secondary	\$ 203,962,314	\$ 211,023,436	\$ 206,208,757	\$ 206,229,553
Higher Education	15,092,544	15,434,426	14,308,847	14,308,847
Arts Council	775,353	774,296	775,454	775,454
Atomic Energy	54,699	325,555	50,308	50,308
Historical Preservation	2,075,393	2,005,752	2,014,329	1,093,966
Subtotal - Education	\$ 221,960,303	\$ 229,563,465	\$ 223,357,695	\$ 222,458,128

Expenditures from Federal Grants

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Public Safety				
Attorney General	\$ 1,291,777	\$ 3,749,312	\$ 1,535,066	\$ 1,692,545
Corrections	1,337,381	1,885,937	1,131,412	1,130,008
Judicial	3,431,136	3,392,087	3,116,365	3,116,365
Military Staff	15,361,864	14,636,581	17,785,385	17,497,797
Emergency Management	16,551,541	26,233,728	20,094,466	20,094,466
Public Safety	6,764,072	10,093,127	9,126,603	9,292,391
Public Defender	78,370	112,820	112,820	112,820
Subtotal-Public Safety	\$ 44,816,141	\$ 60,103,592	\$ 52,902,117	\$ 52,936,392
Natural Resources				
Environmental Management	\$ 29,307,477	\$ 31,376,799	\$ 29,728,792	\$ 29,728,792
CRMC	2,614,348	4,220,154	4,128,481	4,098,312
Subtotal-Natural Resources	\$ 31,921,825	\$ 35,596,953	\$ 33,857,273	\$ 33,827,104
Transportation				
Transportation	\$ 263,615,422	\$ 274,256,147	\$ 272,262,707	\$ 272,409,980
Subtotal-Transportation	\$ 263,615,422	\$ 274,256,147	\$ 272,262,707	\$ 272,409,980
Total	\$ 2,947,277,640	\$ 3,114,170,762	\$ 3,010,847,611	\$ 2,967,238,364

Expenditures from Restricted Receipts

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
General Government				
Administration	\$ 28,853,407	\$ 45,364,953	\$ 40,337,798	\$ 35,983,267
Business Regulation	2,588,777	2,488,551	2,672,333	3,154,169
Executive Office of Commerce	2,800,000	4,000,000	4,750,000	4,750,000
Labor and Training	21,495,150	39,298,684	23,878,696	23,878,696
Revenue	3,894,326	4,935,486	3,947,043	5,947,043
Legislature	1,680,873	1,615,823	1,696,572	1,696,572
Lieutenant Governor	-	-	-	-
Secretary of State	599,108	531,285	654,044	556,519
General Treasurer	35,263,670	35,875,484	32,319,470	32,286,796
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	-	-	-	-
Public Utilities Commission	8,594,685	8,582,349	9,070,875	8,822,304
Subtotal - General Government	\$ 105,769,996	\$ 142,692,615	\$ 119,326,831	\$ 117,075,366
Human Services				
Health and Human Services	\$ 15,737,130	\$ 15,245,412	\$ 14,529,402	\$ 18,499,402
Children, Youth and Families	2,838,967	3,700,363	2,967,395	3,466,576
Health	29,813,515	35,317,888	35,442,436	36,465,514
Human Services	2,076,036	1,368,481	1,210,325	1,282,218
BHDDH	9,180,797	8,365,757	9,199,203	8,435,824
Child Advocate	-	-	-	-
Deaf and Hard of Hearing	80,000	130,000	80,000	110,000
Commission on Disabilities	10,009	32,890	45,285	44,126
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 59,736,454	\$ 64,160,791	\$ 63,474,046	\$ 68,303,660
Education				
Elementary and Secondary	\$ 28,948,926	\$ 30,571,770	\$ 30,691,368	\$ 30,186,994
Higher Education	653,200	653,200	660,795	660,795
Arts Council	-	-	-	-
Atomic Energy	-	-	-	-
Historical Preservation	428,630	427,175	427,907	427,175
Subtotal - Education	\$ 30,030,756	\$ 31,652,145	\$ 31,780,070	\$ 31,274,964

Expenditures from Restricted Receipts

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Public Safety				
Attorney General	\$ 7,250,330	\$ 6,553,080	\$ 7,322,680	\$ 7,294,256
Corrections	47,058	269,614	60,141	60,141
Judicial	11,336,944	11,412,688	11,182,187	11,682,187
Military Staff	323,300	387,300	337,300	337,300
Emergency Management	220,375	301,860	275,311	861,046
Public Safety	11,176,346	11,493,242	5,062,070	5,452,070
Public Defender	-	-	-	-
Subtotal-Public Safety	\$ 30,354,353	\$ 30,417,784	\$ 24,239,689	\$ 25,687,000
Natural Resources				
Environmental Management	\$ 18,354,537	\$ 19,462,047	\$ 19,081,956	\$ 19,081,956
CRMC	250,000	250,000	250,000	250,000
Subtotal-Natural Resources	\$ 18,604,537	\$ 19,712,047	\$ 19,331,956	\$ 19,331,956
Transportation				
Transportation	\$ 1,000,000	\$ 159,506	\$ 180,219	\$ 180,219
Subtotal-Transportation	\$ 1,000,000	\$ 159,506	\$ 180,219	\$ 180,219
Total	\$ 245,496,096	\$ 288,794,888	\$ 258,332,811	\$ 261,853,165

Expenditures from Other Funds

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
General Government				
Administration	\$ 98,381,313	\$ 90,133,453	\$ 106,713,676	\$ 103,806,069
Business Regulation	-	-	-	-
Executive Office of Commerce	300,000	300,000	300,000	300,000
Labor and Training	375,746,028	344,978,048	349,362,720	349,362,720
Revenue	304,799,323	357,432,437	383,438,651	383,275,881
Legislature	-	-	-	-
Lieutenant Governor	-	-	-	-
Secretary of State	436,246	462,921	100,000	100,000
General Treasurer	518,818	589,434	675,247	675,247
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	-	-	-	-
Public Utilities Commission	-	-	-	-
Subtotal - General Government	\$ 780,181,728	\$ 793,896,293	\$ 840,590,294	\$ 837,519,917
Human Services				
Health and Human Services	\$ -	\$ -	\$ -	\$ -
Children, Youth and Families	2,238,586	2,572,357	59,375	250,000
Health	-	-	-	-
Human Services	4,593,478	5,128,478	47,828,070	5,093,478
BHDDH	6,671,000	7,607,528	10,361,000	10,936,000
Child Advocate	-	-	-	-
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	-	-	-	-
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 13,503,064	\$ 15,308,363	\$ 58,248,445	\$ 16,279,478
Education				
Elementary and Secondary	\$ 7,860,370	\$ 8,219,064	\$ 4,244,000	\$ 4,704,000
Higher Education	878,108,736	925,938,482	941,513,802	948,949,108
Arts Council	1,398,293	905,300	303,200	303,200
Atomic Energy	325,300	342,085	320,542	319,527
Historical Preservation	71,708	200,367	78,341	79,998
Subtotal - Education	\$ 887,764,407	\$ 935,605,298	\$ 946,459,885	\$ 954,355,833

Expenditures from Other Funds

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Public Safety				
Attorney General	\$ 300,000	\$ 300,000	\$ 925,000	\$ 300,000
Corrections	9,416,000	11,175,627	9,416,000	12,250,000
Judicial	5,500,000	5,586,235	9,095,000	5,525,000
Military Staff	1,657,500	2,236,085	4,186,000	4,182,500
Emergency Management	-	232,075	-	1,189,750
Public Safety	8,724,505	9,033,186	10,416,133	7,238,978
Public Defender	-	-	-	-
Subtotal-Public Safety	\$ 25,598,005	\$ 28,563,208	\$ 34,038,133	\$ 30,686,228
Natural Resources				
Environmental Management	\$ 14,056,222	\$ 13,530,447	\$ 17,203,259	\$ 12,800,089
CRMC	371,775	323,401	731,755	410,657
Subtotal-Natural Resources	\$ 14,427,997	\$ 13,853,848	\$ 17,935,014	\$ 13,210,746
Transportation				
Transportation	\$ 199,201,056	\$ 208,443,256	\$ 212,728,503	\$ 206,867,646
Subtotal-Transportation	\$ 199,201,056	\$ 208,443,256	\$ 212,728,503	\$ 206,867,646
Total	\$ 1,920,676,257	\$ 1,995,670,266	\$ 2,110,000,274	\$ 2,058,919,848

Full-Time Equivalent Positions

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
General Government				
Administration	711.7	723.7	775.7	743.7
Business Regulation	98.0	98.0	99.0	104.0
Executive Office of Commerce	16.0	16.0	16.0	16.0
Labor and Training	410.0	416.5	416.5	416.5
Revenue	514.5	514.5	517.5	523.5
Legislature	298.5	298.5	298.5	298.5
Lieutenant Governor	8.0	8.0	8.0	8.0
Secretary of State	57.0	57.0	59.0	59.0
General Treasurer	84.0	87.0	87.0	88.0
Board of Elections	11.0	11.0	12.0	12.0
Rhode Island Ethics Commission	12.0	12.0	12.0	12.0
Governor's Office	45.0	45.0	45.0	45.0
Human Rights	14.5	14.5	14.5	14.5
Public Utilities Commission	50.0	50.0	52.0	51.0
Subtotal - General Government	2,330.2	2,351.7	2,412.7	2,391.7
Human Services				
Health and Human Services	187.0	187.0	187.0	187.0
Children, Youth and Families	672.5	672.5	674.0	672.5
Health	490.6	490.6	512.6	503.6
Human Services	959.1	959.1	960.1	955.1
BHDDH	1,421.4	1,419.4	1,421.4	1,417.4
Child Advocate	6.0	6.0	6.0	6.0
Deaf and Hard of Hearing	3.0	3.0	4.0	4.0
Commission on Disabilities	4.0	4.0	4.0	4.0
Mental Health Advocate	4.0	4.0	4.0	4.0
Subtotal - Human Services	3,747.6	3,745.6	3,773.1	3,753.6
Education				
Elementary and Secondary	337.4	339.4	341.4	339.4
Higher Education	4,259.2	4,259.2	4,302.2	4,293.8
Arts Council	8.6	8.6	8.6	6.0
Atomic Energy	8.6	8.6	8.6	8.6
Historical Preservation	16.6	16.6	16.6	16.6
Subtotal - Education	4,630.4	4,632.4	4,677.4	4,664.4

Full-Time Equivalent Positions

	FY 2016 Enacted	FY 2016 Revised	FY 2017 Request	FY 2017 Recommended
Public Safety				
Attorney General	236.1	236.1	243.1	236.1
Corrections	1,419.0	1,419.0	1,427.0	1,432.0
Judicial	724.3	724.3	724.3	724.3
Military Staff	92.0	92.0	103.0	96.0
Emergency Management	32.0	32.0	32.0	32.0
Public Safety	633.2	633.2	648.2	633.2
Public Defender	93.0	93.0	93.0	93.0
Subtotal-Public Safety	3,229.6	3,229.6	3,270.6	3,246.6
Natural Resources				
Environmental Management	399.0	399.0	399.0	401.0
CRMC	29.0	29.0	33.0	29.0
Subtotal-Natural Resources	428.0	428.0	432.0	430.0
Transportation				
Transportation	752.6	752.0	752.0	741.0
Subtotal-Transportation	752.6	752.0	752.0	741.0
Total Positions	15,118.4	15,139.3	15,317.8	15,227.3

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