



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
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Memorandum

To: The Honorable Steven M. Costantino
Chairman, House Finance Committee

The Honorable Daniel DaPonte
Chairman, Senate Finance Committee

From: Rosemary Booth Gallogly *RB Gallogly*
Executive Director/State Budget Officer

Date: January 5, 2010

Subject: Amendments to Article 10 of FY 2010 Supplemental Appropriations Act

The Governor requests that Article 10 of the FY 2010 revised Appropriations Act, entitled "Relating to Restricted Receipt Accounts" be replaced with the attached version. The new version allows the Rhode Island Council on the Arts to establish a restricted receipt account to receive Rhode Island Foundation grant funds; and allows the Attorney General and the Department of Corrections to establish restricted receipt accounts to receive federal pass-through grant funding from the City of Providence for a Drug Market Intervention Initiative. The revised language also exempts these new restricted receipt accounts from the 10% indirect cost recovery charge. The revised language is indicated by shading.

If you have any questions regarding the amendments to Article 10, please feel free to call me at 222-6300.

RBG:sm 10-03

Attachment

cc: Sharon Reynolds Ferland
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TDD#: 277-1227

ARTICLE 10

RELATING TO RESTRICTED RECEIPT ACCOUNTS

SECTION 1. Section 35-4-27 of the General Laws in Chapter 35-4 entitled "State Funds" is hereby amended to read as follows:

§ 35-4-27. Indirect cost recoveries on restricted receipt accounts. – Indirect cost recoveries of ten percent (10%) of cash receipts shall be transferred from all restricted receipt accounts, to be recorded as general revenues in the general fund. However, there shall be no transfer from cash receipts with restrictions received exclusively: (1) from contributions from non-profit charitable organizations; (2) from the assessment of indirect cost recovery rates on federal grant funds; or (3) through transfers from state agencies to the department of administration for the payment of debt service. These indirect cost recoveries shall be applied to all accounts, unless prohibited by federal law or regulation, court order, or court settlement. The following restricted receipt accounts shall not be subject to the provisions of this section:

Department of Human Services

Veterans' home – Restricted account

Veterans' home – Resident benefits

Organ transplant fund

Veteran's Cemetery Memorial Fund

Department of Health

Pandemic medications and equipment account

Department of Mental Health, Retardation and Hospitals

Hospital Medicare Part D Receipts

RICLAS Group Home Operations

Vigneron Memorial Fund grant

Department of Environmental Management

National heritage revolving fund

Environmental response fund II

Underground storage tank registration fees

Underground storage tank financial responsibility fund

Rhode Island Council on the Arts

Art for public facilities fund

Rhode Island Foundation grant

Rhode Island Historical Preservation and Heritage Commission

Historic preservation revolving loan fund

Historic Preservation loan fund – Interest revenue

State Police Department of Public Safety

Forfeited property – Retained

Forfeitures – Federal

Forfeited property – Gambling

Donation – Polygraph and Law Enforcement Training

Rhode Island State Firefighter's League Training Account

Attorney General

Forfeiture of property

Federal forfeitures

Attorney General multi-state account

Drug Market Intervention Initiative account

Department of Administration

Restore and replacement – Insurance coverage

Convention Center Authority rental payments

Investment Receipts – TANS

Car Rental Tax/Surcharge-Warwick Share

OPEB System Restricted Receipt Account

ARRA Administrative Expenses – Bureau of Audits

ARRA Administrative Expenses – Purchasing

Legislature

Audit of federal assisted programs

Department of Elderly Affairs

Pharmaceutical Rebates Account

Department of Children Youth and Families

Children's Trust Accounts – SSI

Military Staff

RI Military Family Relief Fund

Corrections

Drug Market Intervention Initiative account

Treasury

Admin. Expenses – State Retirement System

Retirement – Treasury Investment Options

Business Regulation

Banking Division Reimbursement Account

Office of the Health Insurance Commissioner Reimbursement Account

Securities Division Reimbursement Account

Commercial Licensing and Racing and Athletics Division Reimbursement Account

Insurance Division Reimbursement Account

Historic Preservation Tax Credit Account

Judiciary

Arbitration Fund Restricted Receipt Account

Department of Elementary and Secondary Education

Statewide Student Transportation Services Account

Office of the Governor

ARRA Administrative Expenses – Office of Economic Recovery and ReInvestment

SECTION 2. Section 16-21-1 of the General Laws in Chapter 16-21 entitled "Health and Safety of Pupils" is hereby amended to read as follows:

§ 16-21-1. Transportation of public and private school pupils. -- (a) The school committee of any town or city shall provide suitable transportation to and from school for pupils attending public and private schools of elementary and high school grades, except private schools that are operated for profit, who reside so far from the public or private school which the pupil attends as to make the pupil's regular attendance at school impractical and for any pupil whose regular attendance would otherwise be impracticable on account of physical disability or infirmity.

(b) For transportation provided to children enrolled in grades kindergarten through five (5), school bus monitors, other than the school bus driver, shall be required on all school bound and home bound routes. Variances to the requirement for a school bus monitor may be granted by the commissioner of elementary and secondary education if he or she finds that an alternative plan provides substantially equivalent safety for children. For the purposes of this section a "school bus monitor" means any person sixteen (16) years of age or older.

(c) No school committee shall negotiate, extend, or renew any transportation contract unless such contract enables the district to participate in the statewide transportation system, without penalty to the district, upon implementation of the statewide transportation system described in RIGL §§ 16-21.1-7 and 16-21.1-8. Notice of the implementation of the statewide transportation system for in-district transportation shall be provided in writing by the department of elementary and secondary education to the superintendent of each district upon implementation. Upon implementation of the statewide system of transportation for all students, each school committee shall purchase transportation services for their own resident students by accessing the statewide system on a fee-for-service basis for each student; provided, however,

that any school committee that fulfills its transportation obligations primarily through the use of district-owned buses or district employees may continue to do so. Variances to the requirement for the purchase of transportation services through the statewide transportation system for non-public and non shared routes may be granted by the commissioner of elementary and secondary education if the commissioner finds that an alternative system is more cost effective. All fees paid for transportation services provided to students under the statewide system shall be paid into a statewide student transportation services restricted receipt account within the department of elementary and secondary education. Payments from the account shall be limited to payments to the transportation service provider and transportation system consultants. This restricted receipt account shall not be subject to the indirect cost recoveries provision(s) set forth in § 35-4-27.

SECTION 3. Sections 16-21.1-7 and 16-21.1-8 of the General Laws in Chapter 16-21.1 entitled "Transportation of School Pupils Beyond City and Town Limits" are hereby amended to read as follows:

§ 16-21.1-7. Statewide transportation of students with special needs. --

Notwithstanding the regional structure created in this chapter, and pursuant to the obligation of school committees to transport children with special needs to and from school either within the school district or in another school district of the state created by § 16-24-4, the department of elementary and secondary education, in collaboration with the office of statewide planning of the department of administration, and the Rhode Island public transit authority shall develop a plan for the creation and implementation of a statewide system of transportation of students with special needs to and from school. The statewide school transportation system for children with special needs shall be provided through a competitive request for proposals to which vendors of transportation services may respond. Effective upon the implementation of this statewide system of transportation for students with special needs, each school committee shall purchase the transportation services for their own resident students with special needs by accessing this integrated statewide system of transportation for children with special needs on a fee-for-service

basis for each child; provided, however, that any school committee that fulfills its transportation obligations primarily through the use of district-owned buses or district employees may continue to do so. All fees paid for transportation services provided to students under the statewide system shall be paid into a statewide student transportation services restricted receipt account within the department of elementary and secondary education. Payments from the account shall be limited to payments to the transportation service provider and transportation system consultants. This restricted receipt account shall not be subject to the indirect cost recoveries provisions set forth in § 35-4-27. The goal of the statewide system of transportation for students with special needs shall be the reduction of duplication of cost and routes in transporting children from the various cities and towns to the same special education program providers using different buses from each city and town, the improvement of services to children through the development of shorter ride times and more efficient routes of travel, and the reduction of cost to local school committees through achieving efficiency in eliminating the need for each school district to contract for and provide these specialized transportation services separately. The department of elementary and secondary education shall submit a report of their findings and plans to the general assembly by March 30, 2008.

§ 16-21.1-8. Statewide transportation system for all students to be established.-

Notwithstanding the regional structure created in this chapter, the department of elementary and secondary education, in collaboration with the office of statewide planning of the department of administration, and the Rhode Island public transit authority shall conduct a comprehensive study of all current transportation services for students in Rhode Island school districts in order to develop a plan for the creation and implementation of a statewide system of transportation of all students to and from school. The statewide school transportation system for all students shall be provided through a competitive request for proposals to which vendors of transportation services may respond. Effective upon the implementation of this statewide system of transportation for all students, each school committee shall purchase the transportation services for their own resident

students by accessing this integrated statewide system of transportation on a fee-for-service basis or each child; provided, however, that any school committee that fulfills its transportation obligations primarily through the use of district-owned buses or district employees may continue to do so. All fees paid for transportation services provided to students under the statewide system shall be paid into a statewide student transportation services restricted receipt account within the department of elementary and secondary education. Payments from the account shall be limited to payments to the transportation service provider and transportation system consultants. This restricted receipt account shall not be subject to the indirect cost recoveries provisions set forth in § 35-4-27. The goals of the statewide system of transportation for all students shall be the reduction of duplication of cost and routes in transporting children from the various cities and towns using different buses within and between each city and town, the improvement of services to children through the development of shorter ride times and more efficient routes of travel, and the reduction of cost to local school committees through achieving efficiency in eliminating the need for each school district to contract for and provide these transportation services separately. The comprehensive study of all current transportation services for students in Rhode Island school districts and development of a plan for a statewide system of transportation of all students to and from school shall be completed, with a report to the general assembly by March 30, 2008.

SECTION 4. Chapter 23-28.2 of the General Laws entitled "Division of Fire Safety" is hereby amended by adding thereto the following section:

§ 23-28.2-28 Rhode Island state firefighter's league grant account.- (a) There is hereby created within the department of public safety a restricted receipt account to be known as the Rhode Island state firefighter's league grant account. Donations received from the Rhode Island state firefighter's league shall be deposited into this account, and shall be used solely to fund education and training programs for firefighters in the state.

(b) All amounts deposited in the Rhode Island state firefighter's league grant account shall be exempt from the indirect cost recovery provisions of § 35-4-27.

SECTION 5. Chapter 40.1-3 of the General Laws entitled "Curative Services" is hereby amended by adding thereto the following section:

§ 40.1-3-16 Vigneron memorial fund grant account.- (a) There is hereby created within the department of mental health, retardation, and hospitals a restricted receipt account to be known as the Vigneron memorial fund grant account. Donations deposited into the Vigneron memorial fund grant account shall be used solely to provide material for the patients at Zambarano hospital to improve their ability to express themselves, participate in motivating activities, exert greater control over their daily environment, and increase their independence.

(b) All amounts deposited in the Vigneron memorial fund grant account on or after June 24, 2009, shall be exempt from the indirect cost recovery provisions of § 35-4-27.

SECTION 6. Chapter 42-7 of the General Laws entitled "Executive Department" is hereby amended by adding thereto the following section:

§ 42-7-8 American Recovery and Reinvestment Act Administration Expenses. (a) There is hereby created restricted receipt accounts, within the office of the governor for the office of economic recovery and reinvestment, and within the department of administration for the bureau of audits and the division of purchasing, to be known as ARRA administrative expense accounts. Payments from the accounts shall be limited to expenses for administrative oversight of American Recovery and Reinvestment Act (ARRA) funds. The governor's office of economic recovery and reinvestment is authorized by OMB memorandum 09-18 to receive up to 0.5% of stimulus funding to cover oversight expenses.

(b) All amounts deposited in the ARRA administration accounts shall be exempt from the indirect cost recovery provisions of § 35-4-7.

SECTION 7. Chapter 42-9 of the General Laws entitled "Department of Attorney General" is hereby amended by adding thereto the following section:

§ 42-9-20 Attorney General restricted accounts. – The attorney general is hereby authorized and empowered to accept in the name of the state any grant of pass through federal

funds that will be used to assist the department in fulfilling its designated responsibilities as established by law. These funds will be deposited in a restricted account and shall be used solely to pay expenses associated with those designated by the grantee.

SECTION 8. Section 42-56 of the General Laws entitled "Corrections Department" is hereby amended by adding thereto the following section:

§ 42-56-10.1 Department of Corrections restricted accounts. - The Director of the Department of Corrections is hereby authorized and empowered to accept in the name of the state any grant or pass through federal funds that will be used to assist the Department in fulfilling its designated responsibilities as established by law. These funds will be deposited in a restricted account and shall be used solely to pay expenses associated with those designated by the grantee.

SECTION 9. Section 42-75-13 of the General Laws in Chapter 42-75 entitled "Council on the Arts" is hereby amended to read as follows:

§ 42-75-13 Appropriation. - (a) During the fiscal year ending June 30, 2008, the state lottery division within the department of revenue shall conduct, pursuant to chapter 62-61 of the general laws, an instant game to be known as the "Arts Lottery Game." The net revenue from the first three (3) months of the running of the "Arts Lottery Game" shall be deposited in a restricted revenue account to be used by the Rhode Island Council on the Arts for the support and improvement of the arts in this state. The provisions of this section shall prevail over any inconsistent provisions of chapter 42-61.

(b) During the fiscal year ending June 30, 2010, the Rhode Island Council on the Arts shall deposit any funds received from the Rhode Island Foundation in a restricted receipt account to be used for the support and improvement of the arts in this state. All such funds deposited shall be exempt from the indirect cost recovery provisions of § 35-4-7.

SECTION 10. All sections of this article shall take effect upon passage and shall apply retroactively to July 1, 2009, except as provided within.