

# Budget Status

Staff Presentation to the House Finance  
Committee  
May 18, 2017

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# Summary

- Results of the May Revenue and Caseload Conference lower available resources for the FY 2017 revised and FY 2018 budgets by \$133.8 million
- More favorable estimate in November and FY 2016 surplus had reduced earlier budget gap projections
  - Impacts were partially offset by current year spending problems

# Summary – Budget Gaps

<b>HFAS – December</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>Total</b>
June Budget Gap	\$ 0.4	\$ (182.4)	\$ (182.0)
FY 2016 Excess Surplus	44.5	-	44.5
Nov REC	44.8	27.9	72.7
Nov CEC	(4.7)	(2.8)	(7.5)
FY 2017 Q1 Spending	(19.4)	(13.4)	(32.8)
Transfers/Rainy Day adj.	(2.7)	(4.2)	(6.9)
<b>Budget Gap</b>	<b>\$62.9</b>	<b>\$(174.9)</b>	<b>\$ (112.0)</b>

# Summary – Budget Solve

<b>Governor's Budget Solve - Jan</b>	<b>Total</b>
FY 2017 Debt/Audit	\$12.0
FY 2017 Program Delays	4.0
FY 2017 Other Adj.	(0.4)
Revenues	59.6
Medicaid/Human Serv.	45.8
Commerce	(36.3)
Higher Ed	(10.5)
Debt Service & Shifts	8.4
Everything Else	30.0
<b>Budget Gap Solve</b>	<b>\$ 112.6</b>

# Summary – REC/CEC Impact

<b>Changes to Gov.</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>Total</b>
REC Changes	\$ (60.1)	\$ (39.5)	\$ (99.6)
Changes to Gov.	0.5	(18.8)	(18.4)
<i>Subtotal</i>	<i>(59.6)</i>	<i>(58.3)</i>	<i>(117.9)</i>
Minus Nov CEC	7.9	6.9	14.8
Changes to Gov.	1.5	3.1	4.6
<i>Subtotal CEC</i>	<i>9.5</i>	<i>10</i>	<i>19.4</i>
Combined REC/CEC	(69.1)	(68.3)	(137.4)
Less Rainy Day adj.	1.8	1.8	3.5
<b>Impact to Gov. Budget</b>	<b>\$(67.3)</b>	<b>\$(66.5)</b>	<b>\$(133.8)</b>

# Current Budget Status

- ***Process and Calendar***
- May Revenues
- May Caseload
- FY 2017 Third Quarter Report
- Governor's Recommended Solution

# Process and Calendar

- July 1, new fiscal year begins
- Budget Office sends instructions to agencies and departments
- November – revenue and caseload estimating conferences
  - Sets official estimates for use in Governor's budget

# Process and Calendar

- OMB/Budget Office & Governor develop current year revised budget & budget year recommendations
- Governor submits budget to General Assembly
  - Sponsors introduce budget bill in the House on behalf of Governor
  - January 19, 2017



# Process and Calendar

- Bill referred to House Finance Committee
  - House and Senate Finance Committees work the budget during February, March and April through their Subcommittees
- Revenue and caseload estimating occurs again in May
  - Updated information/forecasts
  - Results must be factored into final budget

# Budget Briefings & Hearings

- December 6 – Budget Status
- February 2 – Governor’s Budget Overview
- February 7 – Article hearings began
- March 23 – Subcommittee hearings on agency budgets began
- May 5 – Consensus Caseload Estimate
- May 10 – Consensus Revenue Estimate
- May 15 – Third Quarter Report

# References

- Materials are on line on the Assembly website - <http://www.rilin.state.ri.us> under House Fiscal Reports
  - Tabs for 2017 session
  - Links to OMB/Budget Office
- Includes items prepared by House Fiscal Staff that may be helpful
- Hearings available “on demand” on Assembly website

# Current Budget Status

- Process and Calendar
- **May Revenues**
- **May Caseload**
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# Revenues

- Revenue estimates are driven by trends, collections to date, and the economic forecasts
  - FY 2016 were more than anticipated
    - Unexpected events covered missed estimates
  - Losses from gaming in Massachusetts stabilized new losses not in REC forecast horizon

# Economic Forecast

- Revenue Estimating Conference adopts a consensus economic forecast
  - It takes testimony from IHS Economics
  - The firm builds U.S. macroeconomic models from which they derive their Rhode Island forecasts
  - Updated in May

# Economic Forecast

- May 2017 forecast slightly more optimistic than November 2016 forecast
- Employment, personal income, wage & salary growth rates all projected to be somewhat higher in FY 2017
  - Strong start to 2017
    - Some risks to forecast
- RI recovery continues to lag U.S. and other New England states

# Economic Forecast

- As of March, RI has recouped 97.2% of jobs lost during the recession
- 38,700 net new jobs created between August 2009 and March 2017
  - 45% in jobs paying less than \$34,999
  - 28% between \$35,000 - \$59,999
  - 27% over \$60,000
- This lags US & New England except CT
  - In November Maine was behind RI



# Revenues

- Taxes in FY 2017 = \$2,900.4 million
  - \$7.5 million or 0.3% below FY 2016 actuals
    - Impact of tax changes/transfers, cyclical items
  - \$72.7 million below the enacted estimate
    - Over half is business taxes
- Taxes in FY 2018 = \$2,982.7 million
  - 2.8% increase to FY 2017 revised
    - \$82.3 million: \$64.6 million from Income & Sales
    - Final shift of revenues to transportation
    - Annualized tax change impacts

# Revenues

- Other than Taxes
  - FY 2017 = \$759.1 million
    - Up \$3.4 million from FY 2016
  - FY 2018 = \$589.4 million
    - Down \$169.7 million from FY 2017
    - Excludes \$169.0 million hospital license fee but deficit calculations assume reenactment
    - Lottery up \$0.3 million
    - All others down \$5.9 million – mostly impact of one-time revenue

# Revenues

- Other than Taxes
  - A number of new or changed one - time items
  - \$10.4 million in FY 2017 for settlement related to tobacco bonds
  - \$1.0 million from Fleet Sale delayed to FY 2018
  - Full \$5.0 million of fraud initiative savings shifted to FY 2018

# Revenues

- Lottery – major declines were estimated; actual is less severe, more coming later

Type	Fiscal Year				
	2014	2015	2016	2017	2018
Games	\$ 58.1	\$ 56.9	\$ 61.0	\$ 55.0	\$55.0
VLT (Slots)	306.5	312.3	293.2	289.7	289.2
Tables	11.7	12.8	15.6	17.5	18.3
Total	\$376.3	\$381.9	\$369.8	\$362.2	\$362.5
Y-O-Y %	(-0.8)%	1.5%	(3.2)%	(1.7)%	0.4%

# November 2016

## Consensus Revenue Estimates

(in millions)	FY 2016 Reported	FY 2017 Rev. Est.	Change to Enacted	FY 2018 Estimate	Change to FY 2017 Rev. Est.
Personal Income	\$1,217.4	\$1,267.6	\$18.4	\$1,316.2	\$48.6
Business Taxes	435.2	477.0	17.7	481.3	3.2
Sales & Use Taxes	1,173.8	1,184.8	(4.7)	1,192.8	8.0
Other Taxes	81.5	43.7	10.1	39.2	(4.5)
<b>Total Taxes</b>	<b>\$2,907.9</b>	<b>\$2,973.1</b>	<b>\$41.4</b>	<b>\$3,029.5</b>	<b>\$ 55.3</b>
Departmental	367.6	364.8	3.3	206.7	(158.1)
Other Misc.	4.1	7.2	0.1	0.8	(6.3)
Lottery	369.8	363.5	(1.8)	365.0	1.5
Unclaimed Prop.	14.2	11.0	1.8	9.6	(1.4)
<b>Total</b>	<b>\$3,663.6</b>	<b>\$3,719.6</b>	<b>\$44.8</b>	<b>\$3,611.6</b>	<b>\$(109.0)</b>

# May 2017

## Consensus Revenue Estimates

(in millions)	FY 2017 Nov	FY 2017 May	Change to Nov	FY 2018 Estimate	Change to Nov
Personal Income	\$1,267.6	\$1,266.7	\$(0.9)	\$1,297.3	\$(18.9)
Business Taxes	477.0	420.6	(56.4)	457.5	(23.8)
Sales & Use Taxes	1,184.8	1,184.8	(12.3)	1,192.8	(1.5)
Other Taxes	43.7	40.6	(3.1)	39.2	(2.6)
<b>Total Taxes</b>	<b>\$2,973.1</b>	<b>\$2,900.4</b>	<b>\$(72.7)</b>	<b>\$2,982.7</b>	<b>\$ (46.8)</b>
Departmental	364.8	373.0	8.2	208.9	2.2
Other Misc.	7.2	11.8	4.6	7.1	6.3
Lottery	363.5	362.2	(1.3)	362.5	(2.5)
Unclaimed Prop.	11.0	12.1	1.1	10.9	1.4
<b>Total</b>	<b>\$3,719.6</b>	<b>\$3,659.5</b>	<b>\$(60.1)</b>	<b>\$3,572.1</b>	<b>\$(39.5)</b>

# FY 2018 Caseload

FY 2018			
General Revenues	Nov CEC	May CEC	Chg.
CEC Estimates	\$985.8	\$992.6	\$(6.9)
Governor's proposals	\$(39.6)	(\$36.5)	\$(3.1)
<b>Total</b>	<b>\$946.1</b>	<b>\$956.1</b>	<b>\$(10.0)</b>

# FY 2018 Caseload

## FY 2018 Medical Assistance

<b>General Revenues</b>	<b>Nov CEC</b>	<b>May CEC</b>	<b>Chg.</b>
CEC Estimates	\$952.3	\$959.2	\$(6.9)
Governor's proposals	\$(40.6)	(\$37.5)	\$(3.1)
<b>Total</b>	<b>\$911.7</b>	<b>\$921.7</b>	<b>\$(10.0)</b>



# FY 2018 Caseload

## FY 2018 Cash Assistance

General Revenues	Nov CEC	May CEC	Chg.
CEC Estimates	\$33.4	\$33.4	\$-
Gov. Proposals - Child Care	1.0	1.0	-
<b>Total</b>	<b>\$34.4</b>	<b>\$34.4</b>	<b>\$ -</b>

# Medicaid: UHIP Functionality

- New estimate assumes lower enrollment and reduced costs in managed care plans from UHIP improvements
- Approximate general revenues value - \$26.0 million
  - \$17.0 million in Rite Care (managed care)
  - \$4.0 million in Rhody Health Partners
  - \$2.0 million in Rhody Health Options
  - \$3.0 million in Medicaid expansion

# Medicaid: UHIP Functionality

- Estimate reflects \$1.7 million less in enhanced Medicaid claiming
  - System still not properly identifying expenses that can be matched at higher rate
- No assumption on failure to resolve application backlog for nursing homes residents
  - State is still making advanced payments

# Current Budget Status

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- May Revenues
- May Caseload
- **FY 2017 Third Quarter Report**
- Governor's Recommended Solution

# FY 2017 - HFAS Dec 6

	Enacted	Current	Diff.
Opening	\$ 123.3	\$175.1	\$51.8*
Revenues	3,674.7	3,719.6	44.8
Rainy Day	(113.9)	(116.6)	(2.7)
Expenditures	(3,683.7)	(3,715.7)*	32.0
<b>Closing Surplus</b>	<b>\$ 0.4</b>	<b>\$62.4</b>	<b>\$62.0</b>

*\*Includes \$7.8 million reappropriation*

# Current Year – Second Quarter HFAS

- Revenues were up by \$44.8 million
- Added resources increase rainy day transfer by \$2.7 million
- Expenditures appeared up by \$19.4 million net of re-appropriations and November Caseload increase
- Closing surplus up by \$62.0 million
- Governor's budget included additional changes to increase that

# Summary – Budget Solve

<b>Governor's Budget Solve - Jan</b>	<b>Total</b>
<i>FY 2017 Debt/Audit</i>	<b>\$12.0</b>
<i>FY 2017 Program Delays</i>	<b>4.0</b>
<i>FY 2017 Other Adj.</i>	<b>(0.4)</b>
Revenues	59.6
Medicaid/Human Serv.	45.8
Commerce	(36.3)
Higher Ed	(10.5)
Debt Service & Shifts	8.4
Everything Else	30.0
<b>Budget Gap Solve</b>	<b>\$ 112.6</b>

# Current Year: *Third Quarter*

<b>Expenditure Changes to Gov. Revised Budget</b>	
General Government*	\$1.9
EOHHS: Caseload Conference	(9.5)
EOHHS: Other Programs*	0.9
Other Human Services	0.2
Education	(0.7)
Public Safety	0.6
Environment	0.4
<i>Subtotal</i>	<i>\$(6.3)</i>
<b>Total Adj. for items shifted to FY 2018*</b>	<b>\$(9.9)</b>



# Human Services Agencies:Q3

- 3rd Quarter Report: \$8.5 million above the Governor's revised budget
  - EOHHS - \$6.2 million add
  - BHDDH - \$2.8 million add
  - DCYF - \$0.3 million add
  - DHS - \$0.6 million savings
  - Other Human Services - \$0.2 million savings
    - Child Advocate
    - Commission on Deaf and Hard of Hearing

# Medicaid/EOHHS: Q3

<b>EOHHS</b>	<b>GR</b>
May Caseload Conference Estimate	\$(9.1)
UHIP System Delay Payments (FY 2018)*	2.8
Bus Passes	(0.2)
Conduent (fmr. XEROX) & HP contracts	(0.9)
Staffing Savings	0.7
Other Operating Savings	0.4
<b>Total</b>	<b>\$(6.2)</b>

\$ in millions

# Medicaid/EOHHS: Q3

<b>EOHHS: May CEC Changes</b>	<b>GR</b>
Unachieved Savings (UHIP related)	\$ (19.9)
Nursing Homes – Payment Issues	(6.3)
Higher Drug Rebates	6.0
Year-End Managed Care Settlement	3.6
Pharmacy & Other Medical Services	4.2
Hospitals	2.4
Home & Community Care	0.9
<b>Total</b>	<b>\$(9.1)</b>

# Medicaid/EOHHS: Q3

<b>BHDDH</b>	<b>GR</b>
DD - Unachieved Savings	\$(1.7)
DD – Authorizations & Assessments	(1.4)
ESH – AMS Contract	(0.1)
ESH – Physicians’ Union Contract	(0.2)
Behavioral Healthcare Services	(0.1)
Administrative Programs	0.6
<b>Total</b>	<b>\$(2.8)</b>

# Medicaid/EOHHS: Q3

DHS	GR
May Caseload Estimating Conference	\$(0.4)
Legal Services	(0.3)
UHIP System	0.1
DEA Programs	0.1
Veterans Affairs – Injury Settlement	(0.8)
Turnover	1.2
All Other Operations	0.3
<b>Total</b>	<b>\$0.4</b>

# Medicaid/EOHHS: Q3

<b>DCYF</b>	<b>GR</b>
Additional Staffing/Cost shifts	(1.4)
Juvenile Corrections	0.6
Services	0.3
Other	0.1
<b>Total</b>	<b>\$(0.3)</b>

# General Government Agencies: Q3

- 3rd Quarter Report: \$1.9 million below the Governor's revised budget
  - DOA - \$ 1.7 million in savings
  - DBR - \$0.3 million in savings
  - DLT - \$0.1 million add
  - DOR - \$0.1 million add
  - SOS/BOE -\$0.2 million in savings

# General Government Agencies: Q3

<b>DOA</b>	<b>GR</b>
Waste and Fraud Tool Delay*	\$0.8
Turnover Savings	1.0
Debt Service	0.1
Operating	(0.2)
<b>Total</b>	<b>\$1.7</b>



# Education Agencies: Q3

- 3rd Quarter Report: \$0.7 million above the Governor's revised budget
  - Higher Education - \$0.1 million turnover savings
  - Elementary and Secondary Education - \$0.8 million add
    - \$1.1 million more for Teacher Retirement
      - Includes \$0.6 million that relates to FY 2016
    - \$0.3 million for formula aid and other adjustments

# Public Safety Agencies: Q3

- 3rd Quarter Report: \$0.6 million below the Governor's revised budget
  - Attorney General - \$0.3 million savings
  - Courts - \$0.4 million add
  - Public Safety - \$0.6 million savings
  - Corrections/PD - \$0.1 million savings

# Environment Agencies: Q3

- 3rd Quarter Report: \$0.4 million below the Governor's revised budget
  - DEM - \$0.3 million savings
    - *Agency reported spending \$0.1 million ABOVE revised budget*
  - CRMC - \$31k savings

# Current Budget Status

- Process and Calendar
- May Revenues
- May Caseload
- FY 2017 Third Quarter Report
- **Governor's Recommended Solution**

# Governor's Solution

- *Revenues*
- Medicaid/EOHHS
- Locals
- Commerce
- Departments and Agencies
  - Higher Ed
  - Initiatives
  - Debt and Other

# Revenues Changes

## Revenues - \$59.6 million

- Tax Changes - \$8.7 million
- Enhanced Collections - \$36.3 million
- Scoops/Transfers - \$14.0 million
- Other – \$0.6 million

# Revenues Changes

## Tax Changes - \$8.7 million

Cigarettes: up 50 cents per pack	\$8.7
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- Additional language proposed to clarify existing law on what is taxable to aid enforcement
- Also enhances the penalties for noncompliance
- No direct revenues assumed

# Revenues Changes

## Enhanced Collections\* - \$36.3 million

Remote Sellers	\$34.7
Revenue Agents/Data Analysts	\$1.6

*\*net of costs*

- Also new enforcement powers and penalties proposed
- Scope of sales tax enforcement expanded
- No direct revenues assumed



# Revenues Changes

## **Scoops/Transfers - \$14.0 million**

Infrastructure Bank	\$1.0
Resource Recovery	\$6.0
RI Health & Educational Bldg. Corp	\$1.2
Turnpike and Bridge	\$2.6
Narragansett Bay Commission	\$2.5
Medical Marijuana Excess Receipts	\$0.7

# Revenues Changes

<b>Other - \$0.6 million</b>	
Apprentice fees	\$(0.05)
Employee misclassifications	\$0.1
Electrical trades violations	\$0.1
Employer wage & hour violations	\$0.15
Failure to maintain payroll records	\$0.3
Increase rent charge to PUC	\$0.16
Eisenhower House rent to RR	\$(0.15)

# Governor's Solution

- Revenues
- *Medicaid/EOHHS*
- Locals
- Commerce
- Departments and Agencies
  - Higher Ed
  - Debt and Other
  - Initiatives

# Medicaid/EOHHS Agencies

## Medicaid Solution: \$45.8 million

- EOHHS - \$39.0 million in savings
  - Net of \$1.6 million revenue loss
- BHDDH - \$1.4 million in savings
- DCYF - \$6.4 million in savings
- DHS - \$1.0 million add

# Medicaid/EOHHS Agencies

- Changes to Medicaid program
- Wage increases and program expansions
- Increases are offset by changes to current programs and way the state delivers some benefits

# Medicaid/EOHHS Agencies

Proposals also impact

- Payments to managed care plans, hospitals, and long term care providers
- Community based providers for adults w/developmental disabilities in BHDDH
- State employees in RICLAS and at the state hospital also at BHDDH

# Medicaid/EOHHS Agencies

Impact to:	GR	All
Managed Care Plans	\$18.7	\$36.3
Hospitals	12.1	29.5
LTC – Nursing Facilities	9.4	19.4
LTC – Home & Community Care	(5.2)	(10.7)
Insurers & Others	5.6	4.2
Developmental Disabilities	(3.5)	(7.1)
Eleanor Slater Hospital	4.9	8.1
Total	\$42.0	\$79.7

# Medicaid/EOHHS Agencies

<b>Impact: Other</b>	<b>GR</b>	<b>All</b>
DCYF – Caseload	\$6.4	\$6.4
DHS - Subsidized Child Care	(1.0)	(1.0)
Total	\$5.4	\$5.4



# Health System Transformation Program

- Budget is silent on pending program that affects state support to hospitals and nursing facilities
- Governor announcement of federal approval for about \$130 million from federal funds for the program
- Authority started in FY 2016
- Discussed in article and budget hearings in March and April

# Health System Transformation Program

- Phase I
  - \$20.5 million from Medicaid funds
    - \$13.5 million for hospitals
    - \$7.0 million for nursing facilities
  - State received authorization to spend
  - FY 2017 enacted budget includes \$18.8 million
  - Governor's budget excludes funding – no amendment has been submitted yet
  - Payments schedule?

# Governor's Solution

- Revenues
- Medicaid/EOHHS
- *Locals*
- Commerce
- Departments and Agencies
  - Higher Ed
  - Corrections
  - Initiatives
  - Debt and Other

# Locals

## Locals \$0.6 million less

- Education Aid - \$3.9 million less
  - Formula education aid
  - Policy Choices and law changes
- Local Aid - \$3.3 million more
  - PILOT full funding – \$3.2 million more
  - Library Construction - \$0.1 million more

# Education Aid

- Funds 7th year of formula
  - Adds \$40.0 million based on updated data
  - Adds \$4.1 million in stabilization funding to Central Falls, Davies and Met
  - \$0.7 million less for group home aid
- Distributions calculated by Dept. based on transition guidance in law
  - Gaining communities fully phased in
  - Subject to change with March data

# Education Aid

- \$25.0 million for categorical aid
- Most categorical funds at enacted level
  - \$4.5 million for High Cost Special Ed
  - \$4.5 million for Career & Tech
  - \$6.4 million for Transportation
- Out years assumed growth
  - Lack of increase part of budget solve
  - New out year estimates hold flat

# Education Aid

- Early Childhood
  - \$6.2 million, \$1.1 million more
  - With matching federal money will add 4 classrooms from 56 to 60
- Density Aid: Year 2 of a 3-year program
  - \$0.9 million, \$0.6 million less
  - 6 districts eligible for \$100 per student enrolled in charter or state school
    - District must have at least 5% of students enrolled at school of choice

# Education Aid

- High Cost ELL
  - \$2.5 million for 2nd year of funding
    - 2016 Assembly enacted as 1 year program
  - Support for English language learners in most intensive programs
  - Based on 10% of core instruction amount, adjusted for state share ratio
  - Governor proposes legislation to make funding permanent



# Education Aid

- Recovery High School
  - For students recovering from a substance abuse disorder
  - \$500,000 for 2<sup>nd</sup> year of funding
  - 2016 Assembly enacted for 1 year only
  - Change to current law would be required
- Teacher Retirement
  - \$100.7 million, \$1.6 million more

# Education Aid

- Traditional School Construction Aid
  - \$70.9 million
- New School Building Authority Fund
  - \$9.1 million
- Same as enacted but final split will be based on costs for traditional program
  - Current law requires traditional aid be transferred to Fund

# Local Aid – General Aid Programs

<i>(in millions)</i>	<b>FY 2017 Enacted</b>	<b>FY 2017 Revised</b>	<b>FY 2018 Rec.</b>
Dist. Communities	\$ 12.4	\$ 12.4	\$ 12.4
PILOT	42.0	42.0	45.2
Motor Vehicle Excise	10.0	10.0	10.0
<b>Total</b>	<b>\$ 64.4</b>	<b>\$ 64.4</b>	<b>\$ 67.6</b>

# Local Aid – Restricted Aid Programs

<i>(in millions)</i>	<b>FY 2017 Enacted</b>	<b>FY 2017 Revised</b>	<b>FY 2018 Rec.</b>
Library Resource*	\$ 9.4	\$ 9.4	\$ 9.4
Library Construction	2.2	2.2	2.3
Property Revaluation	0.6	0.6	0.9
Oversight Reimburse.	0.2	0.1	0.1
<b>Total</b>	<b>\$ 12.3</b>	<b>\$ 12.3</b>	<b>\$ 12.7</b>

*\*Includes Reference Library Resource Grant to Providence*

# Governor's Solution

- Revenues
- Medicaid/EOHHS
- Locals
- *Commerce*
- Departments and Agencies
  - Higher Ed
  - Corrections
  - Initiatives
  - Debt and Other

# Commerce

- 2015 Assembly enacted 15 programs as part of the FY 2016 budget in support of the Governor's economic strategy
  - 5 tax incentive programs
  - 10 other programs, investments & initiatives
  - Partially funded from debt restructuring
- 2016 Assembly added 1 more program and revised others

# Commerce

- FY 2018 Budget increases funding for commerce programs by \$36.3 million above levels assumed in FY 2018 projections
- Adds funding to established funds
- Mix of one-time and ongoing programs
  - Changes to approved programs

# Commerce

<b><i>Current Programs</i></b>	<b>2016</b>	<b>2017</b>	<b>2017R</b>	<b>2018</b>
Closing Fund	\$ 5.0	\$ 7.0	\$8.5	\$ -
I-195 Redevelopment	25.0	-	-	10.1
Rebuild RI Tax Credits	1.0	25.0	25.0	20.0
Wavemaker Fellowships	1.8	5.0	3.5	1.6
Anchor Institution	0.8	0.7	0.7	-
Streetscape Improvement	1.0	1.0	1.0	1.0

In millions



# Commerce

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<b><i>Current Programs</i></b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Industry Cluster Grants	\$ 0.8	\$ 0.5	\$ -
Innovation Initiative	2.0	1.5	2.5
P-Tech	0.9	1.2	1.2
Small Biz Innovative Research	1.0	1.0	1.0

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In millions

# Commerce

<i>Proposed Programs</i>	<i>2018</i>
Manufacturing Investment Tax Credit	\$ 3.25
Job Training Tax Credit	2.0
Municipal Technical Assistance	0.25
<b>Total</b>	<b>\$5.5</b>

In millions

# Commerce

Extends existing tax credits to more entities and makes them refundable

- Manufacturing Investment Tax Credit
- Job Training Tax Credit
- Municipal Technical Assistance
  - evaluate and streamline zoning, planning and permitting

# Commerce

- Expands Support to Polaris
  - Adds \$300,000 to provide \$550,000 total
  - Technical assistance to RI manufacturers
- National Security Infrastructure
  - \$200,000 for grants and loans
  - Support national security infrastructure
  - Strategies to repurpose surplus defense facilities and properties

# Governor's Solution

- Revenues
- Medicaid/EOHHS
- Locals
- Commerce
- *Departments and Agencies*
  - Higher Ed
  - Corrections
  - Initiatives
  - Debt and Other

# Departments and Agencies

- Higher Education
  - \$10.0 million for new RI Promise Scholarship
    - Cover 2 years of tuition & mandatory fees for qualifying RI residents
    - Full cost projected to be \$30 million by FY 2021
    - Current year includes start up & prep at RIC/URI
  - \$0.5 million in new general revenue support for Dual Enrollment program
    - Funded from tuition savings fees
    - Demand has exceeded \$1.3 million appropriation since beginning of program

# Initiatives

- K – 12 Initiatives - \$0.6 million
  - Advance Coursework Network - \$250,000
  - ELL Regulations - \$60,000
  - GED Waivers - \$65,000
  - Kindergarten Entry Profile Survey - \$200,000

# Initiatives

- Justice Reinvestment - \$0.5 million
  - Pre-Arrest Diversion Program - \$0.2 million
    - Mental health program in Public Defender's budget
  - Batterers' Intervention – \$0.1 million
    - Support for domestic violence intervention programs
  - Recovery Houses - \$0.2 million



# Initiatives

- Public Safety Personnel - \$3.3 million
  - New Department of Public Safety personnel - \$1.8 million
    - Includes new commissioner and support staff
    - Other civilian employees
  - EMA merged and new FTE
  - Contract settlements- \$1.3 million

# Initiatives

- Environment - \$3.1 million
  - Outdoor recreation investment - \$2.5 million
  - Electric vehicle rebate - \$0.3 million
  - Local Ag. & Seafood grants- \$0.1 million
    - Provides total of \$0.2 million
  - Conservation district grants - \$50,000

# Initiatives

- Other noteworthy items
  - Division of Taxation computer system support - \$1.0 million
  - Support for Volvo Ocean Race - \$0.8 million
  - Minimum Wage Increase to \$10.50
  - Changes to program administration
    - Lead
    - Health Care Utilization

# Initiatives

- Health & Human Services - \$1.9 million
  - Bus Passes- \$0.3 million for elderly/disabled
  - Head Start - \$0.4 million
  - Health Care Innovation - \$0.3 million
    - Spending and Trend Analysis
  - Tobacco Control - \$0.5 million
  - DOC Mental Health Initiatives – \$0.4 million

# Debt and Other

Debt and Other \$8.4 million

- \$12.5 million from impact of 38 studios settlement
  - Next payment likely due in FY 2020/21
- Delay of License plate reissuance

# Statewide Savings Initiatives

- Fraud and Waste - \$3.5 million
  - Extension of current year initiative not implemented yet
- Workers Compensation - \$1.3 million
  - Outsource administration
- E- Procurement - \$0.4 million

# Summary – Budget Solve

<b>Governor's Budget Solve - Jan</b>	<b>Total</b>
FY 2017 Debt/Audit	\$12.0
FY 2017 Program Delays	4.0
FY 2017 Other Adj.	(0.4)
Revenues	59.6
Medicaid/Human Serv.	45.8
Commerce	(36.3)
Higher Ed	(10.5)
Debt Service & Shifts	8.4
Everything Else	30.0
<b>Budget Gap Solve</b>	<b>\$ 112.6</b>

# Summary – Budget Status

<b>Budget Gap Summary</b>	<b>Total</b>
HFAS June	\$(182.0)
Post Q2 – December Adjustments	60.0
December Gap	(112.0)
Governor Solve	112.6
Governor Ending Surplus	0.6
<b>May REC/CEC</b>	<b>(133.8)</b>
<b>Budget Gap w/ May REC/CEC</b>	<b>\$ 133.2</b>



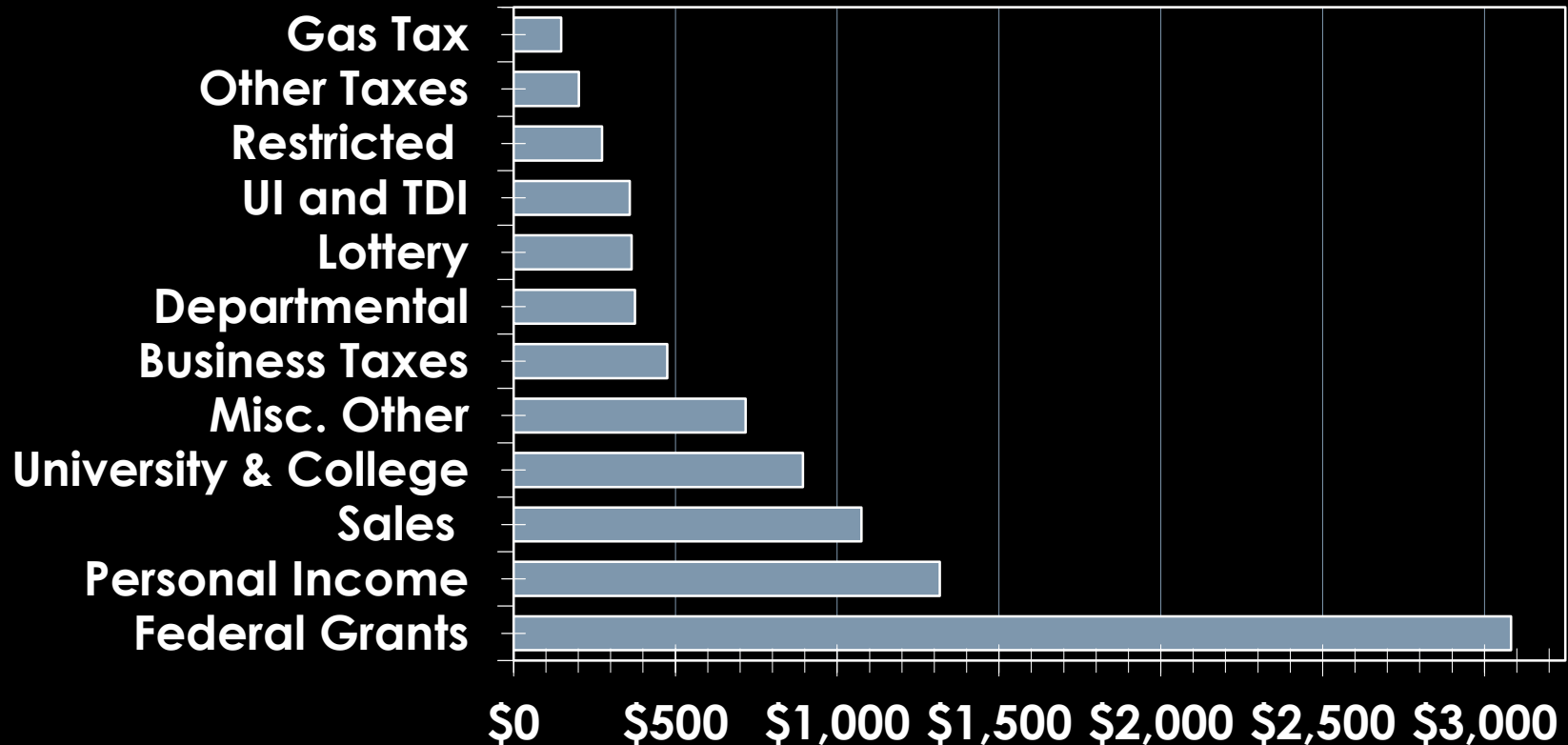
# Issues and Risks

- Q3 has some overspending that could impact FY 2018
- Education Aid data updated
  - \$1.3 million in added costs
- UHIP
  - Recovery
  - Caseload impacts

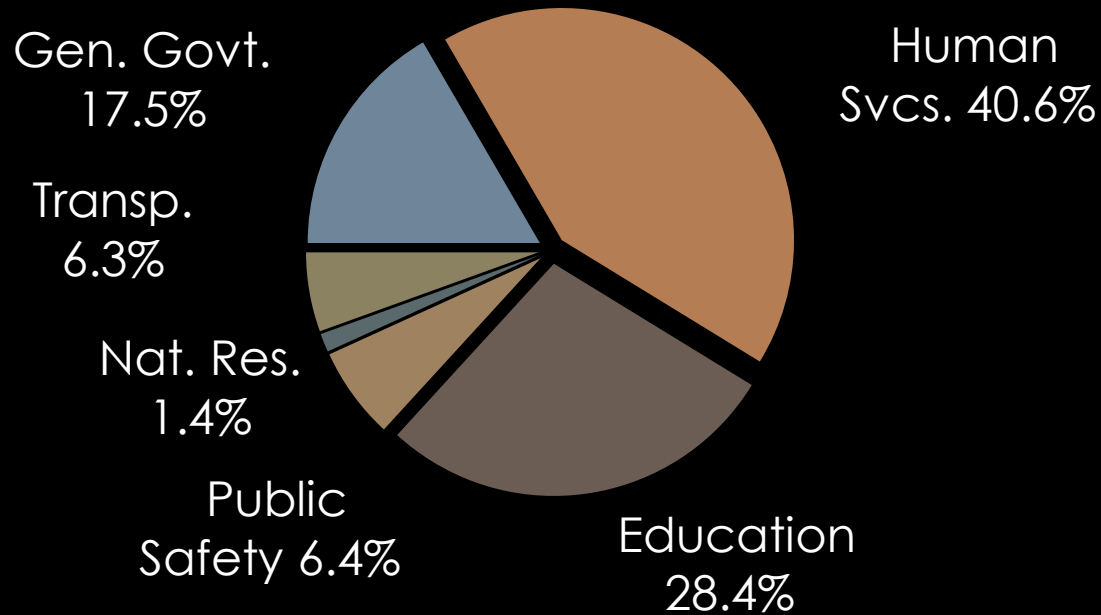
# Expenditures

	<b>Enacted</b>	<b>Budget</b>	<b>Change</b>
Gen. Rev.	\$3,683.7	\$3,792.7	\$109.0
Federal	2,957.1	3,081.8	124.8
Restricted	257.0	273.8	16.8
Other	2,040.9	2,099.7	58.8
Total	\$8,938.7	\$9,248.1	\$309.3

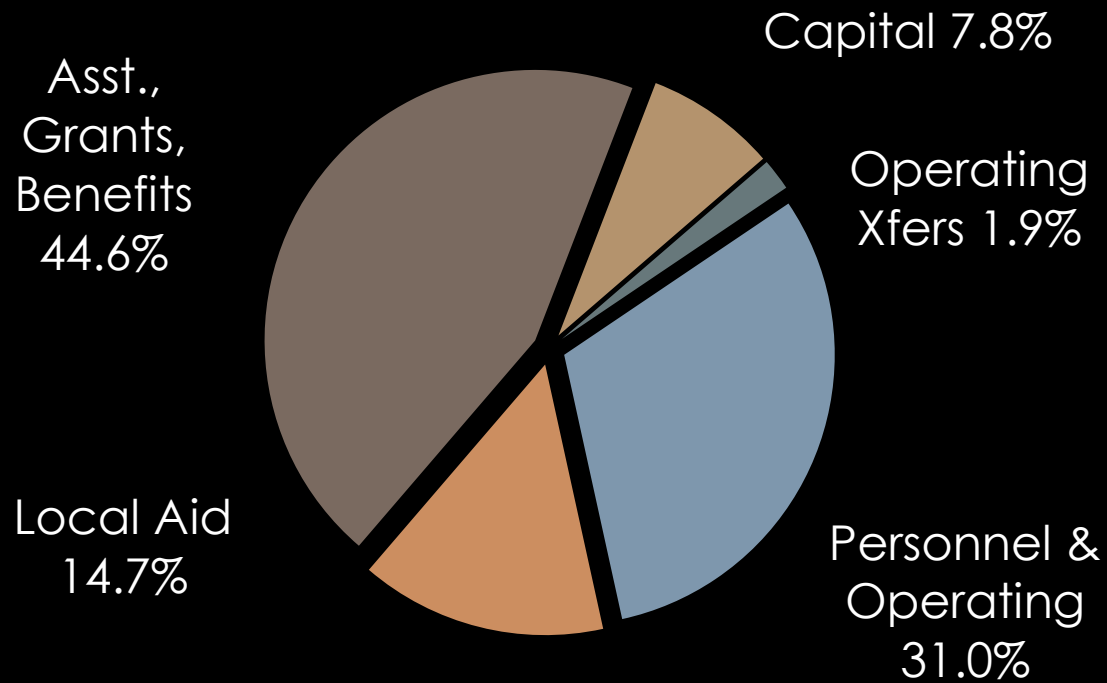
# Sources *(millions)*



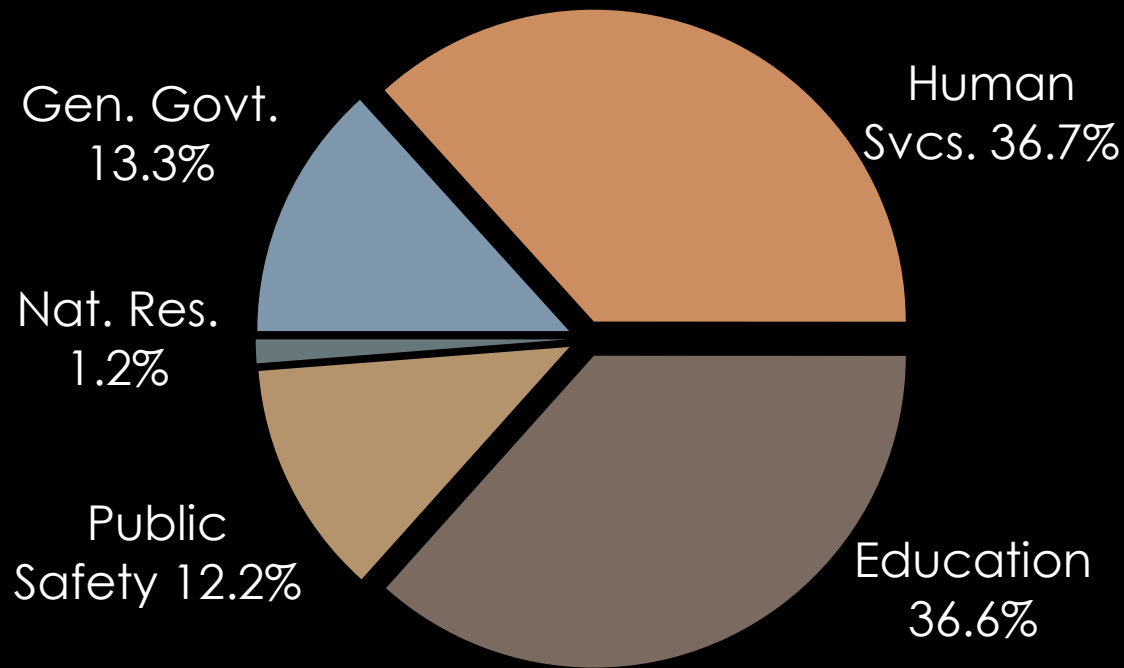
# All Funds by Function: Governor FY 2018



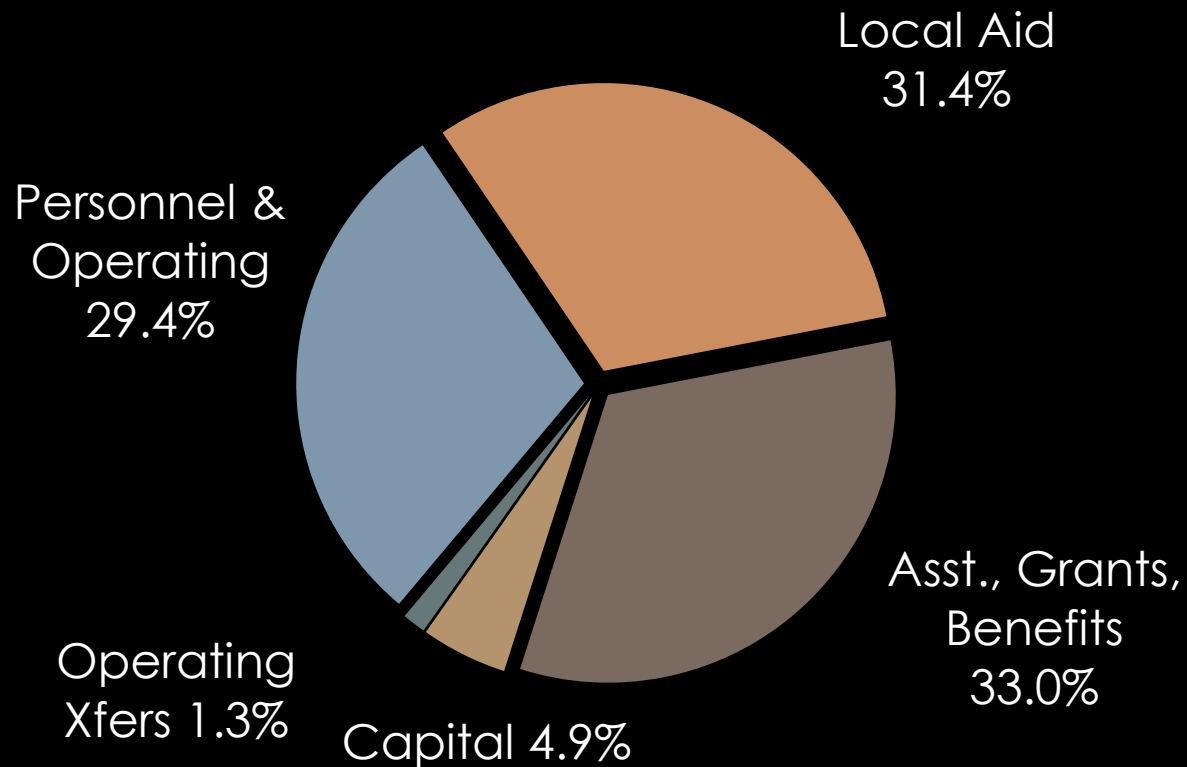
# All Funds by Category: Governor FY 2018



# General Revenues by Function: Governor FY 2018



# General Revenues by Category: Governor FY 2018



# Personnel and Operating

- Salaries and Benefits
  - Increase of 2.2% from enacted
  - General revenues increase 2.7%
- Reflects updated benefit rates
- Adds \$24 million to fill 200+ new positions
  - Some are for revenue enhancements
  - Many replace positions that will be held vacant or eliminated
  - FTE authorization increases by 114.8



# Full-time Equivalent Positions

	Regular	3rd Party	Total
FY 2016 Avg.	13,097.9	591.7	13,689.6
FY 2017 Enacted	14,206.8	745.8	14,952.6
FY 2017 Rev.	14,289.1	745.8	15,034.9
<b>Governor FY 18</b>	<b>14,321.6</b>	<b>745.8</b>	<b>15,067.4</b>
<b>May 13 Filled</b>	<b>13,290.9</b>	<b>621.3</b>	<b>13,912.2</b>
Diff from Enacted	(915.9)	(124.5)	(1,040.4)
Diff from Gov.	(1,030.7)	(124.5)	(1,155.2)

# Budget Status

Staff Presentation to the House Finance  
Committee  
May 18, 2017

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