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# **Section I**

## **Budget at a Glance**

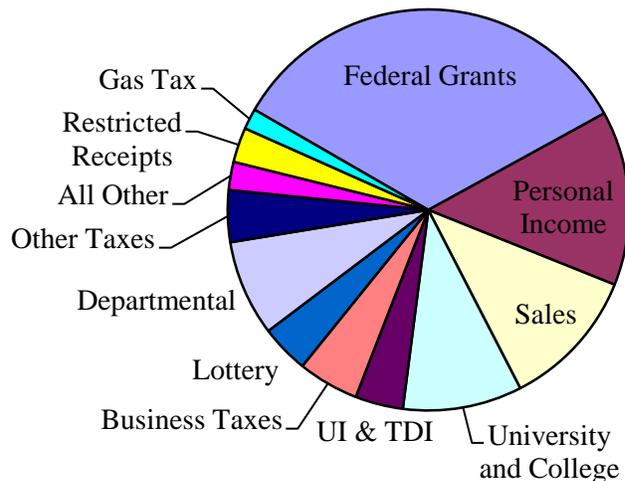
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## FY 2018 Budget at a Glance

The Assembly adopted a budget with total expenditures of \$9,242.8 million, which is \$5.2 million less than the Governor recommended. It contains \$3,767.7 million from general revenues, which is \$25.0 million less than the Governor recommended.

Sources of Funds



### Budget Issues

- **FY 2018 Gap.** The Budget Office estimates that in preparing the FY 2018 budget, the Governor faced a projected revenue-expenditure gap of about \$185 million. This was similar to the House Fiscal Staff June projections. By November it was clear that increased resources from the FY 2016 closing and consensus revenue estimates would decrease that gap. The House Fiscal Staff estimated in December that those additional resources would be offset by overspending in the current year that would likely impact FY 2018 as well. This revised the gap between expected expenses and available general revenues to about \$112 million. This represents approximately 2.9 percent of general revenue expenditures. Following the May revenue and caseload conferences, available resources over the two year period were reduced by \$134 million. The enacted budget solves that gap by maximizing all available resources in both FY 2017 and FY 2018. It also replaces the reduction in FY 2017 surplus funds with other one-time funds in the form of transfers from other sources.

- **Out-Year Projections.** The out-years continue to be significantly unbalanced. The forecast included with the Governor's budget estimated a \$150.6 million gap for FY 2019, equating to 4.0 percent of useable revenues, that grows to \$194.1 million in FY 2021, 4.8 percent of useable revenues. Her FY 2019 projected 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 not reflected in FY 2018. Prior estimates included the growing impact of casino gaming in Massachusetts; this one factors in the new Tiverton Casino offsetting some of that. It also includes greater growth in sales tax collections based on the Governor's sales tax collection proposal. The enacted

budget projects a similar initial gap beginning with \$160.7 million or 4.3 percent of revenues in FY 2019, and remaining stable through FY 2022.

## **Taxes and Revenues**

### ***Tax Changes***

- ***Cigarette Tax.*** The Assembly adopted legislation to increase the cigarette excise tax by \$0.50 per pack, to \$4.25 per 20-pack, effective August 1, 2017. 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 \$0.22 less than Massachusetts. The Budget includes \$7.5 million in associated revenues.
- ***Sales and Use Tax for Document Fees.*** The Budget assumes collection of an additional \$1.8 million from including document and title preparation fees charged by motor vehicle dealers in the sales price that is subject to state sales tax. Massachusetts, Connecticut, Vermont, and Florida currently tax these fees.
- ***Corporate Tax Payment Schedule.*** The Assembly adopted legislation to change the corporate tax payment schedule to align the state's practices with federal reporting timelines and recognized best practices. The schedule requires four payments and allocates half of estimated payments to each six month period. Changing the payment schedule will avoid a revenue loss of at least \$10.0 million related to how deferred revenue is accounted for in FY 2017, which was identified after completion of the May consensus revenue estimate. The Budget assumes a revenue loss of \$0.2 million.
- ***Historic Homeowner Tax Credit Carry Forward.*** The Assembly adopted legislation allowing taxpayers currently in possession of Historic Homeownership Assistance Act certification to claim those existing tax credits. The 2009 Assembly enacted personal income tax reforms that lowered rates and eliminated the ability to claim a variety of tax credits, including this one. The Division of Taxation reports that 115 taxpayers had \$0.8 million available to carry forward when this change occurred. The Budget assumes a revenue loss of \$160,276 for FY 2018. The remaining credits will be taken in subsequent years.
- ***Tax Amnesty.*** The Assembly adopted legislation to enact the state's fifth 75-day tax amnesty initiative, ending February 15, 2018. Filers will not be subject to penalties or prosecution and will pay interest as computed under Rhode Island General Law, Section 44-1-7, reduced by 25.0 percent. Filers may enter into a tax payment plan with the Tax Administrator. The Budget assumes \$12.5 million in one-time revenues and expenditures of \$0.5 million for expenses relating to the Tax Amnesty, making the net impact \$12.0 million.
- ***Sales Tax on Seeds for Human Consumption.*** The Assembly adopted legislation exempting seeds for human consumption from sales and use taxes. The Budget assumes a revenue loss of \$6,000.

### ***Enhanced Compliance and Collections***

- ***Remote Sellers Sales Tax Collection/Reporting.*** The Budget assumes \$19.7 million in revenues associated with legislation requiring entities connected to remote sales, including catalogs, either collect and remit sales taxes, provide disclosures to the Department of Revenue for which retailers are and are not collecting taxes, or provide notices to consumers or sellers regarding their respective obligations. Since introduction of the Governor's budget, Amazon, the nation's largest e-commerce retailer announced it would begin collecting sales taxes due on its direct retail transactions with Rhode Islanders beginning

February 1, 2017. Revenues from those collections were reflected in the updated FY 2017 and FY 2018 consensus revenue estimates adopted in May and are not included in the value cited for this initiative.

- ***Taxation Compliance Staffing.*** The Budget includes a total of \$2.0 million in additional personal income, business, and sales tax revenues from filling two revenue agent positions and two data analyst positions in the Division of Taxation to increase compliance efforts. Accounting for the \$0.4 million cost for the positions, the net budget impact is \$1.6 million.
- ***Taxation Penalties.*** The Assembly adopted legislation allowing the Division of Taxation to penalize violators of tax statutes by revoking or suspending licenses or permits it issues, imposing fines of \$100 to \$50,000, and recover legal costs. The legislation also increases the scope of sales tax enforcement to penalize those who fail to remit tax collected from a customer, increase the maximum fine from \$10,000 to \$25,000 and maximum imprisonment from one to five years, and expands the definition of prohibited manipulations of sales transaction data. The Budget does not assume additional revenues from these measures.

### ***Other Revenues***

- ***Medical Marijuana Receipts Transfer.*** The Assembly concurred with the Governor's proposal to annually transfer to state general revenues any remaining medical marijuana related receipts collected by the Department of Business Regulation and the Department of Health after expenses are covered. The Budget assumes transfers of \$0.3 million and \$0.7 million in FY 2017 and FY 2018, respectively.
- ***Hospital Licensing Fee.*** The Assembly included \$182.0 million in revenues from extending the hospital licensing fee into FY 2018 using the same two-tiered fee included in FY 2017.
- ***Apprenticeship Fees.*** The Assembly eliminated fees associated with registered apprenticeships in Rhode Island to incentivize employers to establish apprenticeship programs. The Budget lowers expected revenues by \$45,000 to reflect that.
- ***Penalties for Labor Law Violations.*** The Budget includes an additional \$650,000 in revenue from changes to labor law violations. The revenues include \$100,000 from increasing the employee misclassification penalty from \$500 to \$1,500 for the first violation and \$950 to \$2,000 for any subsequent violations; \$150,000 from establishing a new penalty for employer wage and hour violations; \$300,000 from establishing a new penalty for employer failure to maintain payroll records; and \$100,000 from increasing the electrical trades violations penalty. The Budget also assumes \$125,000 of restricted receipts would be generated from increasing unemployment reporting violations from \$10 to \$25 per incident.
- ***Infrastructure Bank Transfer.*** The Budget includes a \$3.5 million transfer to state general revenues by June 30, 2018.
- ***Narragansett Bay Commission Transfer.*** The Budget includes a \$5.0 million transfer to state general revenues by June 30, 2018.
- ***RI Health and Educational Building Corporation Transfer.*** The Budget requires the Rhode Island Health and Educational Building Corporation to transfer \$6.0 million to state general revenues by June 30, 2018.
- ***Electric and Gas Distribution Company Transfer.*** The Budget requires the electric and gas distribution company to transfer \$12.5 million from the 2018 System Reliability and Energy Efficiency Conservation Procurement program to state general revenues by June 30, 2018. The legislation also

requires that the total budget for the 2018 program shall not exceed the commission's approved total budget for 2017.

- ***Quonset Development Corporation Transfer.*** The Budget includes a \$1.0 million transfer to state general revenues by June 30, 2018.
- ***Rhode Island Housing Transfer.*** The Budget includes a \$1.0 million transfer to state general revenues by June 30, 2018.
- ***Public Utilities Commission Rent.*** The Budget includes an additional \$0.2 million in revenue from increasing the rent charged to the Public Utilities Commission for its headquarters, a state-owned building in Warwick. The Commission is primarily funded from restricted receipts generated from billing the regulated utilities.
- ***Registration Refunds.*** The Assembly adopted legislation that ends the practice of providing refunds for registrations that are valid for more than one year at the time they are returned to the Division of Motor Vehicles. The Budget assumes an additional \$0.5 million, including \$0.1 million in general revenues.
- ***Truck Registration Fees to Prior Level.*** The Assembly repealed legislation adopted by the 2016 Assembly establishing a new schedule for annual registration fees for commercial trucks, truck tractors, and truck trailers with gross vehicle weight of over 10,000 pounds that are used for commercial purposes. The Budget assumes \$4.2 million of additional resources annually for transportation, with a one-time general revenue impact of \$0.8 million.
- ***Attorney General Settlements.*** The Assembly included \$3.2 million for FY 2017 and \$0.6 million for FY 2018 to reflect new settlements received through the Office of the Attorney General.

### ***Commerce***

- ***Refundable Investment Tax Credit.*** The Assembly did not concur with the Governor's proposal to create a refundable tax credit for qualifying business capital investments.
- ***Refundable Job Training Tax Credit.*** The Assembly did not concur with the Governor's proposal to establish a refundable tax credit for manufacturers and businesses in targeted industries to train qualified employees.
- ***Rebuild Rhode Island Tax Credit.*** The Budget includes \$12.5 million from general revenues to continue funding for commitments made under the Rebuild Rhode Island Tax Credit program. This would bring the total allocation of funding for these tax credits, which are redeemed over time, to \$38.5 million. Total credits awarded under the program may not exceed \$150.0 million.
- ***Wavemaker Fellowships.*** The Budget includes \$0.8 million from general revenues for continued funding of the student loan forgiveness program enacted by the 2015 Assembly. It provides up to four years of loan forgiveness for an associate, bachelor or a graduate degree in the fields of natural or environmental sciences, computer technology, engineering, or medicine. Recipients must work at least 35 hours per week for an employer located in the state; and two-thirds of the awardees must be permanent residents of the state.
- ***Main Street Streetscape Improvement Fund.*** The Budget includes \$0.5 million for the Main Street Streetscape Improvement Fund. The FY 2016 and FY 2017 budgets each 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.

- ***Municipal Technical Assistance Grants.*** The Assembly did not concur with the Governor's proposal to establish a fund to provide technical assistance to municipalities to evaluate and streamline municipal zoning, planning and permitting codes to foster economic development.
- ***First Wave Closing Fund.*** The Budget includes an additional \$1.8 million for total support of \$13.5 million for the First Wave Closing Fund. The closing fund provides financing to ensure that certain transactions that are critical to the state's economy occur, subject to the Commerce Corporation's Board approval.
- ***P-Tech Initiative.*** The Assembly did not concur with the Governor's proposal to add \$1.2 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 FY 2017 budget includes \$1.2 million and \$0.9 million was provided in FY 2016; enough funding remains available for the program to continue.
- ***Innovation Initiative.*** The Budget includes \$1.0 million for Innovation Initiative grants and vouchers for businesses with fewer 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. Grants may be given to organizations that offer technical assistance to businesses or to businesses in targeted industries. Grants must be matched by funds from a private sector or non-profit partner. The Assembly adopted legislation that permits the Commerce Corporation to reserve up to 50.0 percent of the program's allocated funds for small business manufacturers.
- ***I-195 Redevelopment Fund.*** The Budget includes an additional \$2.0 million from general revenues for the I-195 Redevelopment Fund. The 2015 Assembly created the I-195 Redevelopment Project Fund to provide developers and businesses with financing for capital investment, including land acquisition in order to promote the development of the land. The FY 2016 enacted budget allocated \$25.0 million from general revenues to the Fund.
- ***Commerce Corporation - Operations.*** The Budget includes \$7.5 million from general revenues to support general operations of the Corporation in FY 2018, which is \$80,000 more than enacted.
- ***Urban Ventures.*** The Budget includes \$140,000 from general revenues to support Urban Ventures consistent with current law requiring an annual appropriation to an urban business incubator. The entity was previously funded through a community service grant. The 2016 Assembly ended the grant program, but did not provide alternate funding for Urban Ventures.
- ***Innovate RI Small Business Programs.*** The Budget includes the enacted level of \$1.0 million to support Small Business Innovation Research grants and the Bioscience and Engineering Internship Programs.
- ***Air Service Development.*** The Budget includes \$0.5 million from general revenues for an initiative to support additional direct routes to major metropolitan areas. This would provide a total of \$2.0 million for this purpose including the \$1.5 million allocated in the FY 2017 enacted budget.
- ***Experimental Program to Stimulate Competitive Research (EPSCoR).*** The Budget includes the enacted amount of \$1.2 million for participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research.

- ***Polaris Manufacturing Extension Partnership.*** The Budget includes the enacted level of \$250,000 from general revenues to support Rhode Island manufacturers by continuing to deploy technical experts to provide lean process training facilities layout and assistance in manufacturing optimization. Polaris Manufacturing Extension Partnership is a Providence-based nonprofit organization. It receives funding from the National Institute of Standards and Technology to subsidize its consulting services to make them more affordable to smaller manufacturing business owners, fund awareness activities and educational seminars.
- ***Affordable Housing.*** The Budget includes \$40.0 million from general obligation bond funds approved by the voters in November 2016 to provide funding for affordable housing support, including rehabilitation of existing structures and new construction. The Budget also includes \$10.0 million from general obligation bonds the voters approved on the November 2016 ballot to improve properties that are blighted or in need of revitalization, including residential, commercial, and public properties.
- ***Quonset Piers.*** The capital budget includes a total of \$90.0 million for extension and renovation of the Quonset Business Park's piers. This includes \$50.0 million of general obligation bond proceeds approved by the voters on the November 2016 ballot, \$25.0 million from revenue bonds authorized by the 2016 Assembly to be issued by the Quonset Development Corporation, and \$15.0 million from Rhode Island Capital Plan funds.
- ***Port of Providence.*** The capital budget includes \$20.0 million from general obligation bond funds approved by the voters on the November 2016 ballot to increase terminal capacity at the Port of Providence by funding the acquisition of up to 25 acres of land located between Allens Avenue in the City of Providence and the Providence River, and associated infrastructure improvements.
- ***Innovation Campus Bond.*** The capital budget includes \$20.0 million from general obligation bonds approved by the voters on the November 2016 ballot for the construction of one or more innovation campuses affiliated with the University of Rhode Island.
- ***38 Studios Debt Service.*** The Budget assumes that debt service relating to 38 Studios will be paid with settlement funds that the Commerce Corporation recently received from defendants in the state's lawsuit.
- ***Historic Tax Credit Trust Fund Debt Service.*** The Budget includes \$31.0 million and \$31.1 million from general revenues in FY 2017 and FY 2018, respectively, to fund debt service for historic tax credits.
- ***Minimum Wage.*** The Assembly approved a minimum wage increase over two years from \$9.60 per hour to \$10.10 per hour, effective January 1, 2018 and from \$10.10 per hour to \$10.50 per hour effective January 1, 2019. The Budget includes \$65,770 for the impact of the increase on seasonal employees of the Department of Environmental Management.

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

- ***Distressed Communities Relief Fund.*** The Budget includes the enacted level of \$12.4 million for the Distressed Communities Relief Fund; there is a redistribution of funding among qualifying communities 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 2018 budget reflects the inclusion of Johnston as a qualifying community and the exclusion of Cranston. Both communities receive transition payments.
- ***Payment in Lieu of Taxes Program.*** The Budget includes \$45.2 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. This is \$3.2 million more than enacted and represents full funding for the program.

- **Motor Vehicles Excise Tax.** The Assembly enacted legislation to phase-out the motor vehicle excise tax and provided \$26.0 million to reimburse lost revenues to local municipalities for FY 2018. The legislation ends the ability of municipalities to tax motor vehicles over time, and provides for reimbursement of lost revenues. The legislation phases out the tax by lowering values, increasing the minimum exemption, and lowering tax rates.

For FY 2018 the changes include increasing the minimum exemption to \$1,000, lowering the assessed value from 100.0 percent to 95.0 percent, and no longer taxing cars older than 15 years old. The minimum exemption and discount to the retail value grows over the next five years until the tax is no longer levied. For FY 2019 a \$50 rate ceiling is imposed and lowered over the phase-out period.

- **Library Resource Sharing Aid.** The Budget includes \$9.4 million to level fund state support of public libraries at 22.8 percent of second prior year expenditures. Current law allows for a 25.0 percent reimbursement, subject to appropriation.

- **Library Construction Aid.** The Budget includes \$2.2 million from general revenues 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.

- **Property Valuation Reimbursement.** The Assembly provided \$0.6 million for FY 2017 and \$0.9 million for FY 2018 to reimburse communities conducting property valuation updates. Current law requires that municipalities complete full revaluations every nine years with statistical updates every third and sixth year following a full revaluation.

- **Airport Impact Aid.** The Budget includes the enacted level of \$1.0 million for FY 2018 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.

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

- **FY 2018 Formula Education Aid.** The Budget includes \$918.0 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 \$43.5 million more than enacted and fully funds current estimates for the core formula.

- **Funding Formula Assumptions.** The Budget funds the seventh year of the education funding formula adopted by the 2010 Assembly. The calculation for FY 2018 uses March 13, 2017 student enrollment data adjusted for FY 2018 projected charter school enrollments, a per pupil core instruction amount of \$9,163, and state share ratio variables updated with June 30, 2016 data. Districts that received more state funding are in the last year of a seven-year phase-in and aid to districts that are receiving less state funding is being phased in over ten years.

- **School of Choice Density Aid.** The Budget includes \$0.9 million for the density aid category, which provides 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. This is \$0.6 million less than the

enacted level, reflecting year two of a phased down, three-year program. For FY 2018, seven districts would be eligible for this funding which provides \$100 per pupil for every student sent to a charter or state school.

- ***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 Budget includes the enacted amount of \$4.5 million for FY 2018. The Assembly enacted legislation requiring the Department of Elementary and Secondary Education to collect data on special education costs that exceed two and three times the enacted threshold; the Department is currently required to collect data on those costs that exceed four times the threshold.
- ***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 Budget includes \$6.2 million from general revenues for FY 2018. This is \$1.1 million more than enacted and represents a match on \$6.0 million in recently awarded federal funds.
- ***Transportation Funds.*** The education funding formula allows for additional resources from the state to districts for some transportation costs associated with transporting students to out-of-district non-public schools and within regional school districts. The Assembly enacted legislation to establish two distinct categories of aid, one for non-public school transportation and another for aid to regional school districts. The Budget includes \$6.8 million for FY 2018, which is \$0.5 million more than enacted and includes \$3.1 million for non-public school transportation and \$3.8 million for 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 Budget includes \$4.5 million for FY 2018, which is consistent with the enacted budget.
- ***English Language Funds.*** The Budget establishes a permanent category of funding to support English language learners that are in the most intensive programs and includes \$2.5 million. The funding is calculated at the level of 10.0 percent of the Core Instruction Amount, applied to students in the most intensive English learner programs. Funds may only be used on evidence-based programs proven to increase outcomes for English learners. The 2016 Assembly authorized this as a one-year pilot program.
- ***State Schools Stabilization Funding.*** The Budget includes \$3.9 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 \$3.2 million and the Met School the remaining \$0.8 million.
- ***School Construction Aid.*** The Budget includes a total of \$80.0 million to fund projected costs of school housing aid to local districts for FY 2018. This includes the enacted level of \$70.9 million for the traditional program and \$9.1 million for the School Building Authority.
- ***Group Home Aid.*** The Budget includes \$4.1 million for group home aid consistent with current law that requires that aid be paid for all beds opened as of December 31, 2016. The FY 2018 budget is \$0.7 million less than the enacted budget.
- ***Recovery High School.*** The Budget includes the enacted level of \$0.5 million from general revenues to continue supporting the state's recovery high school, which provides programs to students recovering

from substance abuse. The Assembly also enacted legislation to establish a permanent, annual appropriation for this purpose; the 2016 Assembly authorization was for a one-year pilot program.

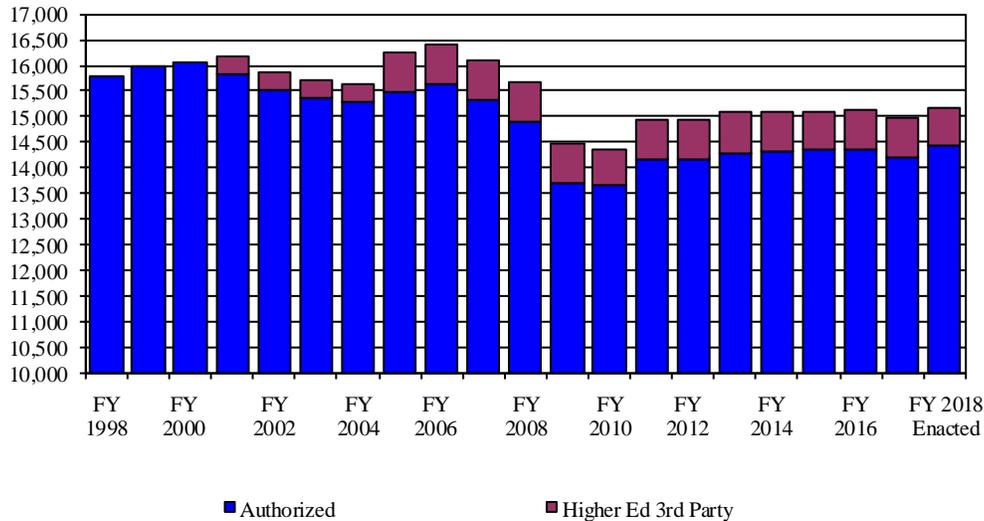
- **Textbook Reimbursement.** The Budget includes the enacted level of \$240,000 for reimbursements allowed under the textbook reimbursement program. Under current law, the state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12<sup>th</sup> grade.
- **School Breakfast.** The Budget includes the enacted level of \$270,000 from general revenues for the administrative cost reimbursements to districts for the school breakfast program. Food is paid from federal sources.

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

- **Fraud Detection and Prevention.** The Budget assumes savings of \$3.5 million from fraud and waste detection and prevention efforts to be achieved in FY 2018 as well as \$5.0 million in additional revenues 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 the Department of Labor and Training, Department of Revenue and health and human service agencies to detect fraud and waste.
- **Undistributed Savings.** The Budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. As a reference point only, this equates to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding the Department of Corrections, Eleanor Slater Hospital and Public Higher Education. Some of the savings are expected to be achieved through the establishment of a new billing methodology for the state's centralized functions authorized in Article 7. The Administration reported that it was not maximizing available non-general revenue sources under the current system.
- **Fund Transfers.** The Assembly adopted legislation requiring that, in the event the Governor submits a budget to the General Assembly that includes any transfers of resources from public corporations to the general fund, that budget must also include alternatives for said transfers.
- **Staffing.** The Assembly provided \$1,979.8 million for personnel expenditures and 15,160.2 full-time equivalent positions, including 739.8 higher education positions dedicated for research or supported by other third-party funds. This is \$0.8 million and 92.8 full-time equivalent positions more than the Governor recommended. The Governor subsequently requested two amendments, adding 159.0 full-time equivalent positions for the Unified Health Infrastructure Project and making a technical change to staffing in the Judiciary. Adjusting for the requested amendments, staffing is 66.0 fewer positions than recommended.

In FY 2017, the state averaged 13,809.6 filled positions, reflecting an average of 1,023.7 non-research vacancies. In FY 2016, the state averaged 13,687.4 filled positions reflecting an average of 1,274.8 non-research vacancies.

### Full-Time Equivalent Positions



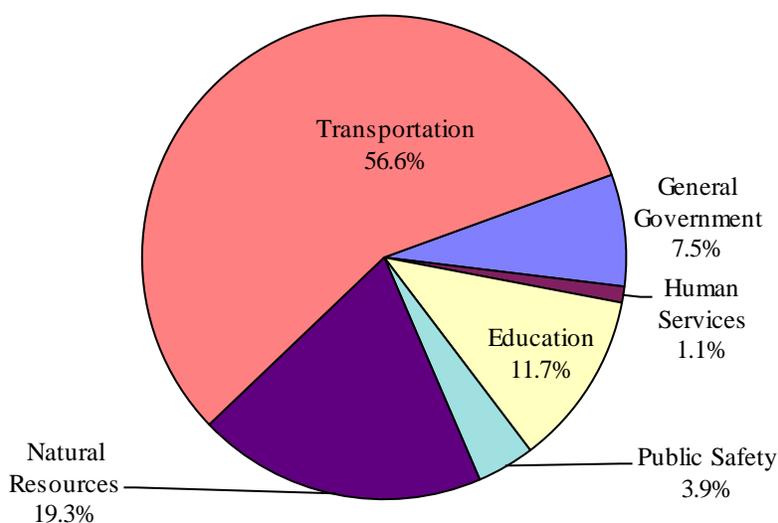
- Directors’ Salaries.** The Assembly adopted legislation to allow the Governor to determine the salaries for the directors of administration and transportation, and the secretary of health and human services for 2017 only.
- Statewide Benefit Assessment.** The Budgets include savings of \$1.2 million and \$1.5 million in FY 2017 and FY 2018, respectively, from lowering the assessed fringe benefit rate for most employees from 4.75 percent to 4.49 percent in FY 2017 and to 4.20 percent in FY 2018. The savings are reflected in agency budgets. The assessed fringe is a rate that is applied to the amount of all salaries and wages paid, and is used to pay workers’ compensation claims, unemployment claims, and unused leave.
- Medical Benefit Savings.** The Budget includes medical benefit savings of \$2.6 million in FY 2018 from updating the medical benefit rates. Though the rates are higher than the enacted budget; the recommendation is lower than what agencies had assumed in their requests.
- Workers’ Compensation Administration.** The Budget includes savings of \$1.3 million from general revenues from a proposal to outsource components of the Workers’ Compensation program.
- E-Procurement.** The Assembly enacted legislation authorizing the chief purchasing officer to establish, charge and collect a statewide contract administrative fee not to exceed 1.0 percent of master price agreements from vendors. The funds will be used for the implementation of the E-Procurement system, which will be made available to agencies, quasi-public agencies, institutions of higher education and municipalities. The Budget also assumes savings of \$350,000 from the implementation of the system.
- Lean Process Improvement Projects.** The FY 2017 final budget includes \$100,000 from general revenues to fund lean process improvement projects to improve operational efficiency in the Department of Administration’s budget.
- Cybersecurity Director.** The Budget includes \$0.8 million to fund the cybersecurity director within the Department of Administration as well as funding for consultants and providing cybersecurity training for employees in the Executive Branch.

- **City Year.** The Budget includes \$100,000 from general revenues to City Year for the Whole School Whole Child Program, which provides individual support to at-risk students. This is \$50,000 more than the enacted budget.
- **Convention Center.** The Budget includes \$19.6 million from general revenues for the Convention Center to cover debt service requirements in FY 2018.
- **License Plate Reissuance.** The Assembly adopted legislation delaying license plate reissuance until January 1, 2019. The reissuance should occur after the deployment of the Registry's modernized information technology system for administrative ease. The budget shifts expected revenues and expenses to account for the delay.
- **Technology Surcharge.** The Assembly enacted legislation to allow the Division of Motor Vehicles to extend the \$1.50 surcharge on its transactions from FY 2018 through FY 2022, and deposit those funds into the Information Technology Investment Fund for project costs. The revenues have been used for debt service for the Division's new information technology system; the legislation repeals the language on debt service, and extends the use to maintenance, enhancements, and settlement agreement payments between the state and its vendor.
- **Integrated Tax System Support.** The Budget includes \$1.0 million from general revenues for ongoing technical support and maintenance of the Department of Revenue's new integrated tax system for which the 2016 Assembly authorized borrowing \$25.0 million through Certificates of Participation to consolidate separate Division of Taxation programs and functions into a single computer system.
- **Unemployment Insurance Benefits.** The Budget includes \$161.2 million from the Unemployment Insurance trust fund for the payment of unemployment insurance benefits. This is \$0.8 million more than enacted to reflect current benefit recipients.
- **Temporary Disability Insurance Benefits.** The Budget includes \$173.0 million from the Temporary Disability Insurance trust fund for benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. This is \$5.0 million more than enacted.
- **Temporary Caregiver Insurance Benefits.** The Budget includes \$14.5 million from the Temporary Disability Insurance trust fund for the payment of benefits. This is \$5.0 million more than enacted.
- **Police and Fire Relief Fund.** The 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 firefighters. This is \$0.1 million less than enacted.
- **Contingency Fund.** The Budget includes the enacted amount of \$250,000 for the Governor's Contingency Fund.
- **Scanning Project for Business Services.** The Budget includes \$50,000 from general revenues for the Secretary of State to begin scanning business records to allow for online viewing.
- **New Voting Equipment.** The Budget includes \$1.2 million from general revenues for the second year of a multi-year purchase and maintenance agreement for new voting equipment.
- **Rhode Island Historical Society.** The Budget includes the enacted level of \$125,000 in general revenue support for the Rhode Island Historical Society.

- **Newport Historical Society.** The Budget includes the enacted level of \$18,000 in general revenue support for the Newport Historical Society.
- **DMV Staff.** The Budget includes \$450,000 from general revenues to support operations and staffing costs for 6.0 new positions at the Division of Motor Vehicles to facilitate training and implementation of the new system without a negative impact on wait times.
- **Deputy Secretary of Commerce.** The Budget reduces staffing costs of the Executive Office of Commerce by \$225,000 by maintaining the vacancy of the Deputy Secretary of Commerce for FY 2018.

**Capital (See Section IV: Capital Budget)**

**FY 2018 - FY 2022 Capital Projects by Function**



- **Outlays and Funding.** The FY 2018 through FY 2022 plan includes \$4,707.0 million of outlays on \$11,930.3 million of project estimates. Average outlays would be \$941.4 million per year for the five-year period with \$1,138.6 million required at the end of the period to complete the projects.
- **General Obligation Bonds Referenda.** Financing the five-year plan is based on \$399.1 million of general obligation bond debt issuances. In a departure from past practice, the budget does not assume any new referenda will go before the voters in November 2018 or November 2020. The average bond referenda over the past five elections was \$189.3 million and the voters approved \$227.5 million on the November 2016 ballot. The impact of future referenda is excluded from any bond or debt projections in the plan.
- **Other Debt Approvals.** The plan requires up to \$110.9 million approved by the 2017 Assembly under the Public Debt Management Act, including \$88.8 million from revenue bonds for the University of Rhode Island’s White Horn Brook Apartments. The remaining debt would be issued through Certificates of Participation including \$10.5 million for confined aquatic dredged material disposal cells and \$11.6 million for the third phase of energy performance improvements at the University of Rhode Island.
- **Financing.** Paying for the five-year outlays includes \$959.5 million from debt financing and \$3,747.5 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 decreases during the period through FY 2022 by \$385.8 million from \$1,906.9 million to \$1,521.1 million. The FY 2018 levels assume issuance of \$92.0 million from authorized general obligation bonds, \$22.1 million of new debt approved by the 2017 Assembly and \$10.5 million of other previously approved debt. Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget and as noted previously the plan identifies no new general obligation bond funded debt.
- **Debt Ratios.** Net tax supported debt would decrease from 3.2 percent of personal income reported for FY 2016 to 3.1 percent into FY 2017 before increasing to 3.3 percent in FY 2018 and dropping gradually back to 2.2 percent in FY 2022 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected especially since as previously noted, the budget does not assume any new referenda will go before the voters in November 2018 or November 2020, a departure from past practice.
- **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 \$654.3 million.

## Health and Human Services

- **Unified Health Infrastructure Project.** The Budget provides state and federal funding totaling \$56.4 million in FY 2017 and \$19.6 million in FY 2018 to support the Unified Health Infrastructure Project in the Executive Office of Health and Human Services and Department of Human Services' budgets.
- **Unified Health Infrastructure Project Positions.** The Assembly added 159.0 temporary and permanent positions in the Executive Office of Health and Human Services and the Department of Human Services to support the Unified Health Infrastructure Project for FY 2018.
- **Managed Care Plans.** The Budget includes \$926.8 million, including \$421.4 million from general revenues for medical benefits to be paid to Neighborhood Health and UnitedHealthcare for those enrolled in RIte Care or the Rhody Health Partners programs in FY 2018.
- **Medicaid Expansion.** The Budget includes \$478.5 million for medical benefits through the Medicaid expansion program. This includes \$26.4 million from general revenues for the second year that states must start to contribute to the program.
- **Rhody Health Options.** The Budget includes \$355.3 million, including \$173.0 million from general revenues, for the state's integrated system to pay for long term care and acute care services for individuals eligible for Medicare and Medicaid through a managed care plan.
- **Nursing Facilities.** The Budget includes \$178.8 million, including \$87.0 million from general revenues for the fee-for-service payments made to nursing home providers.
- **Nursing Facility Acuity Rates.** The Budget does not include the Governor's proposal to achieve savings of \$10.7 million, including \$5.2 million from general revenues by rebasing the rates paid to a nursing facility based on a resident's level of need.
- **Nursing Facilities Census Reduction.** The Budget includes savings of \$5.1 million, including \$2.5 million from general revenues from assuming that the number of individuals residing in a nursing home is

reduced by 2.5 percent from either transitioning the resident to a less expensive setting or delaying the transition into a home by increasing community supports.

- ***Nursing Facilities Rate Freeze.*** The Budget includes savings of \$11.5 million, \$5.6 million from general revenues from eliminating the scheduled October 1, 2017 nursing home rate increase in both the fee-for-service and Rhody Health Options programs.
- ***Home and Community Based Services.*** The Budget includes \$60.0 million, including \$29.1 million from general revenues for the fee-for-service payments made to home and community care providers.
- ***Home Care Rates.*** The Budget increases the rates paid to personal care attendants and home care workers in the Executive Office of Health and Human Services and includes \$3.9 million, \$1.9 million from general revenues. This impacts services in both the managed care and fee-for-service system effective October 1, 2017.
- ***Hospital Rates.*** The Budget includes \$16.2 million, \$5.2 million from general revenues, to provide the scheduled annual rate increases for the state's community hospitals for inpatient and outpatient services.
- ***Uncompensated Care Payments.*** The Budget includes \$139.7 million, \$68.4 million from general revenues, for the FY 2018 uncompensated care payment to community hospitals.
- ***Graduate Medical Education.*** The Budget includes a \$4.0 million state payment to Lifespan for graduate medical education activities for FY 2018.
- ***Health System Transformation Project.*** The Budget includes \$33.5 million for payments to providers and administrative expenses over two-years as part of the Health System Transformation Project. Provider payments include \$7.0 million for nursing facilities for FY 2017 and \$23.0 million for hospitals and accountable care entities for FY 2018.
- ***Upper Payment Limit Reimbursement.*** The Budget includes savings of \$20.5 million, including \$8.3 million from general revenues, for enhanced payments made to community hospitals for Medicaid services based on Medicare rates.
- ***Managed Care Organizations Administrative Rate.*** The Budget includes savings of \$9.3 million, including \$3.5 million from general revenues, from reducing the administrative rate paid to the managed care plans.
- ***Federally Qualified Health Centers Payments.*** The Budget assumes savings of \$3.3 million, including \$1.2 million from general revenues, from moving all payments made to the federally qualified health centers into the rates paid by the managed care plans and anticipating that the plans will determine if the health center is the appropriate setting for treatment.
- ***Children's Health Account.*** The Budget includes \$3.1 million in general revenue savings from increasing the assessment charged to commercial insurers that offsets the state cost for certain services provided to children with special health care needs by \$5,000 from \$7,500 to \$12,500.
- ***Services to Adults with Developmental Disabilities.*** The Budget includes \$253.7 million, including \$123.6 million from general revenues, to support services for approximately 4,000 adults with developmental disabilities in the state-run and privately operated systems. This includes \$4.9 million, of which \$2.4 million is from general revenues, for anticipated caseload cost growth over FY 2017.

- ***Project Sustainability - Direct Care Worker Rates.*** The Budget includes \$3.0 million from general revenues matched by Medicaid to provide a rate increase to direct care workers in the privately operated system for adults with developmental disabilities; a rate increase was also included in the FY 2017 enacted budget.
- ***Eleanor Slater Hospital Reorganization.*** The Budget assumes savings of \$11.2 million, including \$5.2 million from general revenues from a plan to reorganize the footprint of the state-run Eleanor Slater Hospital that began in FY 2017. This included closing units, transferring medical patients to the Zambarano unit of the state hospital and renovating one of the existing hospital buildings into a step down unit. Plans have not been finalized; however, the Assembly provided \$5.7 million from Rhode Island Capital Plan funds from FY 2018 through FY 2020 for this project since there has been a delay in some aspects of the initial plan recommended by the Governor.
- ***Eleanor Slater Hospital Laboratory Services - Privatization.*** The Assembly does not include the Governor's proposal for privatization of laboratory services at Eleanor Slater Hospital. That recommendation assumed \$1.0 million in savings, including \$0.5 million from general revenues.
- ***Intermediate Care Facilities.*** The Budget assumes savings of \$1.2 million, including \$0.7 million from general revenues, from closing one of the two remaining intermediate care facilities whose residents are former Zambarano hospital patients.
- ***Cash Assistance Benefits Caseload.*** The Budget includes \$112.9 million, including \$33.4 million from general revenues for Rhode Island Works assistance, subsidized child care, supplemental security income and general public assistance for FY 2018. This is \$0.1 million more than enacted, including \$1.2 million less from general revenues for updated costs adopted at the November and May Caseload Estimating Conferences.
- ***Child Care.*** The Assembly made permanent the child care transition program that allows a family whose income has increased after initially becoming eligible for subsidized child care services with income at or below 180 percent to stay on the program another year or until income is above 225 percent of poverty.
- ***Head Start Program.*** The Budget adds \$390,000 from general revenues to increase state support for Head Start for total state support of \$1.2 million for FY 2018.
- ***Rhode Island Alliance of Boys and Girls Clubs.*** The Budget includes the enacted level of \$250,000 from general revenues for the Boys and Girls Clubs Project Reach program, which provides homework assistance and afterschool activities.
- ***Day One.*** The Budget includes the enacted level of \$217,000 from general revenues for outreach programs and supportive services programs relating to sexual assault provided through Day One.
- ***Institute for the Practice and Study of Non-Violence.*** The Budget includes the enacted level of \$200,000 from general revenues to support the Institute's Violence Reduction Strategy program.
- ***Rhode Island Community Food Bank.*** The Budget includes the enacted level of \$175,000 from general revenues for food collection and distribution through the community food bank.
- ***Community Action Agencies.*** The Budget includes the enacted level of \$520,000 to support services provided by the state's community action agencies.
- ***Crossroads.*** The Budget includes the enacted level of \$660,000 from general revenues to support activities provided by Crossroads Rhode Island that address homelessness and other related issues.

- ***Domestic Violence Prevention Activities.*** The Budget includes the enacted level of \$0.3 million from general revenues for domestic violence prevention activities contracted through the RI Coalition Against Domestic Violence and distributed to domestic violence shelters in the state.
- ***Senior Services Support.*** The Budget includes the enacted level of \$400,000 from general revenues to support the state's services to seniors through a grant process.
- ***Meals on Wheels/Elderly Nutrition Services.*** The Budget includes the enacted level of \$530,000 from general revenues to support Meals on Wheels.
- ***Respite Care.*** The Budget includes the enacted level of \$140,000 for the Diocese of Providence to support the respite care program.
- ***Elderly Housing Security.*** The Budget includes the enacted level of \$85,000 from general revenues to implement security measures in elderly housing complexes.
- ***Long Term Care Ombudsman.*** The Budget provides \$209,086 for the long term care ombudsman, including the enacted level of \$126,750 from general revenues. The Alliance for Better Long Term Care advocates on behalf of residents of nursing homes, assisted living residences, and certain other facilities, as well as recipients of home care services.
- ***Veterans' Programs and Services.*** The Budget includes \$0.2 million from general revenues to support various veterans' programs and services with the Office of Veterans' Affairs determining how the funding is allocated.
- ***New Veterans' Home - Bond Authorization.*** The voters approved new bond language in November 2016 to ensure that there are sufficient resources to build the new Veterans' Home, which will still cost the state less than originally anticipated. The capital plan includes a total of \$121.0 million for the new home, split equally between general obligation bonds and federal funds.
- ***DCYF Caseload.*** The Budget includes \$93.8 million from all funds, \$66.5 million from general revenues, for placement and service costs within the children's behavioral health and child welfare programs excluding foster care support. This is \$7.4 million less than enacted, including \$1.6 million from general revenues from reducing congregate care placements and overall caseload reductions. The Department recently completed a provider contract reprourement for many services formerly delivered through the System of Care, primarily for congregate care placements.
- ***Foster Care Support.*** The Budget includes \$27.5 million for foster care and adoption assistance subsidies, including \$20.4 million from general revenues. This is \$0.1 million more than enacted from general revenues. The additional funding is intended to build additional foster care capacity in support of the Department's efforts to reduce congregate care placements.
- ***18 to 21 year olds.*** The Budget includes \$20.9 million, including \$13.6 million from general revenues, for services provided to individuals age 18 through 21 who age out of the adolescent system but still receive services through the Department of Children, Youth and Families.
- ***DCYF Energy Efficiencies.*** The Budget includes general revenue savings of \$0.3 million from an initiative to increase energy efficiency at the Department's main office building at 101 Friendship Street in downtown Providence. The savings would be achieved by installing energy conservation technology like motion-detecting light sensors and automated heating and cooling systems.

- ***Health Care Utilization Review Program Transfer.*** The Assembly adopted legislation transferring the oversight of the health care utilization review process from the Department of Health to the Office of the Health Insurance Commissioner.

## Education

- ***Public Higher Education.*** The Budget includes \$1,189.1 million for Public Higher Education institutions including debt service. This includes \$220.9 million from general revenues. Excluding debt service, general revenue support is \$11.1 million more than the FY 2017 final budget.
- ***Public Higher Education Tuition and Fees.*** The Budget assumes tuition and mandatory fee increases consistent with Board approval of 7.0 percent for in-state students and 4.0 percent for out-of-state students at the University, 6.9 percent for in-state students and 5.0 percent for out-of-state students at the College, and 7.0 percent for students at the Community College.
- ***RI Promise Scholarship.*** The Budget establishes a new Rhode Island Promise Scholarship program intended to provide two years of free tuition and mandatory fees at the Community College of Rhode Island for qualifying Rhode Island students. The program is intended to be a “last dollar scholarship,” meaning that after a student exhausts all other sources of student aid the program would cover the remainder of their tuition bill. Recipients will be required to maintain a 2.5 grade point average and must commit to remaining in Rhode Island after graduation. The program will be implemented for four cohorts of students beginning in FY 2018 with an evaluation required after the second cohort finishes. The program is expected to cost \$2.8 million for FY 2018 and grow to \$5.9 million for FY 2019.
- ***Westerly Higher Education and Job Skills Center.*** The Budget includes \$1.3 million from general revenues in the Office of Postsecondary Commissioner to complete a two-year commitment of \$2.0 million to secure the lease for the new Westerly Higher Education and Job Skills Center. The Budget also includes \$1.5 million from restricted receipts to support the operations and staffing costs of the new facility, \$1.1 million more than enacted. The capital plan includes \$7.0 million from all sources programmed for FY 2017 and FY 2018, including \$2.0 million from Rhode Island Capital Plan funds, \$3.0 million from private funding, and \$2.0 million from general revenues noted above.
- ***Rhode Island Nursing Education Center.*** The Budget includes \$10.1 million in the Office of Postsecondary Commissioner for administrative costs associated with the new Rhode Island Nursing Education Center, which is scheduled to fully open in September 2017. This amount includes \$5.1 million for the facility’s operating and administrative expenses split between the University and the College, \$3.6 million from general revenues for the lease payments and \$1.4 million for debt service for facility equipment expenses. The Budget also shifts staffing for administration of the facility from the University and the College to the Office of Postsecondary Commissioner.
- ***Community College - Knight Campus Biology and Chemistry Labs.*** The Budget includes \$0.8 million from Rhode Island Capital Plan funds, \$0.4 million in each FY 2018 and FY 2019, to complete the renovation of chemistry and biology labs at the Community College’s Knight Campus.
- ***University Engineering Building Referendum.*** The Budget includes \$25.5 million from general obligation bonds approved by 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.
- ***University - Fine Arts Center Renovation/Addition.*** The Budget includes \$1.0 million from Rhode Island Capital Plan funds in FY 2018 to begin site preparation and other work for renovation of the Fine Arts Center at the University’s Kingston campus.

- **Public Higher Education Asset Protection.** The Budget includes \$73.5 million from Rhode Island Capital Plan funds for asset protection projects at the institutions of public higher education for the five-year period of the capital plan.
- **White Horn Brook Apartments.** The Assembly approved the authorization of \$88.8 million from revenue bonds to construct a new 500-bed residence hall for third and fourth-year students on the University's Kingston Campus. Annual debt service would be \$5.9 million, assuming 5.0 percent interest and a 30-year term and would be supported primarily by dorm rental charges.
- **URI Energy Performance Contract Phase III.** The Assembly authorized issuance of \$11.6 million through Certificates of Participation for the University to begin the third phase of an energy performance contract to purchase energy-saving improvements in buildings and infrastructure systems. Annual debt service would be \$1.1 million paid from energy savings, assuming 5.0 percent interest and a 15-year term.
- **Dual Enrollment Initiative.** The Budget includes 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. The Assembly also included legislation requiring state payments be limited to the amount of the appropriation and that by September 30, 2017, the Council on Postsecondary Education promulgate rules and regulations enforcing this limitation.
- **Last Dollar Scholarship.** The Budget includes 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. Loan reserve funds are a finite resource projected to be exhausted in FY 2019.
- **College Crusade Support.** The Budget includes the enacted amount of \$3.5 million to support the operations and scholarship programs offered by the College Crusade of Rhode Island, including \$3.1 million from the GEAR-UP federal grant and \$0.4 million from general revenues. The federal grant provides funds to states and nonprofits to support eligible low-income and disabled students in pursuit of secondary school diplomas and to prepare for postsecondary education. The \$0.4 million from general revenues supports staffing and office space.
- **Best Buddies Program.** The Budget includes the enacted amount of \$30,000 from general revenues for Best Buddies Rhode Island to support programs for children with developmental disabilities.
- **Small Business Development Center.** The Budget includes \$350,000 from general revenues for the Small Business Development Center at the University of Rhode Island. This is \$100,000 more than enacted in order to allow the Center to access its entire federal award. The Center was recently awarded \$0.7 million from federal funds; there is a 50 percent match requirement.
- **Special Olympics Rhode Island.** The Budget includes the enacted amount of \$50,000 from general revenues for Special Olympics Rhode Island to support its mission of providing athletic opportunities for individuals with intellectual and developmental disabilities.
- **Waterfire Providence.** The Budget includes the enacted level of \$375,000 to support operational costs of Waterfire Providence art installations.
- **Fort Adams.** The Budget includes the enacted level of \$30,000 to support Fort Adams Trust Restoration activities.
- **Telecommunications Education Access Fund.** The Budget includes \$1.5 million in FY 2018, including \$0.4 million from general revenues, to support the Telecommunications Education Access

Fund. General revenues are consistent with 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.

- ***Principal Empowerment and Training Fund.*** The Budget includes the enacted amount of \$0.5 million from general revenues for a professional development initiative for principals, consistent with the enacted budget.
- ***Computer Science Education.*** The Budget includes \$210,000 from general revenues to expand access to computer science courses for elementary and secondary students, \$50,000 less than the enacted budget to reflect actual expenditures in FY 2017.
- ***PSAT/SAT.*** The Budget includes \$633,600 to provide the SAT and PSAT for free to all Rhode Island public school students, including the enacted level of \$500,000 from general revenues. This is \$133,600 more than enacted from federal funds to cover costs above the original estimate based on a contract signed in November 2016.
- ***GED Waiver.*** The Budget includes \$65,000 from general revenues to support the current requirement for the Department of Elementary and Secondary Education to provide fee waivers for the high school equivalency test for individuals with limited income who can prove a financial hardship. Qualifying individuals are eligible to receive one waiver for each of the four subject areas, a total of \$120.
- ***Advanced Coursework Network.*** The Budget includes \$550,000 to support the advanced coursework network. This is \$50,000 less than enacted in the FY 2017 budget and includes \$250,000 from general revenues and \$300,000 from permanent school funds. The program allows middle and high school students in participating districts to access career preparatory as well as college credit bearing courses from a network of providers including postsecondary institutions, community organizations, and local educational agencies.
- ***Davies Advanced Manufacturing.*** The Budget includes \$3.7 million from Rhode Island Capital Plan funds to address technology and infrastructure needs for the advanced manufacturing program at Davies Career and Technical High School.
- ***Hasbro Children's Hospital.*** The Budget includes the enacted level of \$90,000 from general revenues to support the hospital school at Hasbro Children's Hospital.
- ***Child Opportunity Zones.*** The Budget includes the enacted level of \$245,000 from general revenues to support child opportunity zones through agreements with the Department of Elementary and Secondary Education to strengthen education, health and social services for students, and their families as a strategy to accelerate student achievement.
- ***Arts Funds.*** The Budget includes the enacted level of \$0.8 million from general revenues for the Rhode Island State Council on the Arts' grant programs.
- ***Creative and Cultural Economy Bond.*** The capital budget includes \$35.0 million from general obligation bonds approved by the voters on the November 2014 ballot for renovations to public and nonprofit theaters and performance spaces with \$5.0 million of that reserved for qualifying projects at historic sites. The program is administered by the Rhode Island State Council on the Arts in consultation with the Historical Preservation and Heritage Commission.

## Public Safety

- **Prison Population.** The Budget assumes a population of 3,000, which is 200 fewer inmates than the enacted population of 3,200. It also assumes a revised population of 2,999 for FY 2017, 201 fewer inmates than enacted based on more current data.
- **Corrections Asset Protection.** The Budget includes \$18.9 million from Rhode Island Capital Plan funds for FY 2018 through FY 2022 for asset protection projects at correctional facilities.
- **Dix Building Renovations.** The Budget includes \$2.0 million from Rhode Island Capital Plan funds for FY 2018 through FY 2020 for renovations to the Dix Building including electrical system upgrades, new lighting fixtures, updated office and storage spaces, shower restoration, and steam line replacement.
- **Maximum Security Renovations.** The Budget includes \$2.7 million from Rhode Island Capital Plan funds for FY 2018 through FY 2020 for infrastructure improvements at the maximum security facility for improvements to the shower exhaust system, steam pipes, laundry area, yard, roof, and other upgrades throughout the facility.
- **Medium Security Renovations.** The Budget includes \$21.8 million from Rhode Island Capital Plan funds for FY 2018 through FY 2021 for infrastructure improvements at the John J. Moran medium security facility including expansion of the dining area, kitchen, dispensary and other inmate programs and recreational activity areas.
- **Intake Service Center Renovations.** The Budget includes \$7.5 million from Rhode Island Capital Plan funds for FY 2018 through FY 2021 to restore the exterior of the Intake Service Center.
- **RIBCO Settlement.** The Budget includes an additional \$3.9 million for FY 2017 and \$6.7 million for FY 2018 for wage increases resulting from an arbitration award for members of the Rhode Island Brotherhood of Correctional Officers. Total funding is \$12.2 million and \$15.0 million for FY 2017 and FY 2018, respectively. Additional costs related to the retroactive nature of the settlement are included in the FY 2016 audited closing.
- **Corrections Recruitment Lawsuit.** The FY 2017 revised budget includes \$0.2 million from general revenues for legal services and witness expenses resulting from an ongoing lawsuit with the U.S. Department of Justice. In February 2014, the Department of Justice filed suit against the Department of Corrections alleging that recruitment examinations are biased against minority candidates.
- **Correctional Officer Training Class.** The Budget includes a net savings of \$119,525 from the hiring of 50.0 trainees from the 81<sup>st</sup> Correctional Officer Academy and 24.0 trainees from the 82<sup>nd</sup> Academy. The savings reflect increased staffing costs offset by a reduction to overtime.
- **Mental Health Services.** The Budget includes \$0.4 million from new general revenues in the Department of Corrections' budget to increase capacity to provide mental health services for inmates. This includes funding for two clinical social workers, one administrative assistant and funding for additional contracted discharge planning services.
- **Cognitive Behavioral Therapy.** The Budget includes \$1.4 million from general revenues to support the cognitive behavioral therapy program enacted for FY 2017. This was a proposal of the Justice Reinvestment Working Group. Funding is \$0.5 million more than enacted to reflect the annualized costs of 4.0 probation and parole officers hired under this initiative and a full year of contracted services.

- ***Women’s Facilities.*** The Budget assumes overtime savings of \$1.1 million from general revenues for both FY 2017 and FY 2018 to reflect the Department of Corrections’ declining female population. The Department has reassigned six staff posts to offset overtime expenses at other facilities.
- ***Crossroads – Enhanced Discharge Planning.*** The Budget includes \$1.1 million from general revenues for a contract with Crossroads RI to provide discharge planning services to sex offenders, which is \$0.8 million more than enacted.
- ***Medication/Mediation Assisted Treatment Program.*** The Budget includes the enacted level of \$2.0 million for the medication-assisted treatment of opioid users in the Adult Correctional Institutions. The program supports screening for opioid use disorders and conducting assessments of new inmates to determine treatment options. It also starts medication-assisted treatment prior to release with community referral for ongoing treatment.
- ***Recovery Housing.*** The Budget includes \$200,000 from general revenues for a recovery housing pilot program to provide access to 60 individuals with behavioral health issues and a criminal justice history, in ten recovery homes that will focus on peer supports and other services, including employment and education.
- ***State Justice Institute Grant.*** The Budget includes \$36,000 from restricted receipts, \$18,000 each year in FY 2017 and FY 2018 to reflect a two-year grant from the State Justice Institute for best practices and strategies in implementing the case management system.
- ***Indigent Defense Program.*** The Budget includes \$3.8 million from general revenues in FY 2018 for the Judiciary’s indigent defense program, which is \$18,760 more than enacted.
- ***Judicial Asset Protection.*** The Budget includes \$4.9 million from Rhode Island Capital Plan funds for FY 2018 through FY 2022 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 Budget includes \$3.8 million from Rhode Island Capital Plan funds for FY 2018 through FY 2022 for the restoration of the Licht Judicial Complex.
- ***Judicial HVAC.*** The Budget includes \$3.9 million from Rhode Island Capital Plan funds for FY 2018 through FY 2022 for the replacement and/or restoration and/or cleaning of the heating, ventilation, and air conditioning system for all judicial complexes.
- ***Judicial Noel Shelled Courtrooms.*** The Budget includes \$10.0 million from Rhode Island Capital Plan funds for the build out of the shelled courtrooms at the Noel Judicial Complex to relieve overcrowding at the Garrahy Judicial Complex. The work also involves the construction of a new parking lot to accommodate the need for additional parking for the added courtrooms.
- ***Rhode Island Legal Services.*** The Budget includes the enacted level of \$90,000 from general revenues for Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- ***Rhode Island Coalition Against Domestic Violence.*** The Budget includes \$230,000 from general revenues for the Rhode Island Coalition Against Domestic Violence for the domestic abuse court advocacy project, consistent with the enacted budget.

- **57<sup>th</sup> State Police Training Academy.** The Budget includes \$0.1 million from general revenues to fund recruitment and testing of candidates for the 57<sup>th</sup> State Police training academy, which would begin in FY 2019.
- **Sheriffs Training Academy.** The revised budget includes \$15,840 from general revenues for recruitment for a new Sheriffs' Academy. The FY 2018 budget includes \$55,000 from general revenues for the training and other associated costs.
- **Video Conferencing.** The Budget includes \$200,000 in general revenue savings for Sheriffs transportation of prisoners by expanding video conferencing for prisoners.
- **State Police Arbitration Settlement.** The Budget includes \$1.0 million in FY 2017 and FY 2018 for costs associated with settling a contract arbitration between the state and the Rhode Island State Troopers Association. The settlement provides salary increases retroactive to May 2016. It includes an increase of 1.25 percent, effective July 1, 2017. The prior settlement covered contract years of April 30, 2014 through April 30, 2016.
- **Capitol Police Contract Reserve.** The Budget includes \$0.3 million from general revenues for an anticipated settlement with Capitol Police officers regarding parity with other positions.
- **Pre-arrest Diversion Program.** The Assembly did not concur with the Governor's proposal to include \$0.2 million from general revenues for a mental health program in the Office of the Public Defender, which would include a pre-arrest diversion program intended to ensure better access to mental health services and reduce the strain on healthcare systems, first responders, the Judiciary, and the Department of Corrections. It appears that other sources are available to fund this.
- **Transition Employment.** The Budget includes \$300,000 from general revenues for the Pay for Success transition employment program, which is intended to increase employment and reduce recidivism of formerly incarcerated individuals. The program was initially funded for FY 2017 but there was a delay in implementation.
- **Rhode Island Statewide Communications Network.** The Budget includes \$10.0 million from all sources for FY 2018 through FY 2022 for the Rhode Island Statewide Communications Network in the Emergency Management Agency's budget. This includes \$7.5 million from Rhode Island Capital Plan funds and \$2.5 million from federal sources. The Budget also includes \$1.1 million from general revenues each year in FY 2017 and FY 2018 for the contract with Motorola to maintain the radio system.
- **Attorney General New Customer Service Center.** The Budget allocates \$14.0 million from Google Settlement funds that were awarded to the Office of the Attorney General for the Office's new customer service center at the John O. Pastore Government Center. This will allow for the relocation of the consumer protection unit and diversion unit staff and those performing background and fingerprint checks to the Cranston campus.
- **Magistrates.** The Budget includes \$700,000 from general revenues to fund three currently vacant magistrate positions in FY 2018, one each in Superior Court, Family Court, and District Court.
- **Bail Unit Staff.** The Budget includes \$250,000 from general revenues for three new District Court bail unit staff in FY 2018. The positions will be filled from vacancies within the Judiciary's staffing authorization.

## Environment

- ***Outdoor Recreation Investment.*** The Assembly did not concur with the Governor's recommendation to provide \$2.5 million from general revenues for outdoor recreation support. Funding would be used for local recreation matching grants, state and local recreation programming such as environmental education and events programming, and state capital funding for recreation-related acquisitions and maintenance.
- ***Unified Merchandising Brand.*** The Assembly did not concur with the Governor's recommendation to establish a new merchandising program for state parks. The proposal assumed staff would be supported by receipts from sale of branded merchandise.
- ***Local Agriculture and Seafood Grants.*** The Budget includes the enacted level of \$0.1 million from general revenues for the local agriculture and seafood program. Funding will allow small businesses in the food sector to receive grants. Every dollar is matched by private sources.
- ***Clean Diesel.*** The Budget includes \$1.0 million from general revenues for the implementation of the Clean Diesel Program enacted by the 2016 Assembly to reduce emissions from heavy-duty diesel engines and help companies improve supply chain efficiency. This is \$1.0 million less than enacted.
- ***Eisenhower House Transfer.*** The Assembly transferred the management of the Eisenhower House in Newport from the Historical Preservation and Heritage Commission to the Department of Environmental Management and converts the booking fees for the facility to restricted receipts.
- ***Confined Aquatic Dredged Material Disposal Cells.*** The Assembly authorized \$10.5 million through Certificates of Participation to provide the state's share for the construction of a new cell in order to maintain viability of the port and maritime operations. Annual debt service assuming 5.0 percent interest and 10 years would be \$1.5 million. The debt will be paid off in part from user fees.
- ***Volvo Ocean Race.*** The Budget assumes use of \$775,000 of Commerce Tourism funds to provide support for the 2018 Volvo Ocean Race, which will take place in May of 2018 at Fort Adams State Park in Newport. The race is offered by Volvo Ocean Race, in conjunction with Sail Newport. The last time the race was hosted in Rhode Island was for the 12th edition held in May 2015; that year \$775,000 from general revenues was appropriated. The Governor had proposed using general revenues for FY 2018 as well.
- ***Conservation Districts.*** The Budget includes \$50,000 from general revenues in FY 2018 for regional conservation districts. The Districts are quasi-public subdivisions of state government, governed by volunteer Boards of Directors from the communities. In prior years, these entities received community service grants.
- ***Recreation, Green Spaces, and Healthy Communities Bonds.*** The Capital Budget includes use of \$35.0 million from general obligation bonds approved by the voters on the November 2016 ballot for facilities and infrastructure improvements at state parks, storm water pollution prevention, brownfield remediation, bikeway development, open space acquisition, and recreation acquisition and development grants.
- ***Galilee Piers.*** The Budget includes \$6.2 million from state and federal sources for FY 2018 through FY 2022 for infrastructure improvements at the Port of Galilee.
- ***World War II State Park Improvements.*** The Budget includes \$128,715 from Rhode Island Capital Plan funds in FY 2017 to complete the revitalization of the World War II State Park. The Budget also includes \$250,000 from general revenues in FY 2018 for the third year of a five-year initiative to transfer

maintenance and operation of the Park from the state to the City of Woonsocket following the completion of the capital project.

- **State Recreational Facilities Improvements.** The Budget includes \$11.0 million for FY 2018 through FY 2022, including \$10.0 million from Rhode Island Capital Plan funds and \$1.0 million from federal funds for improvements at Rhode Island parks and management areas.
- **State Piers.** The Budget includes \$4.5 million from Rhode Island Capital Plan funds for FY 2018 through FY 2022 for marine infrastructure and pier development at sites critical to Rhode Island's tourism and fishing economy.
- **Natural Resources Offices/Visitor's Center.** The Budget includes \$1.0 million for FY 2018 and \$4.5 million for FY 2019 from Rhode Island Capital Plan funds for the construction of a new office facility for the Natural Resources Offices Visitor's Center.
- **Green Pond Dredging Study.** The Budget includes \$50,000 from Rhode Island Capital Plan funds for the study of the dredging of Green Hill Pond. The study would be aimed at lifting the shell fishing ban in Green Hill Pond and Eastern Ninigret. The state funds will be matched by the towns of Charlestown and South Kingstown with each town contributing \$25,000.

## Transportation

- **Highway Maintenance Account.** The Assembly amended the distribution of the Highway Maintenance account to require transfers of 50.0 percent for FY 2017 and 80.0 percent for FY 2018. The Budget assumes use of \$13.0 million and \$9.4 million as general revenues in FY 2017 and FY 2018, respectively. All funds collected in FY 2019 and after would be transferred to the account.
- **Rhode Island Public Transit Authority.** The Assembly amended the distribution of the Highway Maintenance account to provide the Rhode Island Public Transit Authority an additional \$5.0 million in each FY 2018 and FY 2019. This is in addition to the current share of 5.0 percent that the Authority receives.
- **RIPTA Free-Fare Program.** The Assembly provided the Authority with additional resources to fund the free-fare program for low income seniors and persons with disabilities. It also requires that the Authority convene a coordinating council to develop recommendations for sustainable funding of the program. Recommendations must be submitted to the Speaker of the House and Senate President no later than November 1, 2018.
- **Department of Transportation Staffing.** The Budget includes an additional 74.0 full-time equivalent positions for the Department of Transportation including project managers who will be responsible for the oversight and delivery of assigned projects from initiation to closeout and maintenance bridge workers, reflective of the Department's plan to perform more operations in-house, including lane striping and bridge inspections. Other positions include administrators of new programs, reflective of the Department's recent reorganization.
- **Winter Maintenance.** The Budget assumes \$19.6 million of winter maintenance expenditures in FY 2018 with \$15.1 million in the current year.
- **Immediate Action Projects.** The budget includes \$6.3 million in both years from highway maintenance funds for projects that require immediate actions. This includes \$4.5 million to repair five bridges along Routes 6 and 10.

- **Highway Drainage.** The Budget includes \$5.0 million from highway maintenance funds 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.
- **Providence Transit Connector.** The capital budget includes a total of \$2.0 million from Rhode Island Capital Plan funds, including \$0.5 million in FY 2018 and \$1.5 million in FY 2019 to provide matching funds to improve the transit corridor between Kennedy Plaza, the Providence Train Station, and other hubs. The Rhode Island Public Transit Authority was awarded a \$13.0 million federal grant for this purpose.
- **Pawtucket Bus Hub and Transit Corridor.** The capital budget includes a total project cost of \$7.0 million, including \$1.3 million from Rhode Island Capital Plan funds to match federal funds for the Rhode Island Public Transit Authority to build a transit hub adjacent to the new commuter rail station on the Pawtucket/Central Falls border.
- **College Hill Bus Tunnel.** The Budget includes \$1.6 million from Rhode Island Capital Plan funds over FY 2020 and FY 2021 to match federal funds to make structural and drainage repairs as well as safety improvements to the College Hill Bus Tunnel.
- **Bus Purchases.** The Assembly concurred with the Governor’s proposal allowing the Department of Transportation to use funds from the Highway Maintenance account to provide resources for the Rhode Island Public Transit Authority to finance bus purchases; this includes \$2.9 million in FY 2018 and \$0.2 million in FY 2019.

