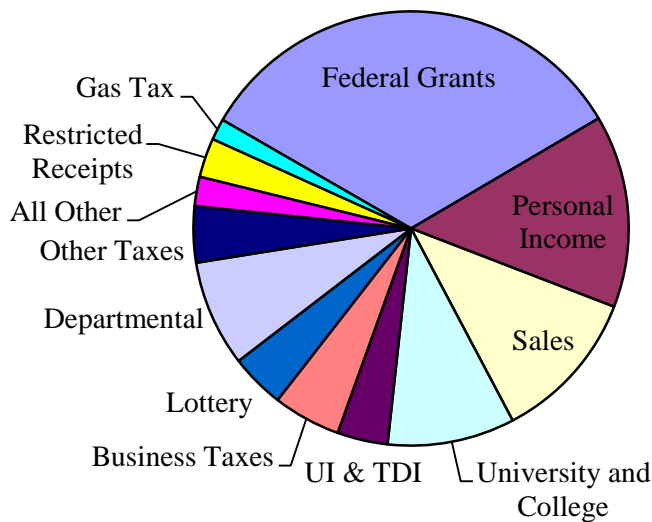

Section I

Budget at a Glance

FY 2019 Budget at a Glance

The Assembly adopted a budget with total expenditures of \$9,572.7 million, which is \$329.9 million more than enacted by the 2017 Assembly for FY 2018 and \$195.0 million more than the Governor recommended. It contains \$3,908.2 million from general revenues, which is \$140.5 million more than originally enacted for FY 2018 and \$78.9 million more than the Governor recommended.

Sources of Funds



Budget Issues

FY 2019 Gap. The Budget Office originally estimated that in preparing the FY 2019 budget, the Governor faced a projected revenue-expenditure gap of about \$237 million. This was significantly larger than the House Fiscal Staff's June projections because it assumed lower revenues and not achieving the \$25 million savings target in the enacted budget. By November it was clear that agency overspending and increased caseload costs would outstrip increased resources available from the FY 2017 closing and revised consensus revenue estimates. Lack of authorization for the Children's Health Insurance Program also contributed to the gap. The House Fiscal Staff estimated in December that those factors meant a roughly \$55 million current year deficit would have to be solved as well as a now \$180 million issue for FY 2019. This represents approximately 4.6 percent of general revenue expenditures. This differs from the Budget Office's updated estimate of \$260 million across the two years, again largely because of its treatment of the \$25 million of enacted budget savings as one-time.

The Governor's budget solves about half of the current year problem with increased revenues along with new proposals to rein in overspending in human services agencies. Her FY 2019 budget proposal relies on new revenues for almost 40 percent of the solution and reductions to human services spending for nearly half of it.

Following the May revenue and caseload conferences, available resources over the two year period were increased by \$121.6 million. The Assembly used those resources to cover nearly \$30 million of unbudgeted commitments for employee raises retroactive to FY 2018 as well as almost \$35 million in current year and ongoing spending issues for services to individuals with developmental disabilities and children in state care. The Assembly also restored most of the transfers from quasi-public agencies, restored about half of the remaining human service reductions and excluded some new revenue items.

- ***Out-Year Projections.*** The out-years continue to be significantly unbalanced as projected expenditure growth continues to outpace revenue growth. The forecast included with the Budget estimates an \$86.2 million gap for FY 2020, equating to 2.2 percent of useable revenues, that grows to \$227.0 million in FY 2023, 5.5 percent of useable revenues. The FY 2020 gap includes the impact of the use of one-time items in the resolution of the current budget gap as well as growth in local aid based on the ongoing car tax phase-out. The estimate also reflects the growing impact of casino gaming in Massachusetts with the offsetting impacts of the new Tiverton Casino as well as the Governor's proposal regarding sports wagering. Following submittal of her budget to the Assembly, the Governor agreed to multi-year employee raises including retroactive payments. These were not accounted for in the out-year projections presented with that budget. The House Fiscal Staff projects the FY 2020 budget gap at \$157.9 million. This is higher than the Governor's original budget, largely resulting from the incorporation of employee raises into the forecast and the use of the FY 2018 surplus available from increased current year revenue estimates. This grows to \$191.1 million by FY 2023, 4.5 percent of usable revenues, based on fiscal staff projections which may differ from those used by the Budget Office.

- ***Undistributed Savings.*** The FY 2018 enacted budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. The calculation equated 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. While that calculation was a reference point rather than a mandate, the expectation was for administrative efficiencies within the authority of the Governor to execute. The Governor's revised budget includes a series of recommended reductions that reach the \$25.0 million with nearly one third of that coming from human services program expenses. There are also significant savings taken in the higher education budget. A little over one third of the savings appear to have come from personnel reductions. The remaining includes utility savings, cost shifts, one-time items and other program reductions. The Assembly adjusted a number of the recommendations shifting more savings to personnel expenses rather than human service program expenses.

Taxes and Revenues

Tax Changes

- ***Cigarette Tax.*** The Assembly did not concur with the Governor's proposal to increase the cigarette excise tax by \$0.25 per pack, to \$4.50 per 20-pack, effective August 1, 2018.
- ***Other Tobacco Products Tax.*** The Assembly did not concur with the Governor's proposal to impose the other tobacco products tax on electronic nicotine delivery systems, require other tobacco products dealers to purchase from a state-licensed supplier, and raise the per cigar tax from \$0.50 to \$0.80.
- ***Sales and Use Tax on Software as a Service.*** The Budget assumes \$4.8 million in revenues associated with expansion of the state sales and use tax to include online third-party hosted subscription services, effective October 1, 2018.

- ***Sales and Use Tax on Security Services.*** The Budget assumes \$9.7 million in revenues associated with the expansion of the state sales and use tax to include security services, such as investigation, guard and armored car services, effective July 1, 2018.
- ***Sales and Use Tax on Microbrewery Kegs.*** The Budget lowers expected revenues by \$15,000 to reflect the exemption of kegs for breweries from the state's sales and use tax, effective July 1, 2018.

Enhanced Compliance and Collections

- ***Division of Taxation Restructuring.*** The Budget assumes a total of \$13.5 million in additional personal income, business, sales and use tax revenues and associated fines and fees from restructuring the Division of Taxation. The Budget includes 22.0 full-time equivalent positions. Accounting for \$3.5 million in technology support and staffing costs, the net budget impact is \$10.0 million.
- ***Division of Collections.*** The Assembly enacted legislation to authorize an enhanced collections pilot program within the Department of Revenue and assumes a total of \$1.3 million in additional revenues. The enabling legislation includes annual reporting requirements and a sunset provision of June 30, 2021. Accounting for \$0.6 million in staffing and contracted services costs, the net budget impact is \$0.8 million.
- ***Inspection Violations.*** The Assembly did not concur with the Governor's proposal to include \$2.6 million from fines that would be paid for reinstatement of registrations suspended based on expired inspections. The Budget includes legislation to maintain the current Registry of Motor Vehicles practice to not charge a reinstatement fee for registrations suspended for inspection violations.

Lottery Revenues

- ***Sports Betting.*** The Budget assumes \$23.5 million from the legalization of sports betting, restricted to the state's casinos beginning October 1, 2018, as a result of a favorable United States Supreme Court decision.
- ***Lottery Gaming Innovation Pilot Initiatives.*** The Budget assumes \$4.1 million from new gaming initiatives such as new sales incentive practices, effective July 1, 2018.

Fee Changes

- ***Insurance Claims Adjusters' Fee.*** The Budget assumes \$3.0 million in new revenues from increasing the insurance claims adjusters' fee from \$150 to \$250; the fee is biennial.
- ***Mutual Funds Fees.*** The Budget assumes \$6.9 million in new revenues associated with increasing the fees on federally regulated securities from \$1,000 to \$1,750.
- ***Real ID Duplicate License Fees.*** The Budget assumes \$2.1 million in revenues associated with issuing duplicate credentials compliant with federal Real ID requirements and retains these fees as general revenues. These collections will offset 32.0 new positions for implementation.
- ***Real ID Implementation - Vital Records.*** The Budget assumes revenues of \$0.4 million from fees associated with obtaining copies of birth and marriage certificates associated with implementation of federal Real ID requirements. It is estimated from FY 2019 through FY 2021 more than 78,000 individuals will need copies of birth certificates or marriage licenses. The Budget uses most of this revenue for operating and staffing related costs.

- ***Duplicate/Update License Fees.*** The Budget assumes \$1.0 million in revenues from merging the \$5.00 fee associated with routine information license updates, including name and address changes, with the \$25.00 fee for duplicate credentials and retains these fees as general revenues.
- ***Small Business Omnibus Initiative.*** The Budget lowers expected revenues by \$0.3 million to reflect the inclusion of four proposed initiatives. These include eliminating the \$50 per chair licensing fee for hair design shops and the retail frozen processing license fee, for businesses already licensed as a food establishment. The Budget also reduces the wholesale food processing licensing fee from \$500 to \$300, and extends the certified food safety license from three to five years.

Other Revenues

- ***Motor Vehicle Fee Transfer Adjustment.*** The Assembly concurred with the Governor's proposal to alter the transfer of transportation related fees collected by the Division of Motor Vehicles to the Highway Maintenance Account from 80.0 percent to 60.0 percent for FY 2018. The revised budget assumes \$10.4 million in additional general revenues from this. All funds collected in FY 2019 and after would be transferred to the account.
- ***Medical Marijuana Program.*** The Budget assumes an additional \$1.1 million from allowing out-of-state medical marijuana program cardholders to purchase from compassion centers and increasing renewal fees for existing compassion centers from \$5,000 to \$250,000.
- ***Department of Business Regulation Receipts.*** The Budget includes the transfer of \$1.6 million from Department of Business Regulation surplus fee revenues in the amounts of \$750,000 from the Division of Insurance Regulation and \$800,000 from Commercial Licensing, Gaming and Athletics for FY 2018.
- ***Water Quality Surcharges.*** The Budget includes a transfer of \$1.1 million to state general revenues from residual water quality protection surcharges that had been collected by the Water Resources Board Corporate. The Board Corporate has been dissolved and its functions were absorbed by the Clean Water Finance Agency, now the Rhode Island Infrastructure Bank.
- ***RI Infrastructure Bank Transfer.*** The Budget includes a \$4.0 million transfer from the Rhode Island Infrastructure Bank to state general revenues by June 30, 2019.

Tax Credits and Incentives

- ***Refundable Manufacturing Investment Tax Credit Fund.*** The Assembly did not concur with the Governor's proposal to include \$0.3 million from general revenues to establish a refundable tax credit up to \$0.1 million for qualifying investments in equipment, training and business capital.
- ***Rebuild Rhode Island Tax Credit.*** The Budget includes a new \$11.2 million from general revenues to continue funding for the Rebuild Rhode Island Tax Credit program. This brings total funds committed to these tax credits, which are redeemed over time, to \$49.7 million. The total amount of credits that can be awarded under the program is \$150 million; approximately \$95.8 million has been committed as of May 2018. The Assembly also extended the program's sunset date from December 31, 2018 to June 30, 2020.
- ***Qualified Jobs Tax Credit.*** The Assembly did not concur with the Governor's proposal to establish a lower job creation threshold for manufacturers to participate in the Qualified Jobs Tax Credit program. The Assembly did extend the program's sunset date from December 31, 2018 to June 30, 2020, after the issuance of the state's next long-term economic development vision and policy, as required by statute.

- **Wavemaker Fellowships.** The Budget includes \$1.6 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; two-thirds of the awardees must be permanent residents of the state. The Assembly also extended the program's sunset date from December 31, 2018 to June 30, 2020.
- **Job Training Tax Credit Repeal.** The Budget includes \$0.5 million in additional revenues by ending the tax credit which provides qualifying employers with credits against their state tax obligations for expenses associated with offering training to their employees. No credits will be awarded for tax years beginning on or after January 1, 2018. This repeal is related to a separate proposal to provide funding for Real Jobs Rhode Island.
- **Motion Picture Tax Credit.** The Assembly adopted legislation to increase the amount of the credit that can be claimed from 25.0 percent to 30.0 percent of state certified production costs, and raise the project cap from \$5.0 million to \$7.0 million. There is no change to the annual cap of \$15.0 million, nor the sunset date of July 1, 2024.

Business and Commerce

- **Air Service Development.** The Budget adds \$0.5 million from general revenues, for a total of \$2.5 million over the prior two budgets to provide direct incentives, revenue guarantees, and/or other support for additional air service routes to major metropolitan areas. The Air Service Development Council has partnered with the Rhode Island Airport Corporation to provide reimbursements for qualifying marketing expenses, and has committed all of the fund's resources. The Assembly also established a sunset date of June 30, 2020.
- **Commerce Corporation - Operations.** The Budget includes the enacted amount of \$7.5 million from general revenues for FY 2019 to support general operations of the Corporation.
- **Chafee Center at Bryant.** The Budget includes \$100,000 more than enacted for the Chafee Center at Bryant University, for a total of \$476,200. The Chafee Center at Bryant University helps local companies initiate and/or develop international trade opportunities; its consultants work closely with each client company to offer guidance and advice to both research and international trade
- **Experimental Program to Stimulate Competitive Research (EPSCoR).** The Budget includes \$0.9 million for FY 2019 for the National Science Foundation's Experimental Program to Stimulate Competitive Research. This is \$250,000 less than enacted to reflect actual costs of participation.
- **First Wave Closing Fund.** The Assembly did not concur with the Governor's proposal to add \$1.0 million for the program authorized by the 2015 Assembly to provide financing to ensure that certain transactions that are critical to the state's economy occur, subject to the Commerce Corporation's Board approval. Through FY 2018, a total of \$15.3 million has been appropriated to this fund. Commitments made through the end of 2017 total \$1.9 million. The Assembly did extend the program's sunset date from December 31, 2018 to June 30, 2020, after the issuance of the state's next long-term economic development vision and policy, as required by statute.
- **Hotel Tax Reallocation.** The Budget reallocates funding from the Commerce Corporation's share of revenues to other entities. This includes three percent to Providence, Warwick, and the other regional tourism districts.

- ***I-195 Redevelopment Project Fund.*** The Budget includes an additional \$1.0 million from general revenues to provide developers and businesses with financing for capital investment, including land acquisition to promote the development of the former I-195 land, administered by the I-195 Redevelopment District Commission. The Assembly also extended the program’s sunset date from December 31, 2018 to June 30, 2020.
- ***Industry Cluster Grants.*** The Budget includes \$0.1 million for the Industry Cluster Grants program, which enables the Commerce Corporation to provide startup and technical assistance grants ranging from \$75,000 to \$250,000 and to provide competitive grants ranging from \$100,000 to \$500,000 for activities within an industry cluster and to close industry cluster gaps. The Assembly also extended the program’s sunset date from December 31, 2018 to June 30, 2020.
- ***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.
- ***Innovation Initiative.*** The Budget includes \$1.0 million from general revenues for Innovation Initiative grants and vouchers for businesses with less than 500 employees. Vouchers of up to \$50,000 may be given for research and development assistance from a Rhode Island university, research center, or medical center, or to a small business manufacturer for internal research and development. Grants may be given to organizations that offer technical assistance to businesses or to businesses in targeted industries and must be matched by funds from a private sector or non-profit partner. The Assembly also extended the program’s sunset date from December 31, 2018 to June 30, 2020.
- ***Main Street Streetscape Improvement Fund.*** The Budget includes \$0.5 million for the Main Street Streetscape Improvement Fund for FY 2019. The prior three budgets provided a total of \$2.5 million for the fund and authorized the Commerce Corporation to award loans, matching grants and other forms of financing to enhance sidewalks, signage of public space and lighting in order to create an attractive environment in local business districts. The Assembly also extended the program’s sunset date from December 31, 2018 to June 30, 2020.
- ***Manufacturing Site Readiness.*** The Assembly did not concur with the Governor’s proposal to include \$0.2 million from general revenues for a new program, administered by the Commerce Corporation, to develop an inventory of potentially “pad ready” industrial sites capable of supporting large scale facilities, including manufacturers and distribution centers.
- ***Municipal Technical Assistance Grants.*** The Assembly did not concur with the Governor’s proposal to include \$200,000 from general revenues and legislation to establish a fund to provide technical assistance to municipalities to evaluate and streamline municipal zoning, planning and permitting codes to foster economic development.
- ***P-Tech Initiative.*** The Budget includes \$0.2 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 2016 and FY 2017 budgets included a total of \$2.1 million for the program. The Commerce Corporation has awarded funding to six school districts, and provided administrative support to the Community College of Rhode Island, totaling \$1.3 million in awards. The level of funding provided would bring available resources to \$0.8 million after administrative costs. This would fund the program at approximately four new districts. The Assembly also extended the program’s sunset date from December 31, 2018 to June 30, 2020.
- ***Polaris Manufacturing Extension Partnership.*** The Budget includes an additional \$100,000 to provide a total of \$350,000 from general revenues to support Rhode Island manufacturers by continuing to

deploy technical experts to provide LEAN training facility layout assistance and provide 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, and fund awareness activities and educational seminars.

- ***Small Business Assistance Program.*** The Budget includes the Governor’s proposal to increase the reserved amount of microloan funding for businesses with less than 200 employees from 10.0 percent to a maximum of 25.0 percent. It also extends the program’s sunset date from December 31, 2018 to June 30, 2020.
- ***Small Business Development Center.*** The Budget includes the enacted amount of \$350,000 from general revenues for the Small Business Development Center at the University of Rhode Island.
- ***Supply RI.*** The Budget includes \$0.3 million from general revenues to create a program that connects small suppliers with the state’s largest commercial purchasers by developing infrastructure to facilitate engagements.
- ***Quonset Piers.*** The 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, \$21.0 million from revenue bonds authorized by the 2016 Assembly to be issued by the Quonset Development Corporation along with \$4.0 million from the Corporation’s resources, and \$15.0 million from Rhode Island Capital Plan funds.
- ***Quonset Infrastructure.*** The Budget includes \$14.0 million from Rhode Island Capital Plan funds for infrastructure improvements at the Quonset Business Park, including increasing roadway crossing capacity and utility relocation for additional future development of heavier shipping weights. The Budget includes \$4.0 million in each FY 2019 and FY 2020, and \$6.0 million in FY 2021.
- ***Port of Providence.*** The 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.
- ***Affordable Housing and Blight.*** 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.
- ***Innovation Campus Bond.*** The 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. The minimum award will be \$5.0 million, and applicants must provide a match to state project funding of at least one to one. The request for proposal was released during the fall of 2017 and awards were anticipated to be announced in spring of 2018. No awards have been announced as of June 2018.
- ***38 Studios Debt Service.*** The Budget includes no state support for debt service relating to 38 Studios; the debt service will be paid with settlement funds that the Commerce Corporation received.
- ***Garrahy Garage Debt Service.*** The Budget includes \$1.6 million from general revenues to cover the first-year debt service relating to the Garrahy Garage project. The 2014 Assembly authorized the Convention Center Authority to issue up to \$45.0 million for the construction of the garage and the 2016

Assembly amended the authorization to allow the borrowing to occur if the Authority has three purchase and sale agreements or Wexford Science and Technology agrees to lease no less than 400 parking spaces. Revenues are expected to lower the debt service in FY 2020 and beyond.

- ***Convention and Dunkin Donuts Center Facilities.*** The Budget includes \$4.3 million from Rhode Island Capital Plan funds to make energy efficiency improvements at the Convention Center and the Dunkin Donuts Center. The Budget assumes energy savings of \$0.3 million from general revenues.
- ***Historic Tax Credit Trust Fund Debt Service.*** The Budgets include \$31.1 million and \$12.9 million from general revenues in FY 2018 and FY 2019, respectively, to fund debt service for historic tax credits. Funding in FY 2019 is \$6.9 million less than prior projections. Slower project completions and available funds in the Trust Fund allow for a delay in new debt issuance.

Workforce

- ***Real Jobs Rhode Island.*** The Budget includes \$11.0 million to support the Real Jobs Rhode Island program that aims to develop job partnerships by connecting industry employers and key stakeholders to build alliances and address business workforce demands. The Assembly provided \$5.5 million from general revenues for the program and also adopted legislation to provide the program funding through the Governor's Workforce Board by amending the Job Development Fund to allow a portion of the fund to support employment security and employment services for one year only, which would generate approximately \$5.5 million for the program.
- ***Job Development Fund.*** The Budget includes the \$17.2 million from restricted receipts annually collected through the Job Development Fund for use by the Governor's Workforce Board. The Fund is supported by a 0.21 percent assessment of the employer's payroll tax. Of that 0.21 percent, 0.02 is used to support core administrative expenses. The remaining funding is distributed for workforce development activities as obligated by the Board, subject to appropriation. The funds support adult education, the work immersion program, youth strategy programs, and a number of other grant expenditures.
- ***Other Workforce Development Services Grants.*** The Budget includes \$21.0 million from federal funds for workforce development grants. The funds are used to support labor data initiatives as well as a variety of employment programs oriented towards a wide array of demographics including youth, adults, veterans, as well as unemployed and dislocated workers.
- ***Unemployment Insurance Benefits.*** The Budget includes \$159.2 million in FY 2019 from the Unemployment Insurance Trust Fund for the payment of unemployment insurance benefits. This is \$2.0 million less than enacted.
- ***Temporary Disability Insurance Benefits.*** The Budget includes \$178.0 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 \$14.0 million from the Temporary Disability Insurance Trust Fund for the payment of benefits. This is \$0.5 million less than enacted.
- ***Work Immersion/Non-Trade Apprenticeship Program.*** The Assembly adopted legislation increasing the flexibility of the work immersion/non-trade apprenticeship program by allowing the Governor's Workforce Board to determine how to best reimburse employers, removing the tiered reimbursement structure, and removing the statutory cap on the allowable reimbursement period. Additionally, the program is now open to students currently enrolled in high school.

- ***Opportunities Industrialization Center.*** The Budget includes \$100,000 to support the Opportunities Industrialization Center, a nonprofit organization which provides training, employment, minority business enterprise, and urban policy development services to underserved urban populations through collaboration with public and private sectors as well as community based organizations.

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 Budget includes Cranston as a qualifying community and Cranston will receive a transition payment.
- ***Motor Vehicles Excise Tax.*** The Budget funds the Motor Vehicles Excise Tax and phase-out program at \$34.5 million for FY 2018 and \$54.7 million for FY 2019. This level of funding represents \$1.5 million less for FY 2018 and \$18.7 million more for FY 2019 based on updated estimates of the cost. The 2017 Assembly restarted the phase-out, which had been frozen for several years. For FY 2019, the changes include increasing the minimum exemption from \$1,000 to \$2,000, lowering the assessed value from 95.0 percent to 90.0 percent, and lowering the tax rate cap from \$60 to \$50, per \$1,000. As of FY 2018, cars older than 15 years are no longer taxed.
- ***Payment in Lieu of Taxes Program.*** The Budget includes \$46.1 million to fully fund 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.
- ***Library Resource Sharing Aid.*** The Budget includes \$9.4 million for state support of public libraries. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation. The funds represent 22.3 percent.
- ***Library Construction Aid.*** The Budget includes \$2.2 million to fully fund library construction aid requirements. The state reimburses libraries up to half the total costs for eligible projects on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project.
- ***Property Valuation Reimbursement.*** The Budget includes \$0.9 million for FY 2018 and \$1.6 million for FY 2019 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 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)

- ***Funding Formula Assumptions.*** The Budget funds the eighth year of the education funding formula adopted by the 2010 Assembly. The calculation for FY 2019 uses March 15, 2018 student enrollment data

adjusted for FY 2019 projected charter school enrollments, a per pupil core instruction amount of \$9,422 and state share ratio variables updated with June 30, 2017 data. Funding increases for districts that received more state support have been fully phased-in, and aid to districts that are receiving less state funding is still being phased in over ten years.

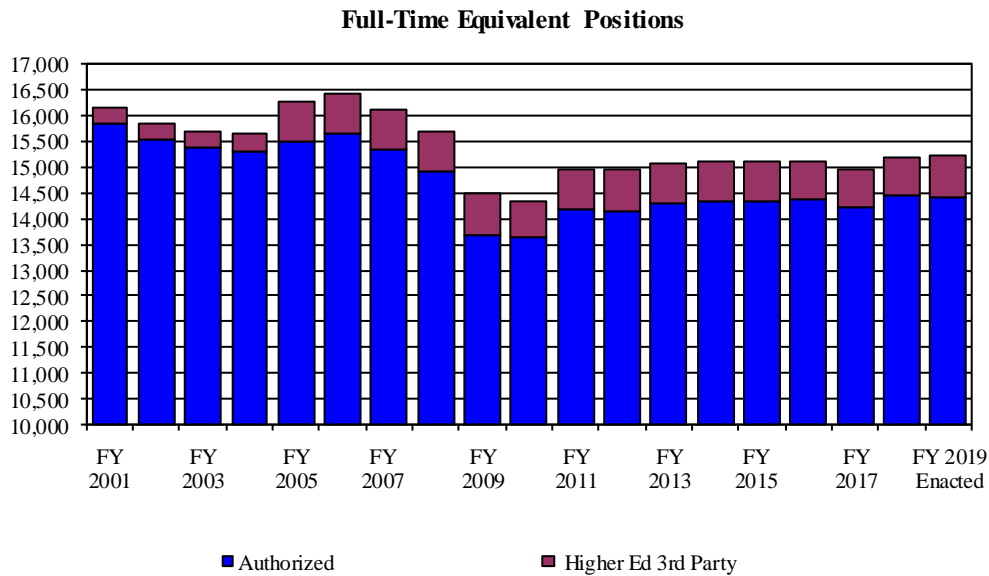
- ***FY 2019 Formula Education Aid.*** The Budget includes \$929.2 million for school formula aid for school districts, including Central Falls, the Metropolitan Career and Technical School, Davies Career and Technical School and charter schools pursuant to the funding formula. This is \$18.0 million more than enacted and fully funds current estimates for the core formula.
- ***State Schools Supplemental Funding.*** The Budget includes \$4.2 million in supplemental funding to the Davies Career and Technical School and \$1.4 million for the Metropolitan Career and Technical School to mitigate some of the losses in funding from the implementation of the funding formula and recognizes the additional costs associated with running a stand-alone school that offers both academic and career and technical education.
- ***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 and \$1.1 million from the Permanent School Fund for FY 2019. This is \$1.1 million more than enacted and represents the match committed on a \$5.6 million federal grant award.
- ***English Language Learners Funds.*** The Budget includes \$2.7 million to support English language learners that are in the most intensive programs, which is \$0.3 million more than the FY 2018 enacted level. 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 and are monitored by the Department of Elementary and Secondary Education.
- ***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 2019, which is consistent with the enacted budget.
- ***School of Choice Density Aid.*** The Budget includes \$0.5 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 \$0.4 million less than the enacted level, reflecting the final year of a phased down, three-year program. For FY 2019, seven districts would be eligible for this funding, which provides \$50 per pupil for every student sent to a charter or state school. For FY 2017, six districts received \$175 per student from density aid funding and for FY 2018, seven districts received \$100 per student.
- ***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 \$4.5 million for FY 2019, consistent with the enacted budget.
- ***Non-Public School Transportation Funds.*** The education funding formula allows for additional resources from the state to districts for some out-of-district non-public school transportation costs. The Budget includes \$3.0 million for FY 2019, which is consistent with the FY 2018 enacted level.

- **Regional District Transportation Funds.** The education funding formula allows for additional resources from the state to districts for some transportation costs within regional school districts. The Budget includes \$4.4 million for FY 2019, which is \$0.6 million more than the FY 2018 enacted level.
- **School Resource Officer Support.** The Budget includes \$2.0 million from general revenues to begin a voluntary three-year pilot program to support the hiring of school resource officers at public middle and high schools across the state for districts that choose to do so. School districts or municipalities would receive reimbursements equal to one-half of the total position cost for each new officer hired. Reimbursement is limited to one officer per school with 1,200 students and two officers per school with 1,200 or more students.
- **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 2019. This includes \$69.4 million for the traditional program and \$10.6 million to support costs associated with implementing new program requirements, such as providing technical assistance and guidance on the necessity of school construction application process to districts. The Assembly enacted legislation to temporarily enhance school housing aid reimbursements to encourage new school construction and renovation projects. Districts are eligible for up to 20.0 percent increases for projects that address health and safety deficiencies, specific high-demand subject areas, and replacing or consolidating facilities. The temporary incentives require minimum project spending; some projects must begin by December 30, 2022 and others by December 30, 2023, and be completed within five years. New incentives are contingent upon approval of the \$250.0 million new general obligation bond question to be submitted to the voters on the November 2018 ballot. The legislation also requires minimum maintenance spending and establishes a permanent 5.0 percent bonus for projects that address school safety.
- **School Construction Personnel.** The Budget shifts \$486,336 for 3.0 full-time equivalent positions currently responsible for administering the school construction aid program from general revenues to restricted receipts from the Rhode Island Health and Educational Building Corporation and includes funding for a new director of school construction services.
- **Recovery High School.** The Budget includes the enacted amount of \$0.5 million from general revenues to support the state's recovery high school, which provides services to students recovering from substance abuse.
- **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 12th 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.
- **Teacher Retirement.** Pursuant to Rhode Island General Law, Section 16-16-22, the state funds 40.0 percent of the employer's share of retirement contributions on behalf of teachers who are members of the teacher retirement system. The Budget includes \$106.1 million from general revenues, or \$4.3 million more than enacted for the state's share.

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

- **Personnel.** The Assembly provided \$2,042.6 million for personnel expenditures and 15,209.7 full-time equivalent positions, including 788.8 higher education positions dedicated for research or supported

by other third-party funds. This is \$2.1 million more and 216.8 full-time equivalent positions less than the Governor recommended. The Governor subsequently requested an amendment to make a technical change to staffing in the Judiciary. Adjusting for this, staffing is 216.6 fewer positions than recommended. This reflects the elimination of 160.0 vacancies to better align authorization and funded staffing levels. The expenditures include both salaries and benefits, as well as contracted services.



There are a number of changes in budget presentation that affect comparisons to the enacted budget. The most significant is the conversion of nearly \$50 million of salaries and benefits expenses to operating costs through the use of newly proposed internal service funds for certain centralized services. These costs will now appear in user agencies, rather than the Department of Administration.

In FY 2018, the state averaged 13,913.2 filled positions reflecting an average of 1,194.2 non-research vacancies. In FY 2017, the state averaged 13,809.6 filled positions, reflecting an average of 1,023.7 non-research vacancies.

- Statewide Cost-of-Living Adjustments.** The Budget includes \$6.9 million for FY 2018 and \$19.8 million for FY 2019 to fund statewide cost-of-living adjustments. The Governor recently reached agreements with a majority of state employee unions for wage and benefit changes that include cost-of-living adjustments of 2.0 percent effective January 2018, 2.5 percent effective January 2019, 2.0 percent effective July 2019, and 1.0 percent effective January 2020.
- Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, these costs were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services will reimburse the internal service funds for the costs. The Budget reflects these expenditures in agency budgets for both FY 2018 and FY 2019.
- Medical Benefit Savings.** The revised budget includes medical benefit savings of \$5.4 million, including \$2.5 million from general revenues, from updating the medical benefit rates and savings from lower claims experience. The FY 2019 budget includes general revenue savings of \$1.5 million from updating rates and \$3.3 million from recently negotiated contracts.

- ***Voluntary Retirement Incentive Benefit Adjustments.*** Based on the impact to the Retirement System and the assessed fringe benefit fund, being used to pay the voluntary retirement incentive, the Budget includes an additional \$3.9 million from general revenues in associated benefit rate increases. The FY 2018 and FY 2019 budgets include savings to offset these costs.
- ***Contract Savings.*** The Budget assumes general revenue savings of \$3.0 million from a contract procurement analysis. The Department of Administration will conduct an analysis of previous contracts to identify opportunities to enhance the state's buying power and reduce costs associated with procuring goods and services. The analysis will also review pricing opportunities, requests for proposals management and contract negotiations.
- ***Statewide Insurance Savings.*** The Budget includes general revenue savings of \$1.0 million from claims administration improvements within Workers' Compensation and reducing over-insurance for property, liability, and casualty.
- ***Fraud and Waste Detection.*** The Budget assumes savings of \$9.1 million from fraud and waste detection and prevention efforts in the Department of Administration. This includes \$6.1 million of delayed or unachieved savings from FY 2018.
- ***City Year.*** The Budget includes \$130,000 from general revenues to City Year for the Whole School Whole Child Program, which provides individual support to at-risk students.
- ***Police and Fire Relief Fund.*** The Budget includes \$3.8 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.
- ***Contingency Fund.*** The Budget includes \$0.2 million for FY 2019 for the Governor's Contingency Fund.
- ***Help America Vote Act Election Security Grant.*** The federal Omnibus Appropriations Act signed into law March 23, 2018 includes \$380 million in Help America Vote Act funding for enhancements of election technology and security improvements. The Secretary of State in conjunction with the Board of Elections will be receiving \$3.0 million of that funding, which requires a \$150,000 state match. The Budget includes expenditures totaling \$2.0 million for election upgrades in FY 2019 from this new grant.
- ***Cyber Security Testing.*** The Budget includes \$120,000 over FY 2018 and FY 2019 for testing to assess the overall security of the Central Voter Registration System to protect against possible data breaches.
- ***E-Poll Books.*** The Budget includes \$0.4 million from the Information Technology Investment Fund to lease 1,400 e-poll books. The lease is for five years at a cost of \$2.0 million. The 2016 Assembly authorized the purchase of 200 e-poll books with \$195,000 from general revenues.
- ***Elections Staff.*** The Budget includes \$0.1 million from general revenues and authorization for 1.0 new full-time equivalent position for the Board of Elections in FY 2019. The position will be responsible for the coordination, deployment, and maintenance of e-poll books throughout the state, as well as a role in risk limiting audit implementation, website maintenance, and any other duties that arise.
- ***Public Financing of Elections.*** The Budget includes \$2.6 million from general revenues for the Matching Public Funds campaign finance program, required by Rhode Island General Law, Section 17-25-19. General officers are elected every four years, and the Board of Elections is responsible for administering and carrying out the mandates of the Campaign Contributions and Expenditures Act and the state's Matching Public Funds program.

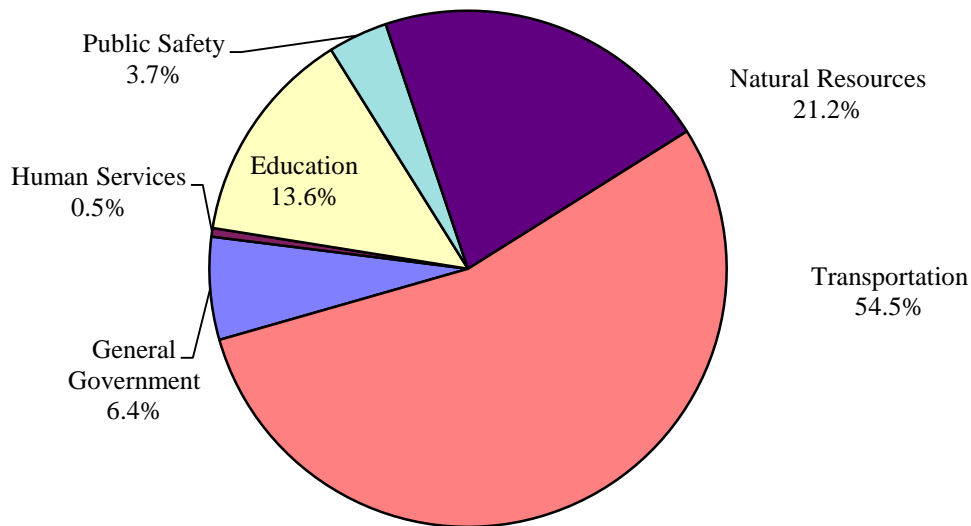
- ***Election Expenses.*** The Budget includes \$1.9 million from general revenues for the Board of Elections and Secretary of State for anticipated costs associated with the 2018 election cycle, including ballot printing and delivery.
- ***Rhode Island Historical Society.*** The Budget includes the 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.
- ***License Plate Reissuance.*** The Budget delays the start of license plate reissuance until January 2020.
- ***Taxpayer Portal Savings.*** The Budget assumes savings of \$0.5 million associated with the launch of a taxpayer portal and an increase in electronic filing.
- ***DOR Restructuring Staff.*** The Budget includes \$3.5 million from general revenues for staffing and operation costs for 22.0 new positions to support enhanced revenue collections through improved discovery, collections and audits. The net budget impact is \$10.0 million.
- ***Division of Collections Staff.*** The Budget includes \$0.6 million from general revenues to support operations and staffing costs for 7.0 new positions at the Department of Revenue to establish a new Division of Collections to centralize all of the collection activities of the state's departments. The net budget impact is \$0.8 million.
- ***DMV Staff.*** The Budget includes \$2.1 million from general revenues for 32.0 new positions to support the implementation of federal Real ID requirements. The Department of Homeland Security has granted the state an extension for compliance from January 22, 2018 to October 10, 2018. The Budget assumes revenue collections will offset staffing costs.
- ***Tiverton Casino Compliance Staff.*** The Budget includes \$1.5 million from lottery funds for staffing costs of 23.0 new positions for operations at the Tiverton Casino, which is now anticipated to open by September 2018.
- ***Integrated Tax System Support.*** The Budget includes \$2.6 million from general revenues for ongoing technical support and maintenance and \$20.3 million through Certificates of Participation authorized by the 2012 Assembly for the Department of Revenue's new integrated tax system to consolidate separate Division of Taxation programs and functions into a single computer system.
- ***Building, Design and Fire Professionals.*** The Budget reflects the consolidation of professions relating to building and construction design, inspection, and enforcement of building and fire codes and the transfer of several programs to the Department of Business Regulation. These include the State Fire Marshal from the Department of Public Safety, the Building Code Commission, Contractors' Registration and Licensing Board, and the Fire Code Safety Board of Appeal and Review from the Department of Administration.

Capital (See Section IV: Capital Budget)

- ***Outlays and Funding.*** The FY 2019 through FY 2023 plan includes \$4,920.8 million of outlays on \$1,272.7 million of project estimates. Average outlays would be \$984.2 million per year for the five-year period with \$784.7 million required at the end of the period to complete the projects. In a change in presentation, this year's capital budget does not reflect debt service payments supported by Federal Highway Administration funds or gas tax. This corrects the prior practice of double-counting this expense.

- General Obligation Bonds Referenda.** Financing the five-year plan is based on \$557.5 million of general obligation bond debt issuances. This includes \$367.3 million from new general obligation bonds to be presented to the voters on the November 2018 ballot. Consistent with last year, but in a departure from past practice, the budget does not assume any new referenda will go before the voters in November 2020 or November 2022. 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. The current proposal increases the five-year average to \$244.8 million.

FY 2019 - FY 2023 Capital Projects by Function



- Other Debt Approvals.** The plan requires up to \$41.8 million approved by the 2018 Assembly under the Public Debt Management Act for four projects, including three projects at the University. For the University this includes \$11.0 million for repaving, hardscape and landscape, \$6.5 million for the first phase of utility infrastructure upgrades, and \$2.3 million for the second phase of fire safety and protection projects for auxiliary enterprises. It also includes \$22.0 million for renovations to Eleanor Slater Hospital.

- Financing.** Paying for the five-year outlays includes \$1,251.0 million from debt financing and \$3,669.8 million from current or pay-go sources. Pay-go represents 74.6 percent with debt funding being 25.4 percent.

- Debt Levels.** Total net tax supported debt decreases during the period through FY 2023 by \$120.0 million from \$1,851.0 million to \$1,650.5 million. Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget 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 2017 to 2.4 percent in FY 2023 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 2020 or November 2022.

- ***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 \$660.3 million.

Health and Human Services

- ***Unified Health Infrastructure Project.*** The Assembly provided \$72.3 million in FY 2018 and \$44.2 million in FY 2019 for direct support and expenses of the Unified Health Infrastructure Project in the Executive Office of Health and Human Services and Department of Human Services' budgets. This includes \$11.4 million in FY 2018 and \$6.8 million in FY 2019 from state sources. The FY 2019 total also assumes \$7.0 million from the contractor. The balance in both years is from federal sources.
- ***Managed Care Organizations Reimbursements.*** The FY 2019 budget includes savings of \$32.4 million, of which \$11.0 million is from general revenues, from an administrative rate freeze, a one percent reduction to the medical portion of the monthly payments and instituting benchmarks the plans must meet to achieve a quality incentive payment. Adjusting for the loss of revenue, the state savings is \$10.3 million.
- ***Nursing Home Rates.*** The Budget includes a 1.5 percent rate increase beginning July 1, 2018 and a 1.0 percent increase in October 1, 2018 for total funding of \$8.9 million, including \$4.2 million from general revenues. These actions settle the lawsuit brought by the nursing home facilities related to a dispute over the recurring nature of the two percent reduction to nursing home rates in the FY 2016 budget as part of the Governor's Reinventing Medicaid initiative.
- ***Long Term Care Services and Supports.*** The FY 2019 budget includes savings of \$14.9 million, including \$10.0 million from general revenues, from a "redesign" of the Rhody Health Options managed care program that provides services to individuals eligible for Medicare and Medicaid and provides home and community care services through the Community First Choice option, effective January 1, 2019. This savings is net of \$0.5 million in administrative expenses included to implement the proposal. There is an offsetting revenue loss of \$0.3 million from this proposal, making the general revenue impact \$9.7 million for FY 2019. The savings for FY 2020 should annualize to approximately \$20 million.
- ***Nursing Home Eligibility Processes.*** The budget includes savings of \$6.3 million, of which \$3.0 million is from general revenues, from instituting changes to the eligibility process for nursing home care including asset verification transfers effective January 1, 2019. This savings is net of \$0.6 million in new administrative expenses included to implement the proposal. Accounting for the offsetting revenue loss of \$0.2 million, the general revenue impact is \$2.8 million for FY 2019. The savings for FY 2020 should annualize to approximately \$5 million.
- ***Home Care Rates.*** The FY 2019 budget adds \$7.0 million, including \$3.4 million from general revenues, to raise fee-for-service home care rates that impact programs in the Executive Office of Health and Human Services, Department of Human Services and services to developmentally disabled adults through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. This includes a 10.0 percent increase for certified nursing assistance and personal care attendants and a 20.0 percent increase for skilled nursing services.
- ***Hospital Rates.*** The FY 2019 budget includes \$14.3 million, including \$5.0 million from general revenues, to provide inpatient and outpatient hospital rate increases consistent with current law. The Governor's recommendation froze the rates at the FY 2018 level.
- ***Graduate Medical Education.*** The FY 2019 budget includes \$1.0 million for payment to Lifespan for graduate medical education activities. The FY 2018 final budget includes the enacted level of \$4.0 million.

- ***Inpatient Upper Payment Limit Reimbursement.*** The FY 2019 budget includes \$15.7 million, including \$5.9 million from general revenues, to make the inpatient and outpatient upper payment limit reimbursement to community hospitals for Medicaid services based on Medicare rates. The Governor's budget recommended eliminating the inpatient payment.
- ***Non-Emergency Transportation Services.*** The FY 2019 budget includes savings of \$9.2 million, including \$3.5 million from general revenues, from changing the current contract with Logisticare or reprocurring and reducing payments made for transportation services effective January 1, 2019. The savings is net of funding for a new position to manage the contract changes.
- ***Revenue Maximization.*** The FY 2019 budget includes savings of \$1.7 million, including \$1.3 million from general revenues, from expanding the RIte Share program to non-disabled adults who have access to employer sponsored insurance, and moving parents who were covered under RIte Care to the expansion program when they no longer have a dependent child. The savings assumes an effective date of January 1, 2019 and is net of the costs for two new positions to implement the proposals.
- ***Developmental Disabilities Services.*** The Assembly provided \$239.1 million, of which \$112.4 million is from general revenues, for services to developmentally disabled adults in the privately-operated system for FY 2019. It also includes \$226.8 million, including \$115.0 million from general revenues for FY 2018 which is \$10.0 million above the enacted budget based on current spending.
- ***Developmental Disabilities Services – Consent Decree.*** The Assembly added \$1.5 million, including \$0.8 million from general revenues, to support technical and other assistance for community based agencies to ensure they transition to providing integrated services to adults with developmental disabilities that comply with the consent decree.
- ***Eleanor Slater Hospital.*** The Budget includes \$117.5 million, of which \$53.6 million is from general revenues, to support the operations at Eleanor Slater Hospital.
- ***Eleanor Slater Hospital Operations.*** The FY 2019 budget assumes savings of \$3.5 million, including \$1.7 million from general revenues, from closing hospital units at the Adolph Meyer building as part of the reorganization plan, evaluating employees out on worker's compensation who may be able to return to work, and transferring patients to more appropriate settings.
- ***Behavioral Healthcare Link.*** The FY 2019 budget includes \$650,000 from general revenues to establish a Behavioral Healthcare Link, which is a statewide resource to provide 24-hour community based assessment and treatment for those experiencing a behavioral health care crisis.
- ***Children's Rights Settlement.*** The state recently settled its lawsuit with Children's Rights. The preliminary settlement documents contain a series of agreements to changes in process and practice at the Department of Children, Youth and Families. Beyond the agreement for the Governor to advocate for a foster care rate increase, the documents do not cite a cost. The FY 2017 audited financial statements released in early January account for a \$3.5 million payable in anticipation of this settlement and the need to pay legal costs. The Assembly added 2.0 positions for the Child Advocate to assist that office in discharging duties as part of the team monitoring the Department's compliance.
- ***Foster Care Rates.*** The FY 2019 budget includes \$1.4 million, including \$1.1 million from general revenues, to increase rates paid for foster care placements. This is consistent with language in the preliminary settlement of the lawsuit with Children's Rights. The funding is intended to build additional foster care capacity in support of the Department of Children, Youth and Families' efforts to reduce congregate care placements.

- ***Voluntary Extension of Care Program.*** The Budget includes \$2.3 million from all sources, including \$1.7 million from general revenues, to support services through the Voluntary Extension of Care program in the Department of Children, Youth and Families. The program allows individuals age 18 to 21 to remain in state care, with the Family Court retaining oversight, and be able to receive residential services as well as educational and job training services.
- ***Head Start Program.*** The Budget includes the enacted amount of \$1.2 million from general revenues for the state's support for Head Start.
- ***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 Club 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 and supportive services programs relating to sexual assault prevention 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 \$500,000 from general revenues to support activities provided by Crossroads Rhode Island that address homelessness and other related issues, which is \$200,000 more than enacted.
- ***Domestic Violence Prevention Activities.*** The Budget includes the enacted level of \$300,000 from general revenues for domestic violence prevention activities contracted through the Rhode Island Coalition Against Domestic Violence and distributed to domestic violence shelters in the state.
- ***Senior Center Support.*** The Budget includes \$800,000 from general revenues to support the state's senior centers through a grant process, which is \$400,000 more than enacted.
- ***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.
- ***Elder Housing Security.*** The Budget includes the enacted level of \$85,000 from general revenues to implement security housing measures in elderly housing complexes.
- ***Long Term Care Ombudsman.*** The Budget includes the enacted level of \$169,086 for the long term care ombudsman, including \$86,750 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.
- ***Aging and Disability Resource Center.*** The Assembly enacted legislation to establish the Rhode Island Aging and Disability Resource Center. The Center will provide a statewide, toll-free information hotline,

online web portal linking callers to long-term care screening tools, comprehensive database with long-term services programs, providers and community resources, and provide community education and outreach regarding its services.

- **Family Child Care Providers.** The Assembly included \$0.5 million for FY 2018 and \$0.8 million for FY 2019 from federal funds for family child care providers. Funding will be used to provide rate increases, stipends, and sick time payments, consistent with a recent contract settlement.
- **Child Care Rates.** The Assembly adopted legislation establishing a tiered system of reimbursement for infants, toddlers, and pre-school aged children at child care centers, reflecting the quality rating the provider has achieved in the state's quality rating system. Those providers with higher rankings will receive additional funding compared to those in the lower tiers. The Budget includes \$3.5 million from federal funds, including \$3.3 million for the Department of Human Services and \$0.2 million for the Department of Children, Youth and Families.
- **Veterans' Programs and Services.** The Budget includes the enacted level of \$200,000 from general revenues to support various veterans' programs and services with the Office of Veterans' Affairs determining how the funding is allocated.
- **Vital Records System Upgrade.** The Budget assumes use of \$1.7 million from the Information Technology Investment Fund to upgrade the Department of Health's vital records system. The Assembly also adopted legislation to assess surcharges for certified records of no more than \$5.00 for mail-in, no more than \$3.00 for duplicate, and no more than \$2.00 for walk-in at municipal halls. The receipts from the surcharges will be deposited into the Fund.
- **Hospital Reorganization.** The Budget includes \$49.9 million, including \$22.0 million through Certificates of Participation, to consolidate hospital operations for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The Budget assumes operating savings of \$3.0 million, including \$1.4 million from general revenues, from closing the Pinel building, which houses the forensic population, and relocating patients from the Adolph Meyer building and moving them into the Roosevelt Benton facility and Regan building. These changes will allow the downsizing of the hospital footprint and reorganization of its operations.
- **State Medical Examiners New Facility.** The capital budget includes \$15.7 million from Rhode Island Capital Plan funds to renovate the Board of Elections' current office building to house the operations of the Office of State Medical Examiners. Construction is scheduled to begin in FY 2019, which would have to occur after the general election.

Education

- **Public Higher Education.** The Budget includes \$1,207.6 million for Public Higher Education institutions including debt service. This includes \$230.1 million from general revenues. Excluding debt service, general revenue support is \$8.4 million more than the FY 2018 final budget.
- **Public Higher Education Tuition and Fees.** The Budget assumes in-state tuition increases of \$246 or 2.0 percent and a technology fee increase of \$100 for the University, an in-state tuition increase of \$153 or 2.0 percent for the College, and no in-state tuition or mandatory fee increases for the Community College, consistent with Board approved rates.
- **RI Promise Scholarship.** The Budget includes \$6.0 million for the second year of funding for the Rhode Island Promise Scholarship program, which provides two years of free tuition and mandatory fees

at the Community College 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 covers the remainder of their tuition bill. Other non-mandatory fees are not covered by this program. Recipients are required to maintain a 2.5 grade point average and must commit to remaining in Rhode Island after graduation. The program is being implemented for four cohorts of students beginning in the fall of 2017 with the last cohort entering in the fall of 2020.

- ***Westerly Higher Education and Job Skills Center.*** The Budget includes \$2.0 million from restricted receipts to support the operations and staffing costs of the Center, \$0.5 million more than enacted. Staffing increases from 3.0 full-time equivalent positions to 5.0.
- ***Northern RI Education Center.*** The Budget includes \$4.0 million from Rhode Island Capital Plan funds to replicate the public-private education model being used at the Westerly Higher Education and Jobs Skills Center in northern Rhode Island. This would be used to construct one or more education centers. The Budget requires that state funding shall comprise no more than half of the total cost.
- ***Horace Mann Hall Renovation.*** The Budget includes \$25.0 million of new general obligation bonds to be submitted to the voters on the November 2018 ballot for renovations to Horace Mann Hall at Rhode Island College.
- ***URI Narragansett Bay Campus Renewal.*** The Budget includes \$45.0 million of new general obligation bonds to be submitted to the voters on the November 2018 ballot to renovate or replace the buildings, laboratories and infrastructure at the University’s Narragansett Bay Campus. Improvements would also be done to the waterfront research vessel dock, roadways and walkways.
- ***URI Repaving, Hardscape and Landscape.*** The Assembly approved the authorization of \$11.0 million from revenue bonds for the repaving and reconstruction of major parking facilities, internal roadways, walkways and associated infrastructure on the University’s Kingston, Narragansett Bay, and Alton Jones campuses.
- ***URI Utility Infrastructure Upgrade Phase I.*** The Assembly approved the authorization of \$6.5 million from revenue bonds for upgrades to utility-related infrastructure on the Kingston Campus, including steam, water, sanitary, electrical, and storm water systems.
- ***URI Fire Safety and Protection Auxiliary Enterprises Phase II.*** The Assembly approved the authorization of \$2.3 million from revenue bonds for the second phase of fire safety enhancements to the University’s auxiliary enterprise buildings. The 2008 Assembly authorized \$19.4 million from revenue bonds for the first phase of this project which is almost complete.
- ***URI Fine Arts Center.*** The capital budget includes \$11.0 million from Rhode Island Capital Plan funds for the first phase of renovations for the University’s fine arts center. This includes \$6.4 million for FY 2019 and \$4.6 million for FY 2020.
- ***Dual Enrollment Initiative.*** The FY 2019 budget includes \$1.8 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 Budget is \$0.5 million more than enacted from tuition savings fees. The FY 2018 final budget of \$2.6 million is \$1.3 million more than enacted. About half of that increase is for overspending from FY 2017.
- ***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 higher education institutions. All but

\$2.0 million of the funding goes to the University of Rhode Island, Rhode Island College and Community College of Rhode Island.

- ***Guaranty Agency Operations.*** The Budget assumes that the guaranty agency operations are transferred to a non-governmental successor agency by the end of FY 2018 to preserve resources for scholarships. The Assembly enacted legislation to limit the Office of Postsecondary Commissioner's use of guaranty agency funds for personnel and operating costs in FY 2019 to 10.0 percent of the guaranty agency funds appropriated for scholarships and grants.
- ***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 \$60,000 from general revenues for Best Buddies Rhode Island to support programs for children with developmental disabilities. This is \$30,000 more than the enacted level.
- ***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.
- ***Atomic Energy Reactor Fees.*** The Assembly enacted legislation requiring that reactor fee revenues go to a restricted receipt account to be used to maintain the Atomic Energy Commission's equipment. Reactor fees are currently deposited as general revenues and have averaged approximately \$20,000 annually over the past five years.
- ***Telecommunications Education Access Fund.*** The Budget includes \$1.6 million in FY 2019, 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 \$0.5 million from general revenues for a professional development initiative for principals, consistent with the enacted budget.
- ***Third Grade Reading Action Plan.*** The Budget includes \$100,000 from general revenues to fund a new investment in high quality early learning curriculum and provide support to educators to ensure coherence among curriculum practices in the early education grades. Of this, \$50,000 will be used to purchase material and provide coaching services, and \$50,000 will be used for curriculum development and tools to implement the curriculum.
- ***Computer Science Education.*** The Budget includes the enacted amount of \$210,000 from general revenues to expand access to computer science courses for public school students.
- ***PSAT/SAT.*** The Budget includes the enacted amounts of \$500,000 from general revenues and \$133,600 from federal funds to provide the SAT and PSAT for free to all Rhode Island public school students.

- **Advanced Placement Tests.** The Budget includes \$80,000 for FY 2019 for the advanced placement test fee-waiver program, including \$25,000 from general revenues; total funding is consistent with actual FY 2016 and FY 2017 spending. The program allows eligible low-income students to pay a reduced fee of \$15 per advanced placement test, \$79 less than the standard fee of \$94 per test.
- **Serve RI.** The Budget includes \$3.5 million from federal funds reflecting the state assuming responsibility for administering the Serve RI program, previously run by the Rhode Island Commission for National Community Service. Funding supports the AmeriCorps program in the state, including AmeriCorps Vista and City Year. This includes funding for a new full-time equivalent position to administer the program, to be filled within the Department of Elementary and Secondary Education's authorized staffing.
- **Advanced Coursework Network.** The Budget includes \$450,000 to support the advanced coursework network. This includes \$150,000 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 education authorities.
- **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 \$345,000 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. This is \$100,000 more than FY 2018 funding.
- **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 awards.
- **Waterfire Providence.** The Budget includes the enacted level of \$375,000 to support operational costs of Waterfire Providence art installations.
- **Creative and Cultural Economy Bond.** The 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.
- **Fort Adams.** The Budget includes the enacted level of \$30,000 to support Fort Adams Trust Restoration activities.

Public Safety

- **Prison Population.** The Budget assumes a prison population of 2,849, which is 151 fewer inmates than the enacted population of 3,000. It also assumes a revised population of 2,837 for FY 2018, which is 163 less than enacted.
- **Department of Justice Lawsuit.** In February 2014, the U.S. Department of Justice filed suit against the Department of Corrections alleging that recruitment examinations are biased against minorities. The parties agreed to a settlement in September 2017. A total of \$1.0 million is included over FY 2018 and FY 2019 based on this agreement. This includes \$250,000 in each FY 2018 and FY 2019 to develop a new

exam. The Budget includes \$0.3 million and authorization for 3.0 new full-time equivalent correctional officer training instructor positions, \$0.4 million in settlement payouts, and \$0.1 million in legal costs. The Department also agreed to seek to hire 70 recruits, an increase from the planned 50.

- ***Correctional Officer Training Class.*** The Budget includes \$0.1 million for recruitment costs for class 83, which will occur in June, delayed from the fall. As part of the United States Department of Justice settlement agreement, the new training class is being extended from 9 to 12 weeks and the number of recruits is increasing from 50 to 70.
- ***Discharge Planning.*** The Budget includes \$1.4 million for contracted discharge planning services, which is \$135,000 more than enacted. The Department of Corrections has regional contracts for inmates ready to be released into the communities. The Department rebid the contracts during FY 2018 and the budget includes additional resources based on a prevailing wage provision added into the request for proposals. The FY 2018 final budget includes an increase of \$111,000.
- ***Cognitive Behavior Therapy.*** The Budget includes \$1.1 million from general revenues to support the Department of Corrections' cognitive behavioral therapy program. This includes \$600,000 in contracted cognitive behavioral training and \$0.5 million for 4.0 probation and parole officers hired in FY 2017.
- ***Medication 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 from the Department of Corrections. 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.
- ***Correctional Facilities Study.*** The Budget includes the authorized level of \$250,000 from Rhode Island Capital Plan funds for a correctional facilities study. The plan is to examine various options to optimize the functioning of the Department's facilities. This is \$0.8 million less than recommended as the Department of Administration authorized the project to move forward without the funding to support it.
- ***High Security Overtime Savings.*** The Budget includes general revenue overtime savings of \$1.5 million partially based on a plan to close housing modules in High Security by transferring some inmates to the Department's other facilities. As of May, High Security was at 53.0 percent of its operational capacity with 88 inmates.
- ***High Security Renovations.*** The Budget includes \$1.0 million from Rhode Island Capital Plan funds for FY 2019 to improve operating efficiencies through module combination and other renovations as part of the initiative to save \$1.5 million in overtime savings noted above.
- ***Medium Security Renovations.*** The Budget includes \$31.6 million from Rhode Island Capital Plan funds programmed through FY 2023 for infrastructure improvements at the John J. Moran medium security facility. This includes the expansion of available space for dining areas, kitchen, and laundry, and other inmate programs and recreational activities.
- ***Corrections Asset Protection.*** The Budget includes \$17.0 million from Rhode Island Capital Plan funds for FY 2019 through FY 2023 for asset protection projects at correctional facilities.
- ***Indigent Defense Program.*** The Budget includes \$4.0 million from general revenues for the Judiciary's indigent defense program, which is \$0.2 million more than enacted.
- ***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.
- ***Veterans' Treatment Court.*** The Budget includes \$144,390 from general revenues for the Veterans' Treatment Court in FY 2019 to replace expiring federal funds. A three-year federal grant that supports the court's operations is expiring in FY 2018.
- ***Judicial Asset Protection.*** The Budget includes \$5.0 million from Rhode Island Capital Plan funds for FY 2019 through FY 2023 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 2019 through FY 2023 for the restoration of the Licht Judicial Complex.
- ***Judicial HVAC.*** The Budget includes \$5.0 million from Rhode Island Capital Plan funds for FY 2019 through FY 2023 for replacement, restoration, and cleaning of the heating, ventilation and air conditioning systems for all judicial complexes.
- ***Noel Judicial Shelled Courtrooms.*** The Budget includes \$10.0 million from Rhode Island Capital Plan funds for the build out of the shelled courtrooms and administrative space 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 Statewide Communications Network.*** The Budget includes \$10.0 million from all sources through FY 2021 for improvements to the Rhode Island Statewide Communications Network. This includes \$7.5 million from Rhode Island Capital Plan funds and \$2.5 million from federal sources. The Budget also includes general revenues of \$1.1 million in FY 2018 and \$1.2 million in FY 2019 for the contract with Motorola to maintain the radio system.
- ***Middletown Armory.*** The Budget includes \$2.9 million from federal funds for FY 2018 and FY 2019 for a new project to construct additional armory and storage space at the Middletown Armory. The Budget also includes \$0.7 million from Rhode Island Capital Plan funds in FY 2018 to compensate the Airport Corporation for the value of the long-term lease consistent with Federal Aviation Administration guidance.
- ***E-911 Telecommunicators.*** The Budget includes \$0.5 million from general revenues to fund 5.0 new telecommunicator positions.
- ***E-911 Technology Upgrades.*** The Assembly provided \$0.7 million from general revenues for the E-911 Division to perform technology upgrades. Funds will also be used for a statewide assessment of needs to implement Next Generation 911.
- ***57th State Police Training Academy.*** The Budget includes a total of \$1.5 million, including \$0.7 million from general revenues to fund the 57th State Police training academy, with an anticipated start date of January 2019 for an increased class size of 40 candidates.
- ***Capitol Police Recruitment.*** The Budget includes \$11,625 from general revenues for the recruitment of new Capitol Police officers.
- ***Naloxone.*** The Budget assumes use of \$12,000 from Google settlement funds for the State Police to purchase Naloxone.

- **Master Plan for State Police.** The Budget includes \$0.3 million from Rhode Island Capital Plan funds in both FY 2018 and FY 2019 for the State Police to conduct a master plan of its properties.
- **Municipal Police Training Academy.** The Assembly did not concur with the Governor’s proposal to have the Municipal Police Training School charge tuition and a physical training test to each applicant. It restored \$0.3 million of general revenue funding for operations of the training academy.
- **Public Defender.** The Budget includes \$0.2 million from general revenues for two new attorney positions in FY 2019 in an effort to relieve the caseload burden in the Office of the Public Defender.

Environment

- **Host Beach Communities.** The Budget includes \$0.4 million in both FY 2018 and FY 2019 for payments to host beach communities reflecting anticipated payments based on actual 2017 collections.
- **Food Safety Modernization Act.** The Budget includes \$0.2 million from federal funds for two new positions within the Department of Environmental Management’s current authorization to implement the Food Safety Modernization Act, a law which regulates the way foods are grown, harvested, and processed.
- **DOT Recreational Projects.** The Budget includes \$1.2 million for recreational projects for the Department of Environmental Management funded by a transfer of federal funds from the Department of Transportation. These include maintenance of state trails, purchases of equipment and materials, and funding for materials for local communities to maintain state trails.
- **Green Economy and Clean Water Bond.** The Budget includes \$47.3 million of new general obligation bonds to be submitted to the voters on the November 2018 ballot to be used for environmental and recreational purposes within the Department of Environmental Management and Infrastructure Bank. Proposed projects include the dredging of Providence’s rivers, grants for coastal resiliency, as well as state-owned dam and bikeway repair.
- **Local Agriculture and Seafood Program.** The Budget includes the enacted level of \$0.1 million for the local agriculture and seafood program to allow small businesses in the food sector to receive grants. Funding is matched by private sources.
- **Conservation Districts.** The Budget includes the enacted level of \$50,000 from general revenues in FY 2019 for regional conservation districts. The districts are quasi-public subdivisions of state government, governed by volunteer boards of directors from the communities.
- **World War II State Park Improvements.** The Budget includes \$250,000 from general revenues in FY 2019 for the fourth 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.
- **Marine Infrastructure/Pier Development.** The Budget includes \$5.3 million from Rhode Island Capital Plan funds from FY 2019 through FY 2023 for marine infrastructure and pier development at sites critical to Rhode Island’s tourism and fishing economy.
- **Galilee Piers.** The Budget includes \$3.9 million from Rhode Island Capital Plan funds and federal sources for infrastructure improvements at the Port of Galilee from FY 2019 through FY 2023.

- **Natural Resources Office/Visitor's Center.** The Budget includes \$5.0 million from Rhode Island Capital Plan funds in FY 2019 for the construction of a new office facility for the Natural Resources Office/Visitor's Center in the Arcadia Management Area at Browning Mill Pond in the town of Richmond.

Transportation

- **Motor Vehicle Fee Transfer.** The Assembly retains the current law provision to allow transportation related fees collected by the Division of Motor Vehicles to be deposited into the Highway Maintenance Account in FY 2019 and thereafter. The Assembly concurred with the Governor's proposal to alter the transfer of the fees from 80.0 percent to 60.0 percent for FY 2018. The revised budget assumes \$10.4 million in additional general revenues from this.
- **Truck Toll Revenue.** The Assembly concurred with the Governor's budgets to assume truck toll revenues of \$4.0 million in the current year, based on two gantries being operational and \$41.0 million in FY 2019 from all 14 gantries being operational.
- **Rhode Island Public Transit Authority Transfer.** The Budget includes a transfer of \$9.6 million from the Highway Maintenance Account to the Rhode Island Public Transit Authority in FY 2019. This includes the enacted amount of \$5.0 million that the 2017 Assembly provided to fund the free-fare program for low income seniors and persons with disabilities and debt service.
- **Winter Maintenance.** The Budgets assume use of \$17.9 million and \$19.9 million for winter maintenance expenditures in FY 2018 and FY 2019, respectively.
- **Utility Access Permit Fees.** The Budget assumes that the Department of Transportation will institute a permit fee paid by utility companies requesting access to its rights-of-way. This would be accomplished through rules and regulations. The Budget assumes receipts of \$500,000, which would be deposited into the Intermodal Surface Transportation Fund.
- **Highway Drainage.** The Budget assumes use of \$5.0 million from highway maintenance funds for catch basin inspection and cleaning. 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. Pursuant to the consent decree, the Department of Transportation must inspect and clean the state's 25,000 catch basins annually.
- **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 \$1.6 million in FY 2019 to provide matching funds to improve the transit corridor between Kennedy Plaza, the Providence Train Station and other hubs. This matches a \$13.0 million federal grant awarded to the Rhode Island Public Transit Authority.
- **Pawtucket Bus Hub and Transit Corridor.** The capital budget includes \$7.1 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. The Assembly also adopted legislation provide necessary indemnification for that train station.
- **College Hill Bus Tunnel.** The capital budget assumes use of \$1.9 million from Rhode Island Capital Plan funds over FY 2020 through FY 2022 to match federal funds to make structural and drainage repairs, and safety improvements to the College Hill Bus Tunnel.
- **Statewide Repaving Projects.** The Budget includes \$10.0 million from federal funds for statewide repaving projects. These funds were repurposed from personnel savings.