



SENATE FISCAL OFFICE
REPORT

FY2019 BUDGET: CHANGES TO THE GOVERNOR

**2018-H-7200 SUBSTITUTE A
AS PASSED BY THE HOUSE FINANCE COMMITTEE**

JUNE 14, 2018

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EXECUTIVE SUMMARY

Executive Summary

The Budget represents the \$9.6 billion spending plan for the State for the fiscal year ending June 30, 2019 (FY2019). Also included is the revised spending plan for the current fiscal year ending June 30, 2018 (FY2018). The Budget Reserve and Cash Stabilization Account (Rainy Day Fund) would be fully-funded. The following document summarizes key budget initiatives and changes.

Expenditures by Source	FY2018	FY2018	FY2018	Change to	FY2019	FY2019	Change to
	Enacted	Governor	Budget	Governor	Governor	Budget	Governor
General Revenue	\$3,767.7	\$3,806.7	\$3,831.1	\$24.4	\$3,829.3	\$3,904.7	\$75.4
Federal Funds	3,134.1	3,222.0	3,231.8	9.7	3,091.9	3,198.4	106.5
Restricted Receipts	261.7	275.8	278.0	2.2	285.5	281.8	(3.7)
Other Funds	2,079.2	2,157.7	2,123.5	(34.2)	2,171.1	2,174.2	3.1
Total	\$9,242.8	\$9,462.3	\$9,464.3	\$2.1	\$9,377.7	\$9,559.1	\$181.4
FTE Authorization	15,160.2	15,186.2	15,187.2	1.0	15,426.3	15,207.7	(218.6)

\$ in millions. Totals may vary due to rounding.

STATEWIDE CHANGES:

- **FTE Authorization:** Authorizes 15,207.7 FTE positions, 47.5 FTE positions more than authorized in the FY2018 Budget as Enacted.
- **Statewide COLA:** Increases FY2019 expenditures by approximately \$47.3 million, of which \$23.1 million is general revenue, to provide cost-of-living increases to state employees. These expenditures are reflected in each agency.
- **Voluntary Retirement Incentive:** Includes general revenue savings of \$2.8 million resulting from the Voluntary Retirement Incentive in FY2019. These savings are reflected in each agency.
- **Interdepartmental Cost Allocation:** Rejects the Governor's proposal to allocate salary and benefit costs for personnel in the Governor's Office, reducing all funds expenditures by \$846,620.

GENERAL GOVERNMENT:

- **Debt Service:** Includes \$825,754 in reduced general revenue debt service. This includes savings of \$1.9 million associated with the new Garrahy Garage project and April 2018 general obligation bond issuance. These savings are offset by additional debt service totaling \$1.1 million related to the issuance of COPs for the Eleanor Slater Hospital consolidation project proposed in Article 16.
- **Fraud and Waste Delayed Savings:** Shifts projected general revenue savings achieved through the Fraud and Waste initiative, totaling \$3.4 million, from FY2018 to FY2019. In addition, the Budget includes \$2.7 million in undisclosed general revenue savings, and \$250,000 in general revenue savings to reflect a delay in Workers' Compensation Savings.
- **Convention Center Energy Improvements:** Adds \$4.3 million in RICAP funds for energy efficiency projects at the Convention Center and Dunkin' Donuts Center. As a result of the improvements, the Budget reduces general revenue expenses by \$250,000 related to lower projected debt service.
- **Real Jobs RI:** Includes \$11.0 million from all funds for Real Jobs RI. This includes \$6.0 million as proposed by the Governor (comprised of \$450,000 in general revenue from the elimination of the Jobs Training Tax Credit, and \$5.5 million in restricted receipts from additional funding created by adjusting the job development assessment formula), and an additional \$5.0 million in general revenue funding.

TAXES/FEES:

- **Hospital License Fee:** Increases the hospital license fee from 5.856 to 6.0 percent and uses lower FY2017 revenues than included in the Governor's proposal. These changes will reduce revenues from the fee by \$1.2 million in FY2019.
- **Securities Fees:** Adds \$2.3 million in general revenue from increasing the upper limit fee cap on closed-end funds and open-end mutual fund fees.
- **Duplicate License Fees:** Reduces general revenues by \$504,575 related to a change in the Governor's proposal to increase duplicate license fees from \$5 to \$25. The Budget increases the fee only to \$15.
- **Lapsed Inspection Penalty Fee:** Excludes the Governor's proposal for automated enforcement of the state's inspection requirements and resulting \$2.6 million in general revenue.
- **Real ID – Vital Records:** Increases general revenue by \$350,351 related to increasing fees for copies of birth and marriage certificates. These funds will be used for the implementation of Real ID. This proposal also increases expenditures by \$325,534 and adds 1.0 FTE position to the Department of Health in order to enhance vital records staff.
- **Microbrewery Keg Tax Exemption:** Reduces general revenues by \$15,000 to recognize the impact of the legislation exempting keg and barrel containers from the sales and use tax.
- **Tobacco Changes:** Reduces general revenues by \$6.1 million related to the exclusion of several tobacco changes proposed by the Governor.
- **Medical Marijuana Changes:** Reduces general revenues by \$3.9 million related to the elimination of several significant changes to the medical marijuana program proposed by the Governor, including the expansion in the number of licensed compassion centers and the use of acute pain as a qualifying condition to enter the program. The Budget also changes the scope of DBR's regulatory capacity, and reduces restricted receipt expenditures by \$285,000 and staffing by 4.0 FTE positions accordingly. Article 14 authorizes nurse practitioners and physician assistants to prescribe under the program, increases the compassion center registration fee from \$5,000 to \$250,000, and permits testing laboratories.
- **Transfers:** Reduces general revenue by \$20.8 million between FY2018 and FY2019 related to transfers from several quasi-public and state agencies.

ECONOMIC DEVELOPMENT:

- **Commerce:** Adds \$100,000 from general revenue for the Chafee Center at Bryant University.
- **Rebuild RI:** Includes general revenue savings of \$4.3 million from a cash flow adjustment.
- **Other Incentives:** Removes funding from several Economic Development Initiatives under the Executive Office of Commerce, including:
 - \$1.0 million from the First Wave Closing Fund based on the fund's reserves and prior year awards
 - \$175,000 from Supply RI based on an updated budget for the initiative
 - \$500,000 from two initiatives proposed by the Governor to support manufacturing

EDUCATION:

- **School Construction Bond:** Includes a \$250.0 million bond referendum for the construction, renovation, and rehabilitation of the State's public schools. The referendum allows the State to issue \$250.0 million in notes over a five-year period but not more than \$100.0 million in notes in any one year. The bond proceeds will fund the foundational school housing aid program and the School

Building Authority Capital Fund with the allocation between the two programs to be determined by the School Building Authority.

- **Advanced Placement (AP) Waivers:** Adds \$25,000 from general revenues to maintain the subsidized rate of \$15 for low-income students taking AP tests.
- **Funding Formula:** Increases FY2019 general revenue funding by \$6.4 million to adjust the eighth-year formula calculation based on April 2018 district and charter school enrollment.
- **School Resource Officer Support:** Adds \$2.0 million from general revenues to establish a three-year pilot program to support school resource officers beginning in FY2019. Funding would be used to reimburse districts for 50.0 percent of the total cost of hiring a middle or high school officer.
- **ELL Aid:** Adds \$250,000 from general revenue to support English language learners that are in the most intensive programs, increasing funding to \$2.7 million.
- **Teacher Retirement:** Reduces general revenue funding by \$1.0 million for teacher retirement based on actual wages through March 2018.
- **URI Operating Support:** Adds \$2.0 million from general revenue to provide operating support for URI.
- **Transportation Categorical:** Increases general revenues by an additional \$500,000 in state aid for costs associated with transporting students within a regionalized district.
- **Child Opportunity Zones (COZs):** Provides an additional \$100,000 for COZs for a total general revenue funding of \$345,000. COZs provide integrated education, health, and social services to student attending public school in ten communities across Rhode Island.

LOCAL/MUNICIPAL ISSUES AND AID:

- **Central Falls Support:** Adds general revenue funding of \$600,000 to support operations in the City of Central Falls.

HEALTH AND HUMAN SERVICES:

- **Medical Assistance:** Includes medical assistance caseload costs as identified in the May 2018 Caseload Estimating Conference. The Budget adds \$16.4 million in general revenue funding for Medicaid (\$47.6 million all funds). The estimates include Disproportionate Share Hospital (DSH) payments and recognize additional federal funds for the Children's Health Insurance Program.
- **Upper Payment Limit:** Restores hospital inpatient upper payment limit (UPL) payments, increasing general revenue expenses by \$3.6 million (\$9.4 million all funds).
- **Graduate Medical Education:** Rejects the Governor's proposal to eliminate the GME payment in FY2018 and redesign the program for FY2019. The Budget maintains the current program, and increases funding to \$5.0 million in FY2019.
- **Home Care:** Increases payments to fee-for-service home care agencies contracting with EOHHS, BHDDH, and Elderly Affairs. This includes \$3.4 million from general revenue (\$7.0 million all funds).
- **Home Modification Program:** Doubles funding for the Home Modification Program created last year, adding \$250,000 in general revenue. The program is funded through EOHHS but managed by the Governor's Commission on Disabilities.
- **Co-Payments for Adults:** Excludes the Governor's proposal to implement a co-pay program for certain Medicaid services, restoring proposed all funds savings of \$6.6 million.
- **Managed Care Organizations (MCOs):** Restores the MCO risk margin reduction and half of the proposed reduction to medical component rates, adding \$37.6 million in all funds.

- **Nursing Homes:** Reduces nursing home payments by 8.5 percent from July 1, 2018, through the end of February 2019, and then reverts to current rates and adds 1.0 percent to base payments. The Budget also maintains retroactive coverage for patients, restoring proposed all funds savings of \$4.8 million.
- **Child Welfare:** Increases funding by \$17.2 million, including \$12.7 million from general revenues, to reflect anticipated costs for community-based foster care and residential services within DCYF.
- **Cash Assistance:** Includes cash assistance caseload savings as identified in the May 2018 Caseload Estimating Conference. The Budget reduces general revenue expenditures by \$5.2 million (\$4.4 million all funds). The estimates include Rhode Island Works, CCAP, and SSI.
- **Child Care Tiered Reimbursement:** Modifies the Governor’s proposal for a new tiered incentive program for infant and toddler care providers. The Budget shifts these expenses to federal funds, and expands the program to include pre-school providers. This results in general revenue savings of \$1.5 million and an increase of \$3.6 million in federal funds expenditures.
- **Family Child Care Provider Union Contract:** Includes \$860,715 from federal funds to support a one-time stipend increase and 2.5 percent rate increase to family child care providers in FY2019, resulting from a new contract negotiated with SEIU 1199.
- **Developmental Disability Services:** Increases funding by \$18.0 million, including \$8.8 million from general revenues, to reflect anticipated costs for community-based programs supporting adults with intellectual and developmental disabilities.
- **Consent Decree:** Adds \$750,000 from general revenue (\$1.5 million all funds) to support BHDDH’s transition to providing integrated services under the consent decree. The Budget also requires that 3.0 positions within BHDDH’s FTE authorization be used for a consent decree quality improvement unit.
- **Child Advocate Staff:** Increases the OCA’s FTE authorization from 8.6 to 10.0 and provides additional funding totaling \$106,121 from all funds. These positions will enhance the Office’s ability to meet new requirements under the Children’s Rights Settlement.

PUBLIC SAFETY:

- **Population-Related Savings:** Includes general revenue savings of \$300,000 in FY2019 based on current year spending and a declining population within the Department of Corrections.
- **Judiciary Staffing:** Increases general revenue expenditures by \$608,000 (\$734,400 all funds) to fund a magistrate and two attorneys in the Family Court as well as a magistrate and pretrial diversion position in the District Court. These positions are to be filled from vacancies within the Judiciary’s current staffing authorization.
- **E-911:** Provides \$1.0 million from general revenue for additional staffing and technology for the E-911 program. This includes \$700,000 for technology upgrades and a statewide needs assessment to implement Next Generation 911 (text-supporting) and \$300,000 for 3.0 new Telecommunicator FTE positions. Article 7 of the Budget also clarifies the purposes that the emergency services and first responder surcharge (formerly called the E-911 surcharge) may be used for, specifically the infrastructure and operational support of the system at the state and local levels.
- **State Police Training Academy:** Delays the start of the 57th Training Academy to January 2019, saving \$1.7 million in general revenue in FY2019.

NATURAL RESOURCES:

- **Coastal Resources Management Council Personnel:** Increases funding for staff by \$188,877 in FY2019 and authorizes a new ocean engineer position for the Council, increasing the FTE cap to 30.0.

TRANSPORTATION/TRANSIT:

- **Gas Tax Transfers:** Increases other funds expenditures by \$1.1 million in FY2019 to reflect an upward revision of the gasoline tax yield estimate. This includes transfers of \$649,745 to the Department of Transportation, \$329,092 to RIPTA, and \$118,136 to the Rhode Island Turnpike and Bridge Authority.



FY2019 BUDGET

FY2019 Revenue Changes

The FY2019 Budget includes \$3,994.0 million in total general revenue, a \$45.6 million increase above the Governor's proposal. In addition to the \$59.8 million revenue increase identified by the May 2018 Revenue Estimating Conference, major revenue changes include a reduction of \$6.1 million related to the elimination of increases and expansions of the tobacco excise taxes, \$3.9 million reduction associated with changes to the medical marijuana program, and \$3.3 million less in reserves being transferred from quasi-public agencies to the general fund. The following section highlights changes to the Governor's recommended revenue proposals:

May Revenue Estimating Conference

\$59.8 million

The May 2018 Revenue Estimating Conference (REC) increased its personal income tax revenue estimate from November by 1.8 percent, or \$20.6 million. Business and sales taxes were revised up by \$24.7 million and \$900,000, respectively, from November. These adjustments along with other offsets and increases in other revenue sources (lottery, excise taxes, etc.) net the overall \$59.8 million increase.

Elimination of Tobacco Excises Tax Changes

(\$6.1 million)

The Budget eliminates several proposed changes by the Governor to the State's tobacco taxes, that combined reduce general revenue by \$6.1 million in FY2019. The Budget does not include the following proposals:

- Cigarette excise tax increase of \$0.25 per pack
- Imposition of other tobacco product (OTP) excise tax on electronic cigarettes
- Requirement of OTP dealers to purchase from state-licensed suppliers
- OTP excise tax increase of \$0.30 per cigar

Medical Marijuana Program Changes

(\$3.9 million)

The Budget significantly changes the Governor's Budget proposal to expand the State's medical marijuana program. The Budget does not include the increase in the number of compassion centers; acute pain as a qualifying condition for program eligibility; increase in possession limits; or the increase in the number of types of licenses. These changes are estimated to reduce general revenue by \$3.9 million as compared to the Governor's Budget.

Transfers from Quasi-Public Agencies

(\$3.3 million)

The Budget reduces general revenues by a net \$3.3 million related to changes in reserve transfers from several quasi-public agencies. For FY2019, the Budget restores the reserves of the Rhode Island Housing and Mortgage Finance Corporation (\$5.0 million) and the Rhode Island Resource Recovery Corporation (\$3.0 million) while requiring the Rhode Island Infrastructure Bank to provide \$4.0 million to general fund. The Budget also reclaims \$750,000 of unexpended appropriations from the Commerce Corporation related to the decision not to reauthorize the Anchor Institution Tax Credit incentive.

Agency	Amount
RI Housing	(\$5.0)
Infrastructure Bank	4.0
Resource Recovery	(3.0)
Anchor Institution	0.8
Total	(\$3.3)

\$ in millions

Revised Vehicle Registration Reinstatement: (\$2.6 million)

The Budget does not include \$2.6 million in general revenue associated with the enhanced collections of registration reinstatement fees on cars that have expired inspections stickers. Although authorized under current law to do so, the DMV has not historically been able to uniformly enforce these fees. With the advent of its new IT system this is no longer the case. Enforcement however has yet to begin based on a moratorium established by the Governor.

Mutual Fund Registration Fees \$2.3 million

Article 7 of the Budget increases general revenue in FY2019 by \$2.3 million associated with the increase in mutual fund registration fee. Rhode Island charges an initial and an annual renewal fee of \$1,000 to register a mutual fund if it is to be made available in Rhode Island. The Governor's Budget proposed to increase these fees by \$500 for a total of \$1,500. The Budget increases by an additional \$250, to \$1,750.

Hospital License Fee (\$1.2 million)

The calculation of the fee hospitals must pay to operate in Rhode Island is amended by this article. This fee is determined by applying a statutorily-prescribed percentage to hospital revenues derived from patient services. The FY2018 rate of 5.570 percent is increased to 6.000 percent. The change, because it is applied to a lower patient revenue base, results in a \$1.2 million decrease in general revenues in the Budget.

Medicaid Changes \$750,000

The Budget adds \$750,000 in general revenue, restoring Medicaid savings that were included in the Governor's budget; this adjusts the amount to be collected from the premium tax paid by providers.

DMV – License Fees (\$504,575)

The Budget reduces general revenue by \$504,575 as compared to the Governor's Budget as a result of modifying the proposed changes to the certain fees. The fees to obtain a duplicate driver's license and to update routine information on a license currently cost \$25 and \$5, respectively. The Governor had proposed increase the latter fee to \$25. The Budget reduces this increase to \$15. General revenue is reduced accordingly.

Vital Records Fees \$350,351

General revenues are increased \$350,351 as a result of Article 7's initiative that sets fees for individuals to obtain copies of certain vital records such as birth certificates and marriage certificates. The fees established are \$5 for mail-in certified records, \$3 for duplicate certified records, and \$2 for walk-in requests for certified records requests.

Sales Tax Exemption on Microbrewery Kegs (\$15,000)

Article 4 of the Budget exempts kegs and containers from the sales tax when sold to producers of alcoholic beverages as part of their manufacturing process. This new exemption reduces general revenue by \$15,000 in FY2019.

FY2019 Expenditure Changes by Agency

DEPARTMENT OF ADMINISTRATION

Shift Personnel and Operating Undistributed Savings ***(\$6.4 million)***

Pursuant to the Governor's budget amendment, dated May 18, 2018, the Budget shifts \$3.4 million in projected general revenue savings achieved through the Fraud and Waste Initiative from FY2018 to FY2019. In addition, the Budget includes another \$2.7 million in additional undisclosed general revenue savings, and \$250,000 in general revenue savings reflecting a delay in Workers' Compensation Savings. These increase the personnel and operating savings by \$6.4 million. The Department of Administration has a centralized account for statewide unspecified personnel and operating savings included in the Budget as Enacted prior to the savings being reflected within the appropriate State agency budgets. Generally when the savings occur, the Budget Office will distribute and account for the savings within the appropriate departmental budget accounts of the State agencies.

Debt Service Changes ***(\$1.9 million)***

Pursuant to the Governor's budget amendment, dated May 18, 2018, the Budget includes general revenue savings of \$1.9 million in FY2019, comprised of a decrease of \$851,734 for debt service related to the new Garrahy Garage project, and a decrease of \$1.1 million based on debt service projections related to the April 2018 general obligation bond issuance.

Hospital Consolidation Project Debt Service ***\$1.1 million***

Pursuant to the Governor's budget amendment, dated May 18, 2018, the Budget increases debt service costs \$1.1 million for projected debt service on a new \$22.0 million certificate of participation debt issuance for the Regan Hospital Consolidation project.

Cranston St. Armory Facilities Management ***\$777,314***

Pursuant to the Governor's budget amendment, dated May 8, 2018, the Budget adds \$777,314 in general revenue for facilities management costs related to the Cranston Street Armory. The Governor's budget mistakenly included the funding under the Military Staff budget. However, management of the facility is the responsibility of the Division of Capital Asset Management and Maintenance. There is a corresponding decrease under the Military Staff.

Project Management Staffing ***\$700,000***

The Budget adds \$700,000 in general revenue to restore funding that was inadvertently removed from the Governor's recommendation for project manager positions within the Division of Capital Asset Management and Maintenance program.

Water Resources Board ***\$574,757***

The Budget adds \$574,757 in general revenue reversing the Governor's proposal transferring of the Water Resources Board and 3.0 FTE positions from the Department of Administration to the Public Utilities and Carriers. The positions are: 1.0 General Manager (currently vacant), 1.0 Staff Director, and a 1.0 Supervising Civil Engineer. The action also transfers the funding source for the Water Resources Board from restricted receipts back to general revenue. This actions maintains the Water Resources Board as an entity within the Department of Administration.

Statewide COLA ***\$563,895***

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0

percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$563,895 within the Department of Administration.

DOT Facility Charges to Gas Tax **(\$540,000)**

The Budget decreases general revenue expenditures by \$540,000 to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. This item shifts the general revenue expenditure for facility management service charges regarding the state office building housing the Department of Transportation to gas tax receipts.

Pay for Success Pilot Program **(\$300,000)**

The Budget reduces \$300,000 in general revenue eliminating funding for Pay-for-Success project in the Department of Corrections (DOC). As of June 7, 2018, no expenditures have been made for the program.

The initial funding was to support a pilot project for approximately 75 to 100 formerly incarcerated people to obtain skills development and employment training, while fostering access to transitional jobs and permanent employment. The Department of Corrections reports that they do not have enough eligible participants to move forward with this initiative at this time.

Convention Center Debt Service **(\$250,000)**

The Budget reduces \$250,000 in general revenue for lower projected debt service for the Rhode Island Convention Center debt as a result of new capital energy efficiency improvements at the Rhode Island Convention Center and at the Dunkin Donuts Center. The Authority projects energy savings lowering the operating costs to the venues, and in turn, to the State because pursuant to the lease agreements between the Authority and the State, the State is responsible for the gross debt service costs as well as any operating deficits of the Authority.

Interdepartmental Cost Allocation for Governor's Office Position **(\$187,566)**

The Budget eliminates \$187,566 in general revenue to fund 50.0 percent of the personnel costs associated with the Deputy Chief of Staff position and a Policy Analyst position within the Office of the Governor. The Governor proposed this "interdepartmental cost allocation" as a means to reflect the Governor's Office staff support to assist state agencies on various policy and program initiatives such as Real Jobs RI, RhodeWorks, Reinventing Medicaid, Justice Reinvestment Initiative, etc., effectively reducing the need to appropriate funds within the Governor's Office to cover these salary expenses.

Capital Asset Management and Maintenance **(\$154,228)**

Pursuant to the Governor's budget amendment, dated May 18, 2018, the Budget decreases \$154,228 in general revenue to reflect lower expenditures for construction projects. The Governor requests that the savings be reallocated to the Department of Business Regulation in FY2018 to adjustment the decentralized facilities management charges based on a reassessment of assigned spaces between the Department of Business Regulation and the Department of Labor and Training.

Performance Management Portal **(\$120,000)**

The Budget decreases \$120,000 in general revenue related to the Performance Management Portal. The FY2018 Budget as Enacted included an appropriation of \$120,000 to make software improvements to the portal to include performance measures with departments' new strategic plans. However, the Department indicated that funding was not required in FY2018 and the Governor removed the funding. The Governor includes the \$120,000 in FY2019, but without a plan to use it.

VRI Savings **(\$68,201)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire by March 15, 2018. While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Department is \$68,201. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent. There is an additional corresponding savings of \$7,348 in federal funds.

City Year **\$30,000**

The Budget adds \$30,000 in general revenue to fund to City Year for the Whole School Whole Child Program that provides services to at risk students. This increases the total grant to \$130,000 and the grant item is identified within Article 1 of the Appropriations Act.

LEAN Initiative **(\$50,000)**

The Budget removes \$50,000 in general revenues for contracted professional services in the Office of Management and Budget (OMB). The Governor included funding of the statewide LEAN process improvement program administered by OMB, for management consultant contract services. The LEAN process improvement program allows State agencies to submit an application to OMB to use the LEAN process improvement program and to conduct the review.

Regulatory Reform – Administrative Procedures Act Staff Conversion (2.0 FTE Positions) **(\$28,512)**

The Budget decreases general revenue expenses \$28,512. The FY2018 Budget as Enacted included \$170,704 in general revenue funding reflecting the transfer of funds from the Office of the Secretary of State to support contracted legal service assistance to state agencies working to revise and update rules and regulations as part of the regulatory reform initiative. The Governor shifts these funds from contracted services to salary and benefit expenditures in both FY2018 and in FY2019, for two new FTE positions; a Senior Policy Analyst and a Senior Management Analyst. The positions were filled in July 2017 and included additional funding for the salary and benefit expenses. This action removes the additional funding above the \$170,704 appropriation to hire the 2.0 new FTE positions.

Restricted Receipt Fund Changes **\$665,202**

- **Rhode Island Health Benefits Exchange:** Pursuant to the Governor's budget amendment, dated May 8, 2018, the Budget includes \$665,202 in restricted receipts that were mistakenly excluded from the Governor's recommended budget. The additional funds will raise the funding level with anticipated restricted receipt revenues.

Rhode Island Capital Plan (RICAP) Fund Changes **(\$8.5 million)**

The Budget includes a net decrease of \$8.5 million in RICAP changes based on current expenditures and projections on the following various projects:

- **Accessibility Facility Renovations:** Increases funding to various accessibility projects at State-owned facilities by \$500,000 to reflect project commitments such as elevator repairs at Bliss Hall on the University of Rhode Island campus.

- **Convention Center Energy Improvements:** Pursuant to the Governor’s budget amendment, dated May 18, 2018, the Budget adds \$4.3 million for energy efficiency projects for the Rhode Island Convention Center and at the Dunkin Donuts Center.
- **Hospital Consolidation:** Removes \$11.8 million to fund the Regan Hospital Consolidation project. The Governor instead recommends the issuance of \$22.0 million in Certificates of Participation (COPs) to fund the project. As such, the use of \$11.8 million from the RICAP fund is not required if the use of COPs to fund the project is approved.
- **Pastore Center Building Demolition:** Removes \$575,000 for demolition projects, leaving \$175,000 for FY2019.
- **Shepard Building:** Removes \$250,000 for the project based on revised project timeline.
- **State House Energy Management Improvement:** Removes \$150,000 for the project based on revised project timeline.
- **William Powers Administration Building:** Reduces \$500,000 for the project and shifts the funds to support Accessibility Facility Renovations projects (stated above).

DEPARTMENT OF BUSINESS REGULATION

Statewide COLA

(\$371,492)

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$371,492 within the Department of Business Regulation.

Maintain Professional Licensing and Oversight at DOH

(\$158,614)

The Budget restores \$158,614 in general revenue funding to the Department of Health (DOH) that had been transferred to the Department of Business Regulation along with 2.0 FTE positions to support the Governor’s proposal to transfer administration of several professional license categories. The positions are 1.0 Beauty Shop Inspector and 1.0 Health Services Licensing Aid II.

Facilities Management - General Building

\$154,228

The Budget is increased by \$154,228 due to an increase in facilities management charges. The Division of Capital Asset Management and Maintenance (DCAMM) reassessed the square footage the Department of Business Regulation occupies in the General Building on the Pastore Campus and found that they occupy more space than previously estimated, resulting in a correction and an increase in facilities management charges.

Turnover

(\$103,000)

The Budget includes \$103,000 in savings based upon historical personnel expense levels. The Department has averaged 6.6 vacancies through May 2018 and the savings is equivalent to approximately 1.0 vacant FTE position.

Restricted Receipt Fund Changes

(\$285,000)

- **Medical Marijuana Personnel:** Article 17 of the Governor’s Budget proposed an expansion of the State’s medical marijuana program, including increasing the number of compassion center dispensaries and the creation of a series of new licenses related to the manufacture, testing, transport, disposal, and other activities. To support this work, \$285,000 of restricted receipts was included to pay for 4.0 new FTE positions (3.0 Licensing Aid FTE positions, and 1.0 Administrative Officer FTE position). The

Budget does not include the proposed expansion and reduces the support expenditures and staff accordingly.

DEPARTMENT OF LABOR AND TRAINING

Real Jobs Rhode Island

\$5.0 million

The Budget includes an additional \$5.0 million in general revenues to support the Real Jobs Rhode Island (RJRI) program. This funding is in addition to \$6.0 million included by the Governor for RJRI comprised of \$450,000 in general revenue from the elimination of the Jobs Training Tax Credit, and \$5.5 million in restricted receipts from additional funding created by adjusting the job development assessment formula.

Opioid Support Employment

(\$400,000)

The Budget decreases by \$400,000, removing the Governor's Opioid Support Initiative to provide recovering addicts with job training and career pathways assistance. Services that were to be provided were not finalized but could have included case management services, such as assistance with housing and legal matters, which likely would have been provided by a contracted vendor as well as creating agreements with employers participating in workforce development services to accept trainee referrals for recovering addicts.

Opportunities Industrialization Center

\$100,000

The Budget includes a general revenue increase of \$100,000 in FY2019 to support the Opportunities Industrialization Center, a nonprofit organization that provides training and education opportunities to urban populations through collaborations with public and private sectors and community-based organizations.

Statewide COLA

\$74,206

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$74,206 within the Department of Labor and Training.

Federal Funds Changes

(\$154,228)

- **Facilities Management - General Building:** The Budget is reduced by \$154,228 in federal funds due to a decrease in facilities management charges. The Division of Capital Asset Management and Maintenance (DCAMM) reassessed the square footage the Department of Labor and Training occupies in the General Building on the Pastore Campus and found that they occupy less space than previously estimated, resulting in a correction and a decrease in facilities management charges.

Restricted Receipt Fund Changes

(\$1.0 million)

The Budget includes a net decrease of \$1.0 million in restricted receipts, including the following:

- **Interdepartmental Cost Allocation:** The FY2018 Budget included an interdepartmental transfer representing a percentage of the salary and benefits for a position within the Governor's Office who works on workforce development issues. The Budget included interdepartmental cost allocations for staff in the Governor's Office that was charged against ten state agencies. The Budget Office stated that these cost allocations reflect Governor's Office staff support to assist these state agencies on various policy and program initiatives such as Real Jobs RI, RhodeWorks, Reinventing Medicaid, and Justice Reinvestment Initiative, etc. In FY2019 the Budget removes the cost allocations, thereby reducing Departmental expenses by \$78,950.
- **Misclassification Task Force Expansion:** The Budget decreases by \$931,041 related to the removal of additional personnel funding within the misclassification task force and workplace fraud unit. The

Governor included funding for additional labor standards examiners, prevailing wage investigators, and legal counsel.

Rhode Island Capital Plan (RICAP) Fund Changes **\$500,000**

- **Center General Asset Protection:** There is a decrease of \$1.0 million in RICAP spending in FY2018 due to funds being shifted to out years, leading to an increase of \$500,000 in FY2019. The Center General Asset Protection appropriation is not specific to any single asset protection project, thereby providing the Department with its own discretion as to which projects are worked on in a particular fiscal year. Examples of asset protection projects the Department plans to work on include carpet replacement, partial roof replacement, walkway repairs, HVAC replacement, painting, fire alarms, drainage repairs, and building “envelope” repairs.

DEPARTMENT OF REVENUE

Statewide COLA **\$1.0 million**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$1.0 million.

Central Falls Operating **\$600,000**

The Budget increases \$600,000 in general revenue to support operating expenses in the City of Central Falls.

Interdepartmental Cost Allocation for Governor’s Office Position **(\$58,114)**

The Budget eliminates \$58,114 in general revenue to fund 25.0 percent of the personnel costs associated with the Deputy Chief of Staff position within the Office of the Governor. The Governor proposed this “interdepartmental cost allocation” as a means to reflect the Governor’s Office staff support to assist state agencies on various policy and program initiatives such as Real Jobs RI, RhodeWorks, Reinventing Medicaid, Justice Reinvestment Initiative, etc., effectively reducing the need to appropriate funds within the Governor’s Office to cover these salary expenses.

LEGISLATURE

Statewide COLA **\$777,289**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$77,289 million within the Legislature.

LIEUTENANT GOVERNOR

Staffing **\$50,000**

The Budget includes \$50,000 in general revenue for personnel expenses. The Office of the Lieutenant Governor when preparing the budget, erred in the calculation of personnel expenses caused in part by the use of a new budgeting system. The error went unnoticed in the Governor’s recommended budget leaving the agency with a deficit of \$50,000.

Statewide COLA**\$24,626**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$24,626 within the Office of the Lieutenant Governor.

OFFICE OF THE SECRETARY OF STATE**Statewide COLA****\$152,630**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$152,630 within the Office of the Secretary of State.

Turnover**(\$102,000)**

The Budget decreases general revenue by \$102,000 based on personnel savings experienced in FY2018. The Office of the Secretary of State averaged 2.7 vacancies over FY2018 and the Governor fully funds all authorized positions in FY2019.

Interns**(\$36,000)**

The Budget decreases general revenue by \$36,000 to correct overstated expenses related to seasonal staff/interns. The agency and the Governor's recommendation double counted expenditures.

Federal Funds Changes**\$2.0 million**

- **Help America Vote Act (HAVA) Security Grant:** Pursuant to the Governor's budget amendment, dated May 18, 2018, the Budget includes a net increase of \$2.0 million in federal funds reflecting the receipt of a 2018 Help America Vote Act (HAVA) grant for \$3.0 million. The Secretary of State anticipates expending \$2.0 million in FY2019 to upgrade the Central Voter Registry, implement cyber security and data recovery best practices, resources for the electronic poll books, and election administration and operation improvement grants to municipalities. In addition, funds will be used to assist the Board of Elections with mail ballot opening and scanning system, polling place improvements, election risk limiting audits, and Election Day incident management software and tracking.

OFFICE OF THE GENERAL TREASURER**Statewide COLA****\$56,144**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$56,144 within the Office of the General Treasurer.

VRI Savings**(\$50,000)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements.

The last group of employees had to submit a written notice of their election to retire by March 15, 2018. While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the agency is \$50,000. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Restricted Receipt Fund Changes **\$442,265**

- **Revenue Estimating Conference Adjustments:** Based on Treasury’s testimony received during Revenue Estimating Conferences conducted in May 2018, the Conference adjusted the projected revenue collections and expenditures to the Unclaimed Property Program impacting claim payments, change in liability and the surplus transfer to the General Fund. Based on Conference projections, the transfer to the General Fund increases \$442,265.

BOARD OF ELECTIONS

Personnel (1.0 FTE position) **\$113,433**

Pursuant to the Governor’s budget amendment, dated May 18, 2018, the Budget increases \$113,433 in general revenue to fund the salary and benefit costs for an additional unclassified 1.0 Project Manager position to coordinate the statewide deployment of electronic poll (e-Poll) books.

Seasonal Staff **(\$100,000)**

The Budget reduces \$100,000 in general revenue for seasonal staff expenses to coincide more with historical expense trends. The Governor included \$414,375 for this expense for FY2019, which when compared to past historical trends, show the recommendation to be excessive. The Board spent \$112,945 on seasonal staff in FY2013, \$190,000 in FY2015, and \$228,684 in FY2017.

Turnover **(\$95,000)**

The Budget decreases general revenue by \$95,000 based on anticipated personnel and operating savings.

Statewide COLA **\$42,566**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$42,566 within the Board of Elections.

Elections Telecommunications **(\$24,000)**

The Budget reduces \$24,000 in general revenue for telecommunication expenses. The Governor included \$80,000 for this expense for FY2019. The Board of Elections indicates that the amount incorrectly double counted telecommunication expenditures. Therefore, the amount is reduced to match historical expenses during a General election period.

ETHICS COMMISSION

Statewide COLA **\$41,677**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$41,677 within the Ethics Commission.

OFFICE OF THE GOVERNOR***Contingency Fund*** **(\$150,000)**

The Budget eliminates \$150,000 in general revenue from the Governor's Contingency Fund. The Governor's Office is annually appropriated general revenue for a contingency fund for unforeseen expenses. This is a discretionary spending account. The Governor includes \$250,000 in the contingency fund for FY2019. Expenditures from the contingency fund averaged less than \$100,000 over the past five fiscal years. Therefore, the Budget reduces the appropriation by \$150,000 leaving \$100,000 for FY2019.

Statewide COLA **\$137,319**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$137,319 within the Office of the Governor.

RHODE ISLAND COMMISSION FOR HUMAN RIGHTS***Statewide COLA*** **\$24,985**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$24,985 within the Commission for Human Rights.

PUBLIC UTILITIES COMMISSION***Restricted Receipt Fund Changes*** **(\$726,574)**

The Budget includes a net decrease of \$726,574 in restricted receipt changes on the following items:

- **Water Resources Board:** The Budget eliminates \$574,757 in restricted receipts associated with the Governor's proposal transferring of the Water Resources Board and 3.0 FTE positions from the Department of Administration to the Division of Public Utilities and Carriers. The positions are: 1.0 General Manager (currently vacant), 1.0 Staff Director, and a 1.0 Supervising Civil Engineer. The action also transfers the funding source for the Water Resources Board from restricted receipts back to general revenue. This actions maintains the Water Resources Board as an entity within the Department of Administration.
- **Consumer Affairs Administrator Position:** The Budget removes \$126,366 in restricted receipts to fund a 1.0 Consumer Affairs Administrator position that was proposed by the Governor to supervise the consumer and engineering sections of the Division of Public Utilities and Carriers.
- **Interdepartmental Cost Allocation:** The Budget removes \$25,451 to cover 25.0 percent of the salary and benefit costs for a Policy Analyst position in the Office of the Governor. The Governor proposed this "interdepartmental cost allocation" as a means to reflect the Governor's Office staff support to assist state agencies on various policy and program initiatives such as Real Jobs RI, RhodeWorks, Reinventing Medicaid, Justice Reinvestment Initiative, etc., effectively reducing the need to appropriate funds within the Governor's Office to cover these salary expenses.

EXECUTIVE OFFICE OF COMMERCE***Rebuild RI*** ***(\$4.3 million)***

The Budget reduces Rebuild Rhode Island funding by \$4.3 million in general revenue, for a total of \$11.2 million. The Governor had proposed a shift of \$3.0 million from FY2018 to FY2019. The Budget retains the funds in FY2018. The Rebuild Rhode Island Tax Credit is a tax credit administered by the Commerce Corporation, intended to promote investment in real estate development for commercial and/or residential use and is capped at \$150.0 million. It has received \$38.5 million in appropriations since FY2016 and has awarded \$95.8 million to 28 projects. These credits are payable through 2025.

First Wave Closing Fund ***(\$1.0 million)***

The Budget does not include additional funding for the First Wave Closing Fund in FY2019, representing a \$1.8 million decrease from the FY2018 Budget as Enacted and a \$1.0 million reduction from the Governor's proposed level. This Fund is intended to support economic development by providing "gap financing" for certain types of projects so that the State may invest in a project to gain a competitive advantage over another state. The program has received \$15.3 million in appropriations since FY2016 and has only awarded \$2.4 million, to six firms.

Small Business Assistance ***(\$500,000)***

The Budget reduces general revenue funding to the Small Business Assistance incentive program by \$500,000. The program was established to help small businesses (under 200 employees) gain access to capital. The program has received \$5.4 million general revenue appropriations (entirely in FY2016) and has awarded all but \$13,000. Article 12 of the Budget amends the program by raising the level of "micro-lending" permitted under the incentive from 10.0 percent to 25.0 percent.

Turnover ***(\$419,000)***

The Budget includes \$419,000 in savings based upon historical personnel expense levels. The Department has averaged 3.1 vacancies through May 2018 and the savings is equivalent to approximately 2.0 vacant FTE positions.

Manufacturing Investment Tax Credit ***(\$300,000)***

The Budget eliminates \$300,000 in general revenue slated for a new refundable investment tax credit, intended to promote investment in manufacturing. The program would have provided a credit capped at \$200,000 for any one business in any given tax year and could have been used against state personal income taxes for capital expenditures.

Manufacturing Site-Readiness ***(\$200,000)***

The Budget includes \$200,000 in general revenue savings through the elimination of the proposed program to support the development of "pad-ready" real estate for manufacturers. The Governor proposed establishing a new Manufacturing Site Readiness program for the purposes of supporting the development of an inventory of vetted, pad-ready sites within the State capable of supporting manufacturing facilities. A fund was also proposed to finance due diligence at a qualifying property, including surveys, environmental assessments. This proposal has been eliminated in the Budget.

Municipal Technical Assistance ***(\$200,000)***

The Budget reduces general revenue by \$200,000 by eliminating a proposed local technical assistance program. Article 12 of the Governor's Budget would have established a Technical Assistance for Municipal Zoning and Permitting Fund to help cities and towns evaluate and streamline zoning, planning, and permitting processes with the goal of advancing local economic development. This initiative is not included in the Budget.

Supply RI Initiative **(\$175,000)**

The Budget reduces general revenue funding by \$175,000 for a new program to incentivize large in-state business to use in-state suppliers and reduce dependence on out-of-State companies. The Commerce Corporation plans to develop a networking platform to facilitate the connection between large companies and smaller suppliers. It intends to provide ongoing technical assistance to suppliers to help them compete with out-of-State entities. The Budget includes \$300,000 in general revenue for the initiative.

Chafee Center Bryant **\$100,000**

The Budget provides \$100,000 more in general revenue to the Chafee Center at Bryant University, for a total appropriation of \$476,200. The Chafee Center provides Rhode Island-based businesses with developing and managing international trade opportunities.

Interdepartmental Cost Allocation for Governor's Office Position **(\$61,282)**

The Budget eliminates \$61,282 in general revenue to fund .25 percent of the personnel costs associated with the Deputy Chief of Staff position within the Office of the Governor. The Governor proposed this "interdepartmental cost allocation" as a means to reflect the Governor's Office staff support to assist state agencies on various policy and program initiatives such as Real Jobs RI, RhodeWorks, Reinventing Medicaid, Justice Reinvestment Initiative, etc., effectively reducing the need to appropriate funds within the Governor's Office to cover these salary expenses.

Statewide COLA **\$49,683**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$49,683 within the Executive Office of Commerce.

Tax Stabilization Agreement Incentive **(\$20,000)**

The Budget reduces general revenue funding for the Tax Stabilization Agreement (TSA) incentive program by \$20,000 in FY2019. The TSA Incentive program was established to facilitate projects that are required to have a local tax stabilization plan in place to move forward. Municipalities apply for partial reimbursement of personal and/or real estate tax revenue forgone due to the granting of a tax stabilization agreement by that community for a qualified construction or rehabilitation project. To date, only one project has been awarded TSA incentive funds – the Residence Inn being developed on the site previously occupied by the Fogarty Building in Providence. The award was for \$246,597.

Rhode Island Capital Plan (RICAP) Fund Changes **\$660,000**

- **Quonset Piers** – The Budget includes a \$660,000 increase in RICAP expenditures associated with the multi-year pier improvement project at the Quonset Davisville Port in the Town of North Kingstown. The FY2017 Budget as Enacted authorized \$90.0 million in funding for Quonset from various sources, including a \$50.0 million bond referendum for infrastructure modernization and repairs at the Port that voters approved in November 2016. Based on the current project expenditure timetable, \$1.7 million of FY2018 RICAP funding is shifted to future project years, including the \$660,000 in FY2019 and \$500,000 in both FY2020 and FY2021.

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES**May Caseload Estimating Conference** **\$16.4 million**

The Budget includes a net increase of \$16.4 million in general revenue funds to reflect the results of the May 2018 Caseload Estimating Conference. Additionally, federal funding increases by \$33.4 million, and restricted receipts decrease by \$2.3 million. The estimate includes general revenue savings from federal

reauthorization of the Children’s Health Insurance Program, and additional costs from the Disproportionate Share Hospital (DSH) payment program.

Managed Care Reserve Reduction **\$6.9 million**

The Governor’s budget eliminated the 1.5 percent profit margin component of MCO rates that is intended to mitigate risks of insurance market operation. The margin is a mechanism for MCOs to maintain and/or enhance reserves. The Budget restores \$6.9 million in general revenue funding (\$20.5 million all funds) for the initiative.

Managed Care Medical Component Reduction **\$5.8 million**

The Governor proposed cuts to Managed Care Organization (MCO) medical component rates by a combined 3.75 percent, which includes a 1.0 percent “quality withhold” and a 2.75 percent base reduction to the rates. The State plans to establish benchmarks for lowering expenditures for high Medicaid utilizers, reduce cesarean births, and reduce emergency room utilization. The Governor included \$14.9 million in general revenue savings (\$44.0 million all funds) from the initiative. The Budget restores \$5.8 million in general revenues and \$11.4 million in federal funds to lessen the reduction to approximately 1.0 percent.

Graduate Medical Education (GME) Restoration **\$4.3 million**

The Governor eliminated the FY2018 GME payment to RI Hospital, and restructured the program for FY2019, including \$750,000 in general revenue. The Budget restores the FY2018 payment, maintains the current program structure, and increases the FY2019 payment to \$5.0 million.

Hospital Upper Payment Limits **\$3.6 million**

Upper Payment Limit (UPL) payments compensate hospitals for the gap between what hospitals receive for Medicaid outpatient and inpatient services and what they would have been paid for those services under Medicare reimbursement principles. The Governor’s budget eliminated UPL payments for hospital inpatient services. The Budget restores inpatient UPL, including \$3.6 million in general revenue and \$5.7 million in federal fund payments to hospitals.

Home Care Rates **\$2.9 million**

The Budget increases payment rates for fee-for-service home care services paid through EOHHS, DHS, and BHDDH. In EOHHS, \$2.9 million general revenue and \$3.1 million in federal funds are added. Across all agencies, \$7.0 million is added.

Nursing Home Retroactive Coverage **\$2.3 million**

The Governor eliminated retroactive coverage for specified Medicaid beneficiary categories. Currently long-term care applicants can apply for up to three months of retroactive coverage. EOHHS indicates that the purpose of the retroactivity is to ensure that applicants are not bankrupted by medical costs incurred during a time period when they may have been too sick to apply for Medicaid benefits. The Budget maintains retroactive coverage and restores the \$2.3 million in general revenues and \$2.5 million in federal funding for the program.

Medicaid Adult Co-Payments **\$1.3 million**

The Governor proposed co-payments for adult inpatient hospital visits, non-emergency ER visits, non-preventative physical health-related office visits, and for prescription drug coverage. The Budget does not include the initiative, and restores \$1.3 million in general revenue and \$5.3 million in federal funds, which were net savings after accounting for program implementation costs. The 2.0 FTE positions proposed for implementation are also not budgeted.

Cortical Integrative Therapy **\$1.0 million**

The Governor eliminated \$1.0 million in general revenue payments for Cortical Integrative Therapy Services in FY2019. EOHHS notified the provider in October 2017 that payments would cease in November 2017. Cortical Integrative Therapy treatment programs provide a range of services including

therapeutic rehabilitation, behavioral therapy, vision therapy, auditory therapy, vestibular therapy, chiropractic, and nutritional counseling to treat a number of conditions. The Budget restores the program.

Contract Savings **(\$704,264)**

The Budget reduces general revenue funding by \$704,264 to reflect savings from the expiration of one-year contracts that end in FY2018.

Statewide COLA **\$393,256**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$393,256 within the Office.

DD Consent Decree Payment Correction **(\$300,000)**

The Governor submitted a budget amendment to correct Medicaid match payments for the court monitor related to the BHDDH consent decree. The Budget reduces general revenue funding by \$300,000 and increases federal funds by \$150,000.

Home Modification Grant Program **\$250,000**

The Budget includes an additional \$250,000 in general revenue funding for the Liveable Home Modification Grant program that is funded through the Office and run by the Governor's Commission on Disabilities. The program, which started in FY2018, allocates grant funding for home modification projects that allow people to stay in their homes longer and decreases nursing home stays. Improvements include bathroom modifications, wheelchair ramps, stability rails, etc. The Budget provides \$500,000 for the program in FY2019.

Enhanced Medicaid Claiming Technical Assistance **(\$250,000)**

The enacted budget contained funding for technical assistance to DCYF and EOHHS for enhanced Medicaid claiming. The assistance was not used so the funds are removed in both FY2018 and FY2019.

Mental Health Parity Study **(\$150,000)**

The Governor included \$150,000 in general revenue funding for a mental health parity study in FY2019. The study would examine health insurers and compare what they offer for primary medical and mental health coverage. The study is to check compliance with the Mental Health Parity Law (RIGL 27-38.21). The Budget removes the funding.

Interdepartmental Cost Allocation for Governor's Office Position **(\$112,186)**

The Governor's Budget included interdepartmental cost allocations totaling \$794,564 for staff in the Governor's Office that is charged against ten state agencies. The Budget Office stated that these cost allocations reflect Governor's Office staff support to assist these state agencies on various policy and program initiatives such as Real Jobs RI, RhodeWorks, Reinventing Medicaid, and Justice Reinvestment Initiative, etc. In FY2019, the Budget removes the cost allocations.

VRI Savings **(\$28,460)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire by March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Office in FY2019 is \$28,460. The savings are projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

Child Welfare Funding Increase

\$12.7 million

The Budget includes an increase of \$12.7 million from general revenue (\$17.2 million all funds) to reflect updated FY2019 projected caseload and costs for community-based services in the Child Welfare program. This includes adoption services, foster care, and residential programs and is based on the Department's efforts to transform its array of services for children in state care.

Statewide COLA

\$1.3 million

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$1.3 million within the Department of Children, Youth, and Families.

New Federal Waiver

(\$1.0 million)

The Budget shifts \$1.0 million from general revenue to federal funds due to the Department's ability to leverage Medicaid funds in order to support services for youth in voluntary placements. This transfer is made in anticipation of a new opportunity included in the Medicaid waiver application for FY2019.

Federal Funds Changes

\$249,000

- **Child Care Rate Increase:** The Governor's recommendation included \$1.5 million from general revenue to fund a tiered incentive program in the Department of Human Services' subsidized child care program. The Budget removes this funding and includes \$3.6 million from available Child Care Development Block Grant funds to expand the initiative. Of these federal funds, \$249,000 are added to the Department of Children, Youth, and Families to provide day care services for infants, toddlers, and pre-school children in state care.

DEPARTMENT OF HEALTH

Statewide COLA

\$516,513

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$516,513 within the Department of Health.

Customer Service REAL-ID Program

\$325,534

Pursuant to the Governor's budget amendment, dated May 18, 2018, the Budget increases \$325,534 in general revenue to fund additional staff and equipment to implement REAL-ID, particularly to establish an Office of Vital Records satellite office at the main Division of Motor Vehicles office in Cranston. The purpose of the office is to provide customers accessibility to certified birth certificates onsite when they apply for a REAL-ID. The Department will hire a new 1.0 Senior Human Services Policy System Analyst and a temporary Genealogical Clerk, in addition to purchasing computer supplies, IT support, and office supplies. The Department projects revenue receipts of \$1.2 million over three years from fees charged to customers requesting vital records.

Maintain Licensing Boards and Commissions**\$158,614**

The Budget restores \$158,614 in general revenue, reversing the Governor's proposal to transfer of 2.0 FTE positions from the Department of Health to the Department of Business Regulation to support the Governor's proposal to transfer administration of several professional license categories. The positions are a 1.0 Beauty Shop Inspector position and 1.0 Health Services Licensing Aid II position.

VRI Savings**(\$46,055)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire by March 15, 2018. While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Department is \$46,055. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent. There are additional corresponding savings of \$95,620 in federal funds and \$38,829 in restricted receipts.

DEPARTMENT OF HUMAN SERVICES**May Caseload Estimating Conference****(\$5.2 million)**

The May 2018 Caseload Estimating Conference led to a general revenue decrease of \$5.2 million and a federal funds increase of \$727,337 from the November 2017 Caseload Estimating Conference. The general revenue decrease is due to a \$5.5 million decrease in Child Care Assistance, and a \$152,520 decrease in General Public Assistance (GPA). These are slightly offset by a \$447,600 increase in the Supplemental Security Income (SSI) Program. The decrease in Child Care Assistance is due to an estimated decrease of 1,027 subsidies and the decrease in GPA is due to an estimated decrease of 80 persons utilizing the program in FY2019. The increase in the SSI program is primarily due to an estimated increase of 400 persons utilizing the program and an estimated \$.50 increase in monthly costs per person.

Child Care Tiered Reimbursement**(\$1.5 million)**

The Budget is reduced by \$1.5 million in general revenue relating to tiered reimbursement rates for Child Care Providers. The Governor included \$1.5 million from general revenues to fund the tiered reimbursement rates, the Budget instead shifts the funding to federal funds, specifically the Child Care Development Block Grant. The Budget also includes an additional \$1.9 million in federal funds to expand the tiered reimbursement rate initiative to include pre-school aged children, for a total of \$3.4 million in federal funds.

Statewide COLA**\$889,138**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$889,138 within the Department of Human Services.

Child Care Assistance Pilot Program**(\$200,000)**

The Budget decreases by \$200,000 in general revenue removing the Governor's Child Care Assistance Pilot Program. The program was intended to help eligible low-income parents receive child care while they are enrolled in a qualified State college or workforce training program that leads to employment.

Crossroads Rhode Island **\$200,000**

The Budget includes a general revenue increase of \$200,000 in FY2019 to support Crossroads Rhode Island, a non-profit organization that helps homeless or at-risk individuals and families secure stable housing.

Long Term Care Rebalancing – Home Care Rates **\$183,000**

The Budget increases general revenue expenditures by \$183,000 relating to an increase in home care rates for long term care services within the Department of Elderly Affairs. The Budget also includes an additional \$192,924 in federal funds for this rate increase.

State Assisted Living Supplemental Enrollment **(\$113,120)**

The Budget includes a general revenue reduction of \$113,120 based on historical enrollment in the state supplemental security income program.

Federal Funds Changes **\$417,823**

The Budget includes a net increase of \$417,823 in federal funds, including the following:

- **Family Child Care Provider Union Contract:** The Budget increase by \$860,715 due to negotiations with the home based child care providers union. Of the increase, \$635,595 is due to negotiated raises for three years including, a 2.5 percent increase retroactive to January 2018, 2.5 percent in January 2019 and 1.5 percent in January 2020. The remaining \$225,120 is due to new state requirements that allow home based child care provider union members to be able to accrue sick time. Pursuant to RI General Laws 28-57, employers with 18 or more employees shall allow those employees to accrue up to 24 hours of sick time in calendar year 2018, 32 hours in calendar year 2019 and 40 hours in each calendar year thereafter
- **Head Start Program Correction:** The Budget decreases federal funds related to the Head Start Program collaboration by \$442,892 to reflect historical expenditures. The remaining \$163,352 budgeted for this program is consistent with the FY2018 Budget as Enacted funding level.

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS**Developmental Disabilities Funding Increase** **\$8.8 million**

The Budget includes an increase of \$8.8 million from general revenue (\$18.0 million all funds) to reflect updated FY2019 projected caseload and costs for community-based services in the Division of Developmental Disabilities. This includes day services and residential programs and is based on the Department's efforts to transform its array of services for individuals with developmental disabilities.

Health Homes **(\$1.5 million)**

The Governor's recommendation included savings related to a case management health home initiative and alternative payment methodology for direct services. This recommendation retained a 50.0 percent Medicaid match for direct services. The Budget includes a shift of \$1.5 million from general revenue to federal funds to account for the 90.0 percent match for direct services as well as a 50.0 match for administrative expenses.

Statewide COLA **\$1.4 million**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$1.4 million within the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals.

Internal Service Fund Medicaid Correction **(\$1.4 million)**

The Governor's recommendation did not account for the 50.0 percent Medicaid administrative match applicable to centralized service charges within the Division of Developmental Disabilities and Eleanor Slater Hospital. This correction shifts \$1.4 million from general revenue to federal funds to account for the federal match.

Consent Decree **\$750,000**

The Budget includes \$750,000 general revenue (\$1.5 million all funds) to support technical and other assistance for community-based agencies. This is an effort to facilitate the transition towards integrated services for adults with developmental disabilities which ensure compliance with the consent decree.

Consent Decree Court Monitor Transfer Correction **\$375,000**

The Governor's recommendation transferred all funding directly related to the Consent Decree Court Monitor to the Executive Office of Health and Human Services (EOHHS). The Budget restores \$375,000 from general revenue and \$399,784 from federal funds to correct an inadvertent adjustment that was made in the Governor's budget for this transfer which left negative appropriations within the Department.

Long Term Care Rebalancing **\$301,692**

The Budget includes \$3.4 million from general revenue (\$7.0 million all funds) to increase fee-for-service home care rates in the Executive Office of Health and Human Services (EOHHS), Department of Human Services (DHS), and Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). This includes an increase of \$301,692 from general revenue (\$620,000 all funds) within BHDDH for services provided to developmentally disabled adults in FY2019.

Eleanor Slater Hospital License Fee **\$179,617**

The Budget includes \$179,617 more from general revenue and \$197,599 less from federal funds related to an increase in the hospital license fee. The fee, paid by private- and state-run hospitals, increases from the Governor's recommendation of 5.865 percent to 6.0 percent in FY2019.

VRI Savings **(\$177,450)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire by March 15, 2018. While the projected savings from the VRI is provided by program, the total general revenue savings projected across the Department is \$177,450 (\$354,905 all funds). The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Rhode Island Capital Plan (RICAP) Fund Changes **(\$200,000)**

The Budget includes a net decrease of \$200,000 in RICAP funds for upgrades to fire alarms and sprinkler systems throughout developmental disability and mental health day program, residential, and outpatient facilities. This reduction is included based on the Department's projected expenses for FY2019.

GOVERNOR'S COMMISSION ON DISABILITIES**Statewide COLA** **\$9,980**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living

adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$9,980 within the Commission on Disabilities.

COMMISSION ON THE DEAF AND HARD OF HEARING

Statewide COLA

\$11,711

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$11,711 within the Commission on the Deaf and Hard of Hearing.

OFFICE OF THE CHILD ADVOCATE

Enhanced Staffing

\$27,722

The Budget includes an increase of \$27,722 from general revenue (\$106,121 all funds) to fund additional personnel in the Office of the Child Advocate. The Governor recommended adding a part-time (0.6 FTE) Management and Methods Analyst, which increased the Office's FTE cap from 8.0 to 8.6. The Budget adds 0.4 FTE to make the position full-time, and also adds 1.0 Planning and Program Development Specialist. This increases the FTE authorization in the Office of the Child Advocate by 1.4 to 10.0 FTE in FY2019. These positions will enhance the ability of the Office to fulfill its statutory requirements and additional responsibilities under the Children's Rights Settlement.

Statewide COLA

\$18,496

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$18,496 within the Office of the Child Advocate.

OFFICE OF THE MENTAL HEALTH ADVOCATE

Statewide COLA

\$13,496

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$13,496 within the Office of the Mental Health Advocate.

ELEMENTARY AND SECONDARY EDUCATION

Year 8 Funding Formula

\$6.1 million

The FY2019 Budget includes an additional \$6.1 million in general revenue to fully fund the eighth year of the funding formula. The increase is due a state-wide student enrollment increase of 880 students since March 2017.

School Resource Officer Support

\$2.0 million

The Budget includes \$2.0 million to support the reimbursement program for Resource Officers at public middle and high schools established in Article 9. The program provides support for districts to add Resource Officers but does not mandate their use. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018; however, for

schools with < 1,200 students, only one resource officer position is eligible for reimbursement. Schools with ≥ 1,200 students may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school.

Teacher Retirement

(\$1.0 million)

The Budget reduces teacher retirement funding by \$1.0 million to reflect an updated estimated based on the actual wage growth experience in FY2018. The State pays 40.0 percent of the employer's share of the teacher retirement contribution each year. The state contribution in the FY2018 Budget as Enacted assumed a 2.5 percent increase in total wages from FY2017 to FY2018; however, the actual wage data through April 3, 2018, indicates an increase in wages closer to 2.0 percent. The estimated wage growth from FY2018 to FY2019 remains at 3.0 percent, as recommended by the Governor.

Statewide COLA

\$778,778

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$778,778 within the Department of Elementary and Secondary Education.

Transportation Categorical

\$500,000

The Budget includes an additional \$500,000 in state aid for costs associated with transporting students within a regionalized district, bringing total to \$4.3 million.

Central Falls Teacher Contract

\$355,000

The Budget includes \$355,000 for costs associated with a 2.5 percent cost of living adjustment for teachers in Central Falls in FY2019. Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District after it was determined that the City of Central Falls could not afford to meet its contractual, legal, and regulatory obligations related to school funding because its tax base had sustained little or no growth over several years.

English Learners Categorical

\$250,000

The Budget provides an increase of \$250,000, a total of \$2.8 million, for education aid for English Learners. Article 11 of the FY2017 Budget as Enacted established a categorical fund for English Learners (EL). The fund provides additional aid of 10.0 percent of the per-pupil core instruction amount for each qualified EL student. This additional aid is then multiplied by the state share. Since the estimated full funding level for this categorical is about \$5.0 million, the distribution is subject to a pro-rata reduction based on the funds available.

Scholastic Aptitude Test (SAT) and PSAT

(\$150,000)

The Budget reduces general revenue funding to make the Scholastic Aptitude Test (SAT) and the Preliminary Scholastic Aptitude Test (PSAT) free for all students in Rhode Island by \$150,000, leaving a balance of \$500,000. The Governor had included an increase of \$150,000 in general revenue in FY2018 and FY2019; however, the actual expenses are not projected to exceed the funding enacted in FY2018.

Interdepartmental Cost Allocation for Governor's Office Position

(\$116,229)

The FY2018 Budget included an interdepartmental transfer representing 50.0 percent of the salary and benefits of a Deputy Chief of Staff in the Governor's Office who works on education policy issues. The Budget included interdepartmental cost allocations totaling \$794,564 for staff in the Governor's Office that is charged against ten state agencies. The Budget Office stated that these cost allocations reflect Governor's Office staff support to assist these state agencies on various policy and program initiatives such as Real Jobs RI, RhodeWorks, Reinventing Medicaid, and Justice Reinvestment Initiative, etc. In FY2019, the Budget removes the cost allocations.

Child Opportunity Zones (COZs) \$100,000

The Budget provides an additional \$100,000 for COZs for total general revenue funding of \$345,000. COZs provide integrated education, health, and social services to student attending public school in ten communities across Rhode Island. Located near schools, COZs provide families with educational programs, information, support, services, and referrals. COZs are currently located in Bristol/Warren, Central Falls, Cranston, North Kingston, Middletown, Newport, Pawtucket, Providence, Westerly, and Woonsocket.

Computer Science Education Grants (\$50,000)

The Budget decreases funding for computer science education grants by \$50,000 in general revenue to reflect actual program expenditures of \$210,000. The Computer Science for Rhode Island initiative was enacted in FY2017 with \$260,000 in general revenue but was reduced in the FY2018 Budget as Enacted by \$50,000 to reflect program spending experience from FY2017. The program was enacted to increase access to computer science courses across the State and the vast majority of the funds were used for professional development for district teachers. In FY2018, the program was transferred to the Department from the Innovation Office at Rhode Island College, and, based on the FY2019 Budget Request, the Department intends to use the additional funding to increase the number of high school students receiving post-secondary credential related to computer science. The budget does not include this increase since students are already to receive such credentials through the Advanced Course Network.

Advanced Placement (AP) Test Waivers for Low Income Students \$25,000

The Budget includes \$25,000 in general revenue to reduce financial barriers that may prevent students from taking the AP test by providing subsidized rates to low-income students. The general revenue in addition to the \$55,000 federal funds previously included in the Department's budget will provide a total of \$80,000 for AP tests. Studies by the United State Department of Education have shown that students who complete AP courses are more likely to graduate from college within in five years and have higher grade point averages. Students who take the credit-bearing exit exam are even better prepared for college than those who only complete the coursework. The Department is projecting a 30.0 percent increase in participation due to increased outreach to students and parents. The funding will provide approximately 2,100 tests at a subsidized rate of \$38 per test. According to the Department, either the school district or the student will still be responsible for a \$15 fee per test. The tests generally cost \$94.

Rhode Island Capital Plan (RICAP) Fund Changes \$1.5 million

The Budget includes a net increase of \$1.5 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **Davies Advanced Manufacturing:** The Budget shifts \$3.3 million in RICAP funding for the advanced manufacturing project at Davies from FY2018 into FY2019. As part of a statewide initiative to develop a trained workforce in advanced manufacturing careers, Davies Career and Technical School received funding under the Prepare RI program in partnership with General Dynamics Electric Boat. The grant allowed for the purchase of new, upgraded Computer Numerical Control (CNC) milling equipment. This project provides the shop upgrades and equipment needed for Davies to incorporate training in welding, CNC milling processes, and computer training to develop a workforce that will support partnerships with employers such as Electric Boat.
- **Davies Career and Technical School – HVAC:** The Budget shifts \$1.8 million in RICAP funding from FY2019 to FY2021 to reflect project delays while future plans are finalized about whether to renovate

or reconstruct the building based on the pending master plan. The reduction leaves \$200,000 in FY2019.

PUBLIC HIGHER EDUCATION

University of Rhode Island (URI) Operating Support **\$2.0 million**

The Budget includes an additional \$2.0 million in general revenue operating support for URI. URI originally requested \$8.3 million in general revenue support for FY2019. The Council on Postsecondary Education approved an increase of \$4.4 million; however, the Governor only recommended a \$1.0 million increase in performance incentive funding.

Statewide COLA **\$598,051**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$598,051 within Public Higher Education.

Rhode Island Promise Scholarship Program **(\$355,000)**

The Budget reduces funding for the RI Promise Program by \$355,000 in general revenue to fund the second year of the Rhode Island Promise Scholarship program (RI Promise). This reduction leaves a total of \$6.0 million to fund two classes in FY2019 based on updated enrollment projections, and assuming the same 16.0 percent attrition between the fall and spring semesters realized in the first-year cohort. Article 3 of the FY2018 Budget as Enacted established the program to provide students with two years of tuition and mandatory fees at the Community College of Rhode Island, less federal and all other financial aid available to the recipient. FY2019 represents the second year of the program. In the first year of the program, CCRI realized a 43.0 percent increase (477 students) in first-time, full-time students, significantly more than the 25.0 percent increase projected in the enacted budget.

Turnover **(\$150,000)**

The Budget realizes an additional \$150,000 in turnover savings based on projected FY2018 general revenue funded expenditures within the Office of the Postsecondary Commissioner (OPC). The total turnover savings of \$187,784 in FY2019 is equivalent to approximately 1.4 FTE positions, based on an average cost per FTE in the OPC of \$131,256.

Interdepartmental Cost Allocation for Governor's Office Position **(\$58,534)**

The FY2018 Budget included an interdepartmental transfer representing 50.0 percent of the salary and benefits of a Deputy Chief of Staff in the Governor's Office who works on education policy issues. The Budget included interdepartmental cost allocations totaling \$794,564 for staff in the Governor's Office that is charged against ten state agencies. The Budget Office stated that these cost allocations reflect Governor's Office staff support to assist these state agencies on various policy and program initiatives such as Real Jobs RI, RhodeWorks, Reinventing Medicaid, and Justice Reinvestment Initiative, etc. In FY2019, the Budget removes the cost allocations.

Best Buddies **\$30,000**

The Budget increases general revenue funding for the Best Buddies program by \$30,000 for a total of \$60,000 in FY2019. Best Buddies is a nonprofit organization dedicated to creating opportunities for one-to-one friendships, integrated employment and leadership development for people with intellectual and developmental disabilities.

Restricted Receipt Fund Changes**(\$207,205)**

- **Office of Postsecondary Commissioner – 2.0 New Unidentified Positions:** The Budget does not include the 2.0 new FTE positions or the corresponding restricted receipt grant funding recommended by the Governor. The positions were to be dedicated to higher education attainment, student supports, and financial aid activities; however, grant funding was not identified as of the passage of this budget. If OPC does receive funding for these positions in the future, both the FTE authorization and the restricted receipt expenditure authority may be granted at that time.

Rhode Island Capital Plan (RICAP) Fund Changes**\$8.3 million**

The Budget includes a net increase of \$8.3 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **University of Rhode Island Fine Arts Center:** The Budget includes an additional \$5.4 million (\$6.4 million total in FY2019) in RICAP funding for the renovation and construction of an addition to the Fine Arts Center to meet current and future teaching, performance, research, and outreach requirements. The University had originally requested a general obligation bond issue be placed on the November 2016 ballot for the renovation of the Fine Arts Center and the surrounding parking and circulation. The enacted plan, however, did not include a ballot question for the project but did provide general obligation bond proceeds beginning in FY2020. The University proposes to reduce project and debt service costs by reconsidering the scope of the project and using RICAP funds to begin renovations in FY2018. The University estimates this proposal will save \$1.8 million in escalation due to rising construction costs and \$38.0 million in debt service, assuming a 5.0 percent interest rate over 20 years.
- **University of Rhode Island - Biological Resources Lab:** The Budget reduces RICAP funding for this project by \$3.0 million in FY2018, shifting \$2.3 million into FY2019 and \$700,000 into FY2020. Construction of a small, lab animal care facility that meets current federal standards will allow URI to centralize and replace older facilities. It will be constructed on the lower two floors in the University's new College of Pharmacy. The new lab will contain animal Bio Safety Level 2 laboratories, lab animal holding rooms, cage washing facilities, and redundant emergency HVAC and electrical systems for secure care of the animals and research work.
- **Community College of Rhode Island - Knight Campus Renewal:** The Budget reduces RICAP funding for this project by \$3.6 million in FY2018, shifting \$600,000 into FY2019 and \$1.5 million into each FY2020 and FY2021. The Knight Campus Megastructure, which was completed in 1972, will be comprehensively renovated, including painting, door replacements, and interior and exterior upgrades. Plans include elevator upgrades, hi-tech AV upgrades, the relocation of several offices, modifications to the cafeteria, student dining commons, student lounge, and bookstore, as well as roadway and landscape improvements to the main entrance road and facility entrance.

RHODE ISLAND STATE COUNCIL ON THE ARTS**Statewide COLA****\$18,300**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$18,300 within the State Council on the Arts.

RHODE ISLAND ATOMIC ENERGY COMMISSION***Statewide COLA*** **\$25,677**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$25,677 within the Atomic Energy Commission.

RHODE ISLAND HISTORIC PRESERVATION AND HERITAGE COMMISSION***Statewide COLA*** **\$22,763**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$22,763 within the Historic Preservation and Heritage Commission.

Federal Funds Changes **(\$115,027)**

- **National Maritime Heritage Grant Correction:** The Budget decreases federal funds by \$155,027 due to an overstatement of funds for the National Maritime Heritage Grant Program. \$52,500 of this federal grant was distributed in FY2018 to the Steamship Historical Society of America and \$112,750 is expected to be distributed in FY2019 for the restoration of the Block Island Lighthouse Tower.

DEPARTMENT OF THE ATTORNEY GENERAL***Statewide COLA*** **\$621,370**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$621,370 within the Department of the Attorney General.

Civil Division Staff **\$185,000**

The Budget includes a general revenue increase of \$185,000 to fund new staff attorney and paralegal positions in the Department's Civil Division, the new positions are within the Department's authorized FTE cap of 235.1 positions.

State Match Medicaid Fraud **\$62,500**

The Budget increases by \$62,500 in general revenue due to a shift of the Medicaid/Medicare fraud prevention program from FY2018 to FY2019. The Department received federal permission to solicit a request for proposal (RFP) to procure data mining services. The FY2019 Budget includes \$250,000 in general revenue, representing the Department's 25.0 percent State match to \$750,000 in federal funds.

VRI Savings **(\$62,400)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements.

The last group of employees had to submit a written notice of their election to retire by March 15, 2018. While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Department is \$62,400. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

DEPARTMENT OF CORRECTIONS

Statewide COLA

\$4.7 million

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$4.7 million within the Department of Corrections.

VRI Savings

(\$400,000)

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire by March 15, 2018. While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Department is \$400,000. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Population Per Diem Adjustment

(\$300,000)

There is a savings of \$300,000 in general revenue per-diem operating expenses in FY2019 due to a smaller than projected population within the Department of Corrections. The Department reported a population of 2,729 in their May 2018 report. The FY2018 revised Budget projected a population of 2,853 and 2,865 in FY2019.

Federal Funds Changes

\$205,537

- **Substance Abuse Treatment Grant:** The Budget adds \$205,537 in federal funds due to a newly received federal grant. The purpose of the grant is to reduce recidivism and improve public safety by establishing a contract with a community based mental health and substance abuse treatment provider to identify eligible program participants who are awaiting trial at the Intake Center.

Rhode Island Capital Plan (RICAP) Fund Changes

\$750,000

The Budget includes a net increase of \$750,000 in RICAP funds, including the following:

- **Dix Building Renovations:** There is an increase of \$500,000 in RICAP spending in FY2019 due to a shift in funding from FY2018 to FY2019. The increased funding will support the renovation of the Dix Building from an inmate facility to an administrative building.
- **RICAP – Intake Service Center Exterior Envelope and HVAC:** There is an increase of \$250,000 in RICAP spending in FY2019 due to a shift in capital funds from FY2018 to FY2019. The HVAC system currently at the ISC center is not in compliance with current building code standards and needs renovating. Renovation of the ISC's exterior envelope includes DryVit patching and sealing, repainting/resealing of brick veneers, and replacement of all windows and casements due to water damage.

JUDICIARY**Statewide COLA****\$2.0 million**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$2.0 million within the Judiciary.

VRI Savings**(\$500,000)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire by March 15, 2018. While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Judiciary in FY2019 is \$500,000. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Family Court Staffing**\$308,000**

The Budget includes \$308,000 in general revenue and \$126,400 in restricted receipts in FY2019 for a magistrate positions and two attorney positions within the Family Court. The positions can be filled from vacancies within the Judiciary; hence, no new FTE positions are provided.

District Court Staffing**\$300,000**

The Budget includes \$300,000 in general revenue in FY2019 for a magistrate position and a position within the Pretrial Diversion program. The positions can be filled from vacancies within the Judiciary; hence, no new FTE positions are provided.

Pay-Go Judges Pensions**(\$184,724)**

The Budget reduces general revenue funding for pay-go pensions by \$184,724 to reflect the amount requested by the Judiciary. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

Rhode Island Capital Plan (RICAP) Fund Changes**\$1.6 million**

- **Noel Shelled Courtroom Build Out:** The Budget shifts \$1.6 million in RICAP funding for this project from FY2018 into FY2019. The Noel Shelled Courtroom Build-Out (NCBO) will expand the capacity of the Noel Judicial Complex by completing unfinished courtroom space within the interior shell. The build out will also include an additional lot for parking, which is at near capacity for the courtrooms currently in use.

MILITARY STAFF**Cranston St. Armory Facilities Management Shift****(\$777,314)**

Pursuant to the Governor's budget amendment, dated May 8, 2018, the Budget shifts \$777,314 in general revenue for facilities management costs related to the Cranston Street Armory from the Military Staff budget to the Department of Administration. The Governor's budget mistakenly included the funding under the Military Staff budget. However, management of the facility is the responsibility of the Division of

Capital Asset Management and Maintenance. There is a corresponding increase under the Department of Administration.

Quonset Firefighter IOD Savings **\$150,000**

The Budget increases general revenue funded personnel costs by \$150,000. The increase reflects the additional State share for firefighters at the Quonset Air Base that exceeds the federal compensation cap for firefighters. The federal government will no longer fund the injured-on-duty (IOD) costs for firefighters. There are 30.0 FTE positions assigned to the program. Presently, the Air National Guard has 6.0 firefighters on IOD status. Therefore, the State is required to fully fund the IOD costs from general revenue. Firefighter staffing levels must remain the same as per the federal agreement, so federal turnover cannot be utilized to supplant the State share.

Statewide COLA **\$34,204**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$34,204 within the Military Staff.

Rhode Island Capital Plan (RICAP) Fund Changes **\$3.2 million**

The Budget includes a net increase of \$3.2 million in Rhode Island Capital Plan (RICAP) funding in FY2019, reflecting a shift of funding for these projects from FY2018.

- **Armory of Mounted Commands:** Adds \$700,000 to FY2019 for the roof replacement project. The project is underway.
- **Bristol Readiness Center:** Adds \$125,000 to FY2019 reflecting a shift of funds from FY2018 based on the Military Staff's revised project timeline and projected expense plans.
- **Joint Force Headquarters Building:** Adds \$2.4 million to FY2019. The project is underway and projected expenditures are based on the Military Staff's revised project timeline.

RHODE ISLAND EMERGENCY MANAGEMENT AGENCY

VRI Savings **(\$81,000)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire by March 15, 2018. While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the agency is \$81,000. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Statewide COLA **\$16,054**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$16,054 within the Rhode Island Emergency Management Agency.

DEPARTMENT OF PUBLIC SAFETY***Statewide COLA*****\$2.0 million**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$2.0 million within the Department of Public Safety.

Delay of 57th State Police Training Academy**(\$1.7 million)**

The Budget delays the start of the next State Police Training Academy by six months, yielding a FY2019 general revenue savings of \$1.7 million. The Governor had originally proposed that the 57th trooper class begin in July 2018, the Budget moves the date to January 2019.

E-911 Support**\$1.0 million**

The Budget provides \$1.0 million for additional staffing and technology for the E-911 program. This includes \$700,000 for technology upgrades and statewide assessment needs to implement Next Generation 911 (text-supporting) and \$300,000 for 3.0 new Telecommunicator FTE positions. Article 7 of the Budget also clarifies the purposes that the emergency services and first responder surcharge (formerly called the E-911 surcharge) may be used for, specifically, the infrastructure and operational support of the system at the state and local level.

Restoration of Sheriffs Injured on Duty Savings**\$331,986**

The Budget restores \$331,986 in proposed general revenue savings within the Sheriffs Division related to the elimination of an initiative to reform the Injured on Duty (IOD) benefits program. The IOD program allows sheriffs that become injured while performing the duties of their job to receive their salary and benefits during the period they are unable to work tax free. Article 3 of the Governor's Budget would have required an IOD beneficiary to apply for an accidental disability pension benefit within 60 days after a treating physician or independent medical examiner certifies that the patient has reached maximum medical improvement or permanent disability from an injury. The initiative is not included in the Budget.

Elimination of Municipality Withholdings**\$296,002**

The Budget restores \$296,002 in general revenue savings associated with the elimination of a proposed initiative to withhold from municipalities certain revenues in the event that they do not pay monies owed the state. Article 3 of the Governor's Budget would have expanded the funding categories that could be withheld from cities and towns in the event of an unpaid debt, including the hotel tax, the 1.0 percent local meals and beverage tax and the CATV public service corporation tax. The initiative is not included in the Budget.

Elimination of Municipal Police Training Academy Tuition Proposal**\$253,024**

The Budget increases general revenue by \$253,024 by eliminating the proposal to authorize the Department to charge recruits tuition and physical fitness testing fees when attending the Municipal Police Training Academy.

Elimination of Proposed Capitol Police Screeners**(\$144,512)**

The Budget reduces \$144,512 in general revenue associated with the personnel costs of 2.0 proposed Screener FTE positions. The new non-officer staff were originally proposed to assist Capitol Police Officers with security at State buildings.

Public Information Officer**(\$143,776)**

The Budget eliminates \$143,776 in proposed general revenue funding for personnel costs associated with a proposed new (1.0) Public Information Officer that the Department hired at the end of FY2017. The FY2018 Budget as Enacted did not include funding for the position

VRI Savings**(\$56,400)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire by March 15, 2018. While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Department is \$56,400. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Interdepartmental Cost Allocation for Governor's Office Position**(\$49,526)**

The Budget eliminates \$49,526 in general revenue to fund the personnel costs associated with staff within the Office of the Governor. The Governor proposed an "interdepartmental cost allocation" as a means to reflect the Governor's Office staff support to assist state agencies on various policy and program initiatives such as Real Jobs RI, RhodeWorks, Reinventing Medicaid, Justice Reinvestment Initiative, etc., effectively reducing the need to appropriate funds within the Governor's Office to cover these salary expenses.

Rhode Island Capital Plan (RICAP) Fund Changes**(\$100,000)**

- **Three Car Bay Garage:** The Budget eliminates FY2019 RICAP funding for a proposed feasibility study regarding renovation to the Radio Bureau building and attached three bay garage located at State Police Headquarters in Scituate. A separate \$250,000 facilities master plan is budgeted for out of RICAP funds in FY2019. This plan will incorporate the study activities related to the garage.

OFFICE OF THE PUBLIC DEFENDER**Statewide COLA****\$274,644**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$274,644 within the Office of the Public Defender.

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT**Statewide COLA****\$778,495**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$778,495 within the Department of Environmental Management.

VRI Savings**(\$160,000)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and

budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire by March 15, 2018. While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Department in FY2019 is \$265,537, reflecting an additional savings of \$160,000 over the Governor's recommendation. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Rhode Island Capital Plan (RICAP) Fund Changes

\$4.3 million

The Budget includes a net increase of \$4.3 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **Dam Repair:** The Budget shifts \$1.9 million of the \$2.4 million RICAP reduction in FY2018 into FY2019, leaving a balance of \$250,643 in FY2018. The shifts reflects the updated project schedule and allow the project to continue uninterrupted pending the approval of the ballot question in November to provide general obligation bond proceeds for dam repair. This project allows DEM to complete engineering studies, designs and repairs to "high-hazard" State-owned dams which, if they were to fail, would cause significant property damage and potential for loss of life. The State owns 10 high hazard and four significant hazard dams.
- **Recreational Facilities Improvements:** The Budget shifts \$900,000 from FY2018 into FY2019 to support projects at state-owned recreational facilities, including bathroom renovations at Fishermen's Memorial Campground and water and sewer line repairs at Colt State Park.
- **Galilee Piers:** \$500,000 in RICAP funding is shifted from FY2018 to FY2019 to reflect the updated project schedule. The Port of Galilee is home to 170 commercial fishing vessels and provides affordable berthing spaces close to wholesale and retail seafood processing businesses. Since 2009, the Department has rebuilt numerous piers, as well as the southwest and northwest bulkhead. Current plans include designing and building the south bulkhead, repairing pilings, continued reconstruction of piers, reconstruction and maintenance of the facility/workshop/garage, and various electrical repairs.
- **Natural Resources Offices/Visitor's Center:** The Budget shifts \$500,000 in RICAP funds from FY2018 into FY2019. According to the Office of Management and Budget, the shift from FY2018 is due to project delays caused by staffing vacancies. This project involves the construction of a new Natural Resources Offices/Visitor's Center to coordinate staff programming by providing office space, laboratories, storage, workshop areas for mosquito abatement testing, the state veterinarian, and the administrative office, including the Freshwater Fisheries and Wildlife sections of the Division of Fish & Wildlife.
- **Blackstone Valley Park Improvements:** The Budget reduces current year spending by \$496,270 in FY2018 and shifts \$250,000 into FY2019 to reflect updated expenditure projections. This project provides funds to the Friends of the Blackstone River for improvements to areas around the Blackstone River Valley focused on enhancing river access and safety, and complimenting the State's efforts to improve this river corridor. The Friends of the Blackstone River is a non-profit organization, recognized by the Rhode Island Rivers Council and dedicated to making the Blackstone River fishable and swimmable.

- **Marine Infrastructure/Pier Development:** The Budget shifts \$250,000 from FY2018 into FY2019 while reducing FY2018 funding by a total of \$350,000 to reflect updated expenditure projections. This project is for the development of a fishing pier, boating access ramp, and public restroom facility at Rocky Point in Warwick; a fishing pier and public restroom facility at India Point in Providence; and a fishing pier at Green Lane in Middletown.

COASTAL RESOURCES MANAGEMENT COUNCIL

Ocean Engineering Position (1.0 FTE) **\$188,877**

The Budget includes \$188,877 for a 1.0 FTE Ocean Engineer position for the Coastal Resources Management Council. The position is needed to help with new wind energy projects.

Statewide COLA **\$58,383**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$58,383 within the CRMC.

Technical Support for Stormtools **(\$50,000)**

The Budget does not include \$50,000 in general revenue support for the coastal profiling tool Stormtools, as recommended by the Governor. Stormtools is a web-based calculation product that illustrates storm surge inundation, with and without sea level rise, for different types of storms along the Rhode Island coast. The Budget still contains federal funding for this project.

Legal Services **(\$20,000)**

The Budget reduces funding for contracted legal services by \$20,000 in FY2019, leaving a balance of \$106,000. In FY2017 the Council spent \$73,000 for contracted legal services, and, as of May 14, 2018, the Council had only spent \$67,000.

Beach Profile Monitoring **(\$15,000)**

The Budget does not provide \$15,000 in general revenue to continue monitoring and measuring of the Charlestown shoreline that has occurred weekly since 1977, as recommended by the Governor. The beach profile analysis collects data on dune volume, storm protection, and erosion management; monitors shoreline dynamics; and quantifies beach volume changes due to storm surge, wind and tidal phases.

Rhode Island Capital Plan (RICAP) Fund Changes **\$50,000**

- **Narragansett Bay SAMP:** The Budget shifts \$100,000 in RICAP funding from FY2018 and puts \$50,000 into FY2019 and FY2020. This project will update the Coastal Resources Management Program (RICRMP) to current federal standards and develop a Narragansett Bay Special Area Management Plan (SAMP) to protect the Bay's fisheries, as well as recreation- and marine-based resources.

DEPARTMENT OF TRANSPORTATION

Federal Funds Changes **\$7.5 million**

The Budget includes a net increase of \$7.5 million in federal funds including the following:

- **Statewide Repaving Projects:** The Budget adds \$10.0 million in federal funds, reflecting a fund shift within the Department from the savings associated with staffing and turnover in FY2018 and FY2019. The funding will be used to support statewide repaving projects.

- **Turnover:** The Budget includes federal funds savings of \$2.0 million associated with turnover. As of May 2018 the Department averaged about 115.4 vacancies out of 775.0 FTE positions.
- **VRI Savings:** The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire by March 15, 2018. While the projected savings from the VRI is provided within each program, the total savings projected across the Department is \$950,000 including \$450,000 in federal funds and \$450,000 in other funds. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Other Funds Changes

\$1.5 million

The Budget includes a net increase of \$1.5 million in other funds, including the following:

- **Gas Tax Adjustment:** The Budget includes an additional \$1.1 million in gas tax funds to reflect an upward revision of the gas tax estimate from the Department of Revenue. Of the \$1.1 million, \$649,745 would stay within the DOT, \$329,092 would be transferred to the Rhode Island Public Transit Authority (RIPTA), and \$118,136 would be transferred to the Rhode Island Turnpike and Bridge Authority (RITBA).
- **Centralized Service Charges Adjustment:** The Budget increases other funds, specifically gas tax expenditures, by \$540,000 to reflect additional funds needed for the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.
- **Interdepartmental Cost Allocation:** The FY2018 Budget included an interdepartmental transfer representing a percentage of the salary and benefits for a position within the Governor's Office who works on workforce development issues. The Budget included interdepartmental cost allocations for staff in the Governor's Office that was charged against ten state agencies. The Budget Office stated that these cost allocations reflect Governor's Office staff support to assist these state agencies on various policy and program initiatives such as Real Jobs RI, RhodeWorks, Reinventing Medicaid, and Justice Reinvestment Initiative, etc. In FY2019 the Budget removes the cost allocations, thereby reducing Departmental expenses by \$99,053.

Rhode Island Capital Plan (RICAP) Fund Changes

(\$10.0 million)

- **Local Roads and Infrastructure:** The Budget decreases RICAP funds by \$10.0 million due to the assumption that these funds would be used for municipally owned infrastructure and paving projects.



FY2018 SUPPLEMENTAL BUDGET

FY2018 Revenue Changes

The Governor proposed \$3,852.4 million in general revenues for FY2018, an increase of \$84.7 million (2.3 percent) over the enacted level. The Budget increases general revenue collections by \$58.1 million above the Governor's proposed F2018 Revised Budget based on the following adjustments:

May Revenue Estimating Conference

\$75.5 million

The May 2017 Revenue Estimating Conference (REC) increased its personal income tax revenue estimate from November by 9.1 percent, or \$57.9 million. Business and sales taxes were revised down slightly, \$1.4 million, and \$1.5 million, respectively, from November. These adjustments along with other offsets and increases in other revenue sources (lottery, excise taxes, etc.) net the overall \$75.5 million increase.

Transfers from Quasi-Public Agencies

(\$17.5 million)

The Governor's budget transferred \$17.5 million in reserves from several quasi-public agencies to the general fund. For FY2018, the Budget restores the reserves of for each of the following affected organizations: The Rhode Island Housing and Mortgage Finance Corporation (\$5.0 million), the Rhode Island Infrastructure Bank (\$5.0 million), the Rhode Island Student Loan Authority (\$3.0 million), the Rhode Island Resource Recovery Corporation (\$3.0 million), and the Rhode Island Bridge and Turnpike Authority (\$1.5 million). The amounts for the five agencies are outlined here:

Agency	Amount
Rhode Island Housing	(\$5.0)
Infrastructure Bank	(5.0)
Student Loan Authority	(3.0)
Resource Recovery	(3.0)
Bridge and Turnpike Authority	(1.5)
Total	(\$17.5)

\$ in millions

FY2018 Expenditure Changes by Agency

DEPARTMENT OF ADMINISTRATION

Personnel and Operating Undistributed Savings **\$8.8 million**

The Department of Administration has a centralized account for statewide unspecified personnel and operating savings included in the Budget as Enacted prior to the savings being reflected within the appropriate State agency budgets. Generally when the savings occur, the Budget Office will distribute and account for the savings within the appropriate departmental budget accounts of the State agencies. The FY2018 Budget as Enacted included \$30.1 million in statewide general revenue savings to be identified in the current fiscal year. The Governor proposes that the Department's share of the FY2018 statewide savings be \$8.8 million in general revenue (reflected as a negative number).

Pursuant to the Governor's budget amendment, dated May 18, 2018, the Budget adds \$8.8 million in general revenue savings that are achieved through the Fraud and Waste Initiative as well as shifting \$3.2 million in unachieved savings from FY2018 to FY2019. The savings and budgeting shift (reflected as a positive number) offset the recommended reduction included in the Governor's revised appropriation for FY2018.

Fraud and Waste Initiative Savings

Recoup capitation payments made in error to deceased people post-Caseload Estimating Conference	\$1,965,441
Recoup capitation payments made in error to deceased people prior to Caseload Estimating Conference	400,000
Removal of Medicaid recipients receiving benefits in 2 states and not residents of RI for last 6-months	2,664,375
Removal of incarcerated persons from receiving medical assistance benefits	292,600
Workers' Compensation Savings Delay	250,000
Shift unachieved savings to FY2019	3,177,584
Total Savings	\$8,750,000

Cranston St. Armory Facilities Management **\$749,894**

Pursuant to the Governor's budget amendment, dated May 8, 2018, the Budget adds \$749,894 in general revenue for facilities management costs related to the Cranston Street Armory. The Governor's budget mistakenly included the funding under the Military Staff budget. However, management of the facility is the responsibility of the Division of Capital Asset Management and Maintenance. There is a corresponding decrease under the Military Staff.

Turnover **(\$636,046)**

The Budget decreases general revenue by \$636,046 based on anticipated savings as stated in the 3rd Quarter Report. The Department is authorized 696.7 FTE positions, but has experienced an average 29.9 vacant positions through FY2018.

DOT Facility Charges to Gas Tax **(\$540,000)**

The Budget decreases general revenue expenditures by \$540,000 to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2018 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. This shifts the general revenue expenditures for facility management service charges regarding the state office building housing the Department of Transportation to gas tax receipts.

Internal Service Fund **(\$428,603)**

The Budget decreases general revenue expenditures by \$428,603 reflecting additional reductions of decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts

for information technology, capital asset management and maintenance, and human resources. In FY2018 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Fraud and Waste Data Tool **(\$410,699)**

The Budget removes \$410,699 in unexpended funding for the Fraud and Waste Data Tool. The appropriation in FY2018 was a one-time expense to implement a new fraud and waste detection system combining data across State agencies including the Department of Revenue, Department of Labor and Training, and the various human services agencies.

Water Resources Board **\$409,152**

The Budget adds \$409,152 in general revenue reversing the Governor's proposal transferring of the Water Resources Board and 3.0 FTE positions from the Department of Administration to the Public Utilities and Carriers. The positions are: 1.0 General Manager (currently vacant), 1.0 Staff Director, and a 1.0 Supervising Civil Engineer. This transfers the funding source for the Water Resources Board from restricted receipts back to general revenue, and maintains the Water Resources Board as an entity within the Department of Administration.

Pay for Success Pilot Program **(\$300,000)**

The Budget reduces \$300,000 in general revenue eliminating funding for Pay-for-Success project in the Department of Corrections (DOC). As of June 7, 2018, no expenditures have been made for the program.

The initial funding was to support a pilot project for approximately 75 to 100 formerly incarcerated people to obtain skills development and employment training, while fostering access to transitional jobs and permanent employment. The Department of Corrections reports that they do not have enough eligible participants to move forward with this initiative at this time.

DOIT Internal Service Fund Adjustment **(\$285,000)**

The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. The FY2018 Revised Budget reflects these expenditures in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Budget decreases \$285,000 in general revenue for this item based on projected expenditures.

Unachieved E-Procurement Savings **\$250,000**

The Budget adds \$250,000 in general revenue reflecting unachieved savings from the online E-Procurement system. The FY2018 Budget as Enacted authorized the state Chief Purchasing Officer to establish and collect from contractors listed on the master price agreement (MPA), an administrative fee not to exceed 1.0 percent of the total value of the annual expense against a contract awarded to a state contractor. Proceeds of the fee shall be deposited into a restricted receipt account and shall be used to implement and support a new online e-procurement system. The Department reported delays in implementing the 1.0 percent fee to MPA vendors resulting in unachieved general revenue savings of \$250,000. There is a corresponding \$539,204 decrease in restricted receipts reflecting unachieved fee collections.

Personnel Classification and Compensation Study Savings **(\$219,559)**

The Budget eliminates \$219,559 in general revenue for the implementation services required for the Employee Compensation and Classification Study. The classification study was one of the recommendations received from the personnel study performed by the Segal Company in FY2015. The Governor reappropriated \$329,559 in unspent funds for the study from FY2017 to FY2018, of which only \$109,571 has been expended. This eliminates a portion of the unexpended appropriation.

Statewide COLA **\$198,935**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$198,935 within the Department of Administration.

VRI Savings **(\$197,423)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018. While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Department is \$197,423. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent. There are additional corresponding savings of \$89,849 in restricted receipts and \$28,759 in federal funds.

Capital Asset Management and Maintenance **(\$154,228)**

Pursuant to the Governor's budget amendment, dated May 18, 2018, the Budget decreases \$154,228 in general revenue to reflect lower expenditures for construction projects. The Governor requests that the savings be reallocated to the Department of Business Regulation in FY2018 to adjustment the decentralized facilities management charges based on a reassessment of assigned spaces between the Department of Business Regulation and the Department of Labor and Training.

Building and Fire Codes Economic Impact Study Savings **(\$43,700)**

The Budget decreases \$43,700 in general revenue for expenses within the Office of Management and Budget related to developing an economic impact analysis on code and rule changes of Building and Fire Safety Codes. The projected cost of the analysis was \$250,000. According to the Department's 3rd quarter report, the economic impact analysis is complete. The projected cost is \$206,300, leaving a balance of \$43,700.

Regulatory Reform – APA Staff Conversion (2.0 FTE Positions) **(\$38,727)**

The Budget decreases general revenue expenses \$38,727. The FY2018 Budget as Enacted included \$170,704 in general revenue funding reflecting the transfer of funds from the Office of the Secretary of State to support contracted legal service assistance to state agencies working to revise and update rules and regulations as part of the regulatory reform initiative. The Governor shifts these funds from contracted services to salary and benefit expenditures in both FY2018 and in FY2019, for two new FTE positions; a Senior Policy Analyst and a Senior Management Analyst. The positions were filled in July 2017 and included additional funding for the salary and benefit expenses. This action removes the additional funding above the \$170,704 appropriation to hire the 2.0 new FTE positions.

Rhode Island Capital Fund (RICAP) Changes **\$158,000**

The Budget includes a net increase of \$158,000 in RICAP changes based on current expenditures and projections on the following various projects:

- **Accessibility Facility Renovations:** Increases funding to various accessibility projects at State-owned facilities by \$110,000 to reflect actual estimated project expenses.

- **Big River Management Area:** Decreases the Big River Management Area project by \$75,000 to reflect actual estimated project expenses.
- **Chapin Health Laboratory:** Decreases funding by \$100,000 for the Chapin Health Laboratory RICAP project to reflect the Department of Administration's revised project timeline.
- **Cranston Street Armory:** Increases spending by \$575,000 based on projected spending on additional work to stabilize the structure.
- **Rhode Island Convention Center:** Increases funding \$865,000 for the Rhode Island Convention Center reflecting a shift of funding from the Dunkin Donuts Center project in FY2018.
- **Dunkin Donuts Center:** Decrease funding by \$865,000 for the Dunkin Donuts Center RICAP project to reflect a shift of funding to the Rhode Island Convention Center project. This action is based on fewer projects completed at this facility during in FY2018.
- **Environmental Compliance:** Removes \$300,000 to reflect actual estimated project expenses.
- **IT Enterprise Operations Center:** Removes \$75,000 to reflect actual estimated project expenses.
- **McCoy Stadium:** The Budget increases funding \$300,000 for continued upkeep and repairs at the stadium.
- **Old Colony House:** Removes \$75,000 to reflect actual estimated project expenses.
- **Pastore Power Plant:** Removes funding \$750,000 for the Pastore Power Plant Project.
- **Pastore Center Medical Center Rehabilitation:** Adds \$2.5 million for several projects including an increase in the scope of asbestos abatement in the Barry/Simpson Building, and changes orders the Benjamin Rush Building window replacement project.
- **Pastore Center Building Demolition:** Removes \$175,000 for demolition as no projects were undertaken during the fiscal year.
- **Replacement of Fuel Tanks:** Removes \$275,000 for the Replacement of Fuel Tanks project to reflect actual estimated project expenses.
- **Security Measures State Buildings:** Adds \$250,000 for various security projects at state buildings that were not previously anticipated in the FY2018 Budget as Enacted.
- **Shepard Building:** Removes \$100,000 for the project based on revised project timeline.
- **State House Renovations:** Removes \$400,000 to reflect actual estimated project expenses, primarily due to a delay in creating the elevator modernization design work.
- **State Office Building:** Removes \$300,000 for the Replacement of Fuel Tanks project to reflect actual estimated project expenses.
- **Veterans Auditorium:** Adds \$58,000 for additional expenses needed to complete projects.
- **Virk's Building:** Withdraws \$1.1 million as the project is complete.
- **Washington County Government Center:** Removes \$250,000 for the project to reflect actual estimated project expenses.
- **William Powers Administration Building:** Removes \$350,000 for the project to reflect actual estimated project expenses due to delays in the garage elevator replacement and bathroom renovations.
- **Zambarano Buildings:** Add \$700,000 for additional work to stabilize structures at this facility.

DEPARTMENT OF BUSINESS REGULATION***Turnover and Operations*** ***(\$463,550)***

The Budget includes \$453,550 in savings based upon a projected surplus of \$400,000 in personnel funds and a \$63,550 surplus in operating costs within the Department of Business regulation according to third quarter expenditure reporting. Through May 2018 the Department has averaged 6.6 vacancies (6.5 percent).

Facilities Management- General Building ***\$154,228***

The Budget increases by \$154,228 to meet revised facilities management costs allocations. The Division of Capital Asset Management and Maintenance (DCAMM) reassessed the square footage the Department of Business Regulation occupies in the Center General Building on the Pastore Campus and found that they occupy more space than previously estimated. DBR's facility costs are adjusted accordingly.

Centralized Service Charges ***\$100,000***

The Budget increases centralized services charges by \$100,000 within the DBR to reflect the most up-to-date projected expenditures on information technology costs. The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2018 Revised Budget these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Statewide COLA ***\$81,914***

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$81,914 within the Department of Business Regulation.

DEPARTMENT OF LABOR AND TRAINING***VRI Savings*** ***(\$137,218)***

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018. While the projected savings from the VRI is provided within each program, the total saving projected across the Department is \$964,156 including \$137,218 in general revenue, \$639,233 in federal funds, \$80,470 in restricted receipts and, \$107,235 in other funds. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Fire Fighter Death Benefit ***\$126,366***

The Budget includes a general revenue increase of \$126,366 due to the payment of a one-time death benefit for firefighters who are killed in the line of duty. Per Rhode Island General Law 45-19-4.3(2), the State benefits paid to surviving spouses is 40.0 percent of the federal death benefit for firefighters and police officers killed in the line of duty. For FY2015, the year in which the death occurred, the federal benefit was

\$339,310. This increase in spending for the fire fighters death benefit is slightly offset by a savings within the police officer's relief fund.

Statewide COLA

\$28,249

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$28,249 within the Department of Labor and Training.

Federal Funds Changes

(\$154,228)

- **Facilities Management - General Building:** The Budget is reduced by \$154,228 in federal funds due to a decrease in facilities management charges. The Division of Capital Asset Management and Maintenance (DCAMM) reassessed the square footage the Department of Labor and Training occupies in the General Building on the Pastore Campus and found that they occupy less space than previously estimated, resulting in a correction and a decrease in facilities management charges.

Rhode Island Capital Plan (RICAP) Fund Changes

(\$1.0 million)

- **Center General Asset Protection:** There is a decrease of \$1.0 million in RICAP spending in FY2018 due to funds being shifted to out years, including an increase of \$500,000 in FY2019. The Center General Asset Protection appropriation is not specific to any single asset protection project, thereby providing the Department with its own discretion as to which projects are worked on in a particular fiscal year. Examples of asset protection projects the Department plans to work on include carpet replacement, partial roof replacement, walkway repairs, HVAC replacement, painting, fire alarms, drainage repairs, and building "envelope" repairs.

DEPARTMENT OF REVENUE

Federal Tax Analysis

\$330,000

The Budget provides the Department of Revenue with an additional \$330,000 in general revenue in FY2018 to fund the Department's efforts to analyze and efficiently implement the taxation changes resulting from the enactment of the new federal Tax Cuts and Jobs Act (TCJA) in December, 2017. This effort included purchasing new tax modeling software and additional legal services to determine the impact to the state.

Statewide COLA

\$325,029

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$325,029 within the Department of Revenue.

Centralized Service Charges

(\$205,000)

The Budget decreases centralized services charges by \$205,000 within the Department of Business Regulation to reflect the most up-to-date projected expenditures. The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2018 Revised Budget these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Other Fund Changes **(\$669,034)**

- **Other Funds – Lottery Savings:** The Budget decreases other funds by \$669,034 to properly account for savings within the Lottery Division associated with the \$25.0 million in undistributed savings from the FY2018 Budget as Enacted. The change corrects an improperly recorded increase in non-personnel costs.

LEGISLATURE**Statewide COLA** **\$265,396**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$265,396 within the Legislature.

LIEUTENANT GOVERNOR**Statewide COLA** **\$8,491**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$8,491 within the Office of the Lieutenant Governor.

OFFICE OF THE SECRETARY OF STATE**Turnover** **(\$150,000)**

The Budget decreases general revenue by \$150,000 based on anticipated savings as stated in the 3rd Quarter Report.

Statewide COLA **\$51,115**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$51,115 within the Office of the Secretary of State.

OFFICE OF THE GENERAL TREASURER**Statewide COLA** **\$18,716**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$18,716 within the Office of the General Treasurer.

Restricted Receipt Fund Changes **\$803,641**

- **Revenue Estimating Conference Adjustments:** Based on Treasury's testimony received during Revenue Estimating Conferences conducted in May 2018, the Conference adjusted the projected revenue collections and expenditures to the Unclaimed Property Program impacting claim payments, change in liability and the surplus transfer to the General Fund. Based on Conference projections, the transfer to the General Fund increases \$803,641.

BOARD OF ELECTIONS

Turnover **(\$95,000)**

The Budget decreases general revenue by \$95,000 based on anticipated personnel and operating savings stated in the 3rd Quarter Report.

Statewide COLA **\$9,859**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$9,859 within the Board of Elections.

ETHICS COMMISSION

Turnover **(\$38,900)**

The Budget decreases general revenue by \$38,900 based on anticipated personnel savings stated in the 3rd Quarter Report.

Statewide COLA **\$13,426**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$13,426 within the Ethics Commission.

OFFICE OF THE GOVERNOR

Contingency Fund **(\$100,000)**

The Budget eliminates \$100,000 in general revenue from the Governor's Contingency Fund. The Governor's Office is annually appropriated general revenue for a contingency fund for unforeseen expenses. This is a discretionary spending account. The FY2017 Budget as Enacted included \$242,000 in general revenue. At the close of FY2017, the fund balance was \$172,487. The Governor reappropriated \$67,089 to FY2018 for a total amount of \$317,089. To date a total of \$215,483 is spent from the fund leaving a balance of \$101,606 that if left unspent, will be reappropriated into the FY2019 revised budget.

Statewide COLA **\$44,988**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$44,988 within the Office of the Governor.

RHODE ISLAND COMMISSION FOR HUMAN RIGHTS

VRI Savings **(\$28,250)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of

\$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018. While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the agency is \$28,250. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Statewide COLA

\$9,047

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$9,047 within the Commission for Human Rights.

PUBLIC UTILITIES COMMISSION

Restricted Receipt Fund Changes

(\$553,152)

The Budget includes a net decrease of \$553,152 in restricted receipt changes on the following items:

- **Water Resources Board:** The Budget eliminates \$409,152 in restricted receipts associated with the Governor's proposal transferring of the Water Resources Board and 3.0 FTE positions from the Department of Administration to the Division of Public Utilities and Carriers. The positions are: 1.0 General Manager (currently vacant), 1.0 Staff Director, and a 1.0 Supervising Civil Engineer. The action also transfers the funding source for the Water Resources Board from restricted receipts back to general revenue. This maintains the Water Resources Board as an entity within the Department of Administration.
- **VRI Savings:** The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018. While the projected savings from the VRI is provided within each program, the total restricted receipt savings projected across the Commission is \$144,000. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

EXECUTIVE OFFICE OF COMMERCE

Rebuild RI

\$3.0 million

The Budget reverses the Governor's proposed shift of \$3.0 million in general revenue funding for the Rebuild RI Tax Credit program from FY2018 to FY2019. FY2019 is decreased accordingly. The Rebuild Rhode Island Tax Credit is a tax credit administered by the Commerce Corporation, intended to promote investment in real estate development for commercial and/or residential use and is capped at \$150.0 million.

Turnover and Operations

(\$419,250)

The Budget includes \$419,250 in savings based upon a projected surplus of \$389,250 in personnel funds and a \$30,000 surplus in operating costs within the Executive Office of Commerce according to third quarter expenditure reporting. Through May 2018 Commerce has averaged 3.1 vacancies (18.2 percent).

Statewide COLA**\$14,275**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$14,275 within the Executive Office of Commerce.

Rhode Island Capital Plan (RICAP) Fund Changes**(\$1.7 million)**

- **Quonset Piers** – The Budget includes a \$1.7 million reduction in RICAP expenditures associated with the multi-year pier improvement project at the Quonset Davisville Port in the Town of North Kingstown. The FY2017 Budget as Enacted authorized \$90.0 million in funding for Quonset Development Corporation from various sources, including a \$50.0 million bond referendum for infrastructure modernization and repairs at the Port that voters approved in November 2016. Based on the current project expenditure timetable, \$1.7 million is shifted to future project years, including \$660,000 in FY2019, \$500,000 in FY2020 and FY2021.

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES**Graduate Medical Education (GME) Restoration****\$4.0 million**

The Governor eliminated the FY2018 GME payment to RI Hospital, and restructured the program for FY2019. The Budget restores the FY2018 payment, maintains the current program structure, and increases the FY2019 payment to \$5.0 million.

Fraud and Waste Savings**(\$2.0 million)**

The Governor submitted a budget amendment reflecting a partial delay of fraud and abuse savings. However, \$2.4 million in savings are expected in EOHHS in FY2018. The May 2018 Caseload Estimating Conference accounted for \$400,000, but \$2.0 million is not accounted for in Conference estimates. The Budget recognizes the \$2.0 million in savings.

May Caseload Estimating Conference**(\$1.2 million)**

The Budget includes a net decrease of \$1.2 million in general revenue funds to reflect the results of the May 2018 Caseload Estimating Conference.

Cortical Integrative Therapy**\$750,000**

The Governor eliminated \$750,000 in general revenue payments for Cortical Integrative Therapy Services in FY2018. EOHHS notified the provider in October 2017 that payments would cease in November 2017. Cortical Integrative Therapy treatment programs provide a range of services including therapeutic rehabilitation, behavioral therapy, vision therapy, auditory therapy, vestibular therapy, chiropractic, and nutritional counseling to treat a number of conditions. The Budget restores the program.

Enhanced Medicaid Claiming Technical Assistance**(\$250,000)**

The enacted budget contained funding for technical assistance to DCYF and EOHHS for enhanced Medicaid claiming. The assistance was not used so the funds are removed in both FY2018 and FY2019.

DD Consent Decree Payment Correction**\$225,000**

The Governor submitted a budget amendment to correct Medicaid match payments for the court monitor related to the BHDDH consent decree. A similar amount of federal funds are added.

Turnover**(\$200,000)**

The Budget decreases general revenue by \$200,000 based on anticipated savings as stated in the 3rd Quarter Report. The Department is authorized 285.0 FTE positions, but has experienced an average 112.5 vacant positions through FY2018.

Statewide COLA **\$106,635**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$106,635 within the Office.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES**Child Welfare Funding Increase** **\$13.5 million**

The Budget includes an additional \$13.5 million from general revenue (\$17.2 million all funds) for the Child Welfare program based on third quarter projections for FY2018. This reflects increases in both general revenue expenditures and federal claiming resulting from a 17.0 percent increase in caseload between July and March.

Statewide COLA **\$429,781**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$429,781 within the Department of Children, Youth, and Families.

Restricted Receipt Fund Changes **\$301,104**

The Budget includes a net increase of \$301,104 in restricted receipt fund changes, including the following:

- **Kellogg Foundation Award:** The Department was awarded a three-year, \$415,000 grant from the W.K. Kellogg Foundation to improve services and supports for young children. The funds, in the amount of \$166,800 for FY2018, are to be used for the “Getting to Kindergarten” initiative. This project is designed to improve developmental and educational outcomes for children, birth to age five, who are involved in the child welfare system.
- **Rhode Island Foundation Award:** In FY2018, the Rhode Island Foundation provided two community improvement grants to DCYF totaling \$134,304. One grant provided \$70,000 to the Child Welfare program to support a foster care recruitment weekend. This event was designed to expedite the licensing and training process and increase the number of eligible foster families in Rhode Island. The other grant awarded \$64,304 to Juvenile Corrections for personalized learning programs at the Training School.

DEPARTMENT OF HEALTH**Statewide COLA** **\$167,761**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$167,761 within the Department of Health.

Restricted Receipt Fund Changes **\$600,000**

- **Overdose Prevention Grant:** Pursuant to the Governor’s budget amendment, dated May 8, 2018, the Budget increases restricted receipts by \$600,000 to reflect the receipt of three grants totaling \$600,000 that the Department of Health will use to implement a statewide digital public awareness prevent campaign to deter opioid use amongst youth. The Department received \$500,000 from The Pfizer

Foundation, \$50,000 from the Rhode Island Foundation, and \$50,000 donation from Daniel Del Prete. The Department received these grants post enactment of the FY2018 Budget.

DEPARTMENT OF HUMAN SERVICES

Statewide COLA **\$360,506**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent on July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$360,506 within the Department of Human Services.

May Caseload Estimating Conference **(\$344,306)**

The May 2018 Caseload Estimating Conference led to a general revenue decrease of \$344,306 and a federal funds decrease of \$2.0 million from the November 2017 Caseload Estimating Conference. The general revenue decrease is due to a \$723,186 decrease in Child Care Assistance, and a \$121,520 decrease in General Public Assistance (GPA). These decreases are slightly offset by a \$500,400 increase in the Supplemental Security Income (SSI) Program. The decrease in Child Care Assistance is due to an estimated decrease of 862 subsidies and the decrease in GPA is due to an estimated decrease of 80 persons utilizing the program in FY2018. The increase in the SSI program is primarily due to an estimated increase of 500 persons utilizing the program and an estimated \$0.50 increase in monthly costs per person.

Centralized Service Charges Adjustment **\$250,000**

The Budget increases general revenue expenditures by \$250,000 to reflect additional funds needed for the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Federal Funds Changes **\$1.0 million**

The Budget includes a net increase of \$1.0 million in federal funds, including the following:

- **Child Care Provider Union Increases:** The Budget increases federal funds by \$528,373 due to increases agreed upon in negotiations with the home based child care providers union. \$337,778 is due to the payment of a one-time stipend based on 2.0 percent of all child care provided between July 1, 2017 and June 30, 2018, and \$190,595 is due to a 2.5 percent rate increase. The Governor had included these funds as general revenue.
- **Veterans' Home:** The Budget is increased by \$497,225 to allow the Department to spend the remaining balance of federal funds authorized for the Veterans' Home which is located in Bristol and was completed in October of 2017.

Rhode Island Capital Plan (RICAP) Fund Changes **\$73,000**

Blind Vending Facilities: There is an increase of \$73,000 in RICAP spending to fully fund the number of blind vending facilities the Department committed to in FY2018. Blind vending facilities provide employment opportunities for persons who are legally blind in the State while meeting the food service needs to employees and the public who utilize them.

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS

Internal Service Fund Medicaid Correction **(\$1.3 million)**

The Governor's recommendation did not account for the 50.0 percent Medicaid administrative match applicable to centralized service charges within the Division of Developmental Disabilities and Eleanor

Slater Hospital. This correction shifts \$1.3 million from general revenue to federal funds to account for the federal match.

Retroactive Physician Contract Increase **\$577,520**

The Governor's recommendation included \$300,000 related to a retroactive payment from a new physician contract negotiated at Eleanor Slater Hospital. The retroactive payment was processed from December 20, 2016, to February 17, 2018, and physicians were paid a new wage beginning February 18, 2018. Salary and benefit payments for this increase have exceeded the Governor's recommendation by \$577,520 in general revenue and an equivalent amount in federal funds, totaling an addition of \$1.2 million all funds.

Statewide COLA **\$505,764**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$505,764 within the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals.

Legal Settlement **\$500,000**

In its third quarter report, the Department noted an unexpected payment of \$500,000 related to a legal case that was settled in 2016. Five individuals were promised Shared Living Arrangement (SLA) levels of funding but were reduced to Living with Family (LWF) levels of funding. This reduction of funding was later appealed. Payments were made for two of the individuals in 2016, and the settlement was paid for the remaining three in FY2018.

Eleanor Slater Hospital Turnover **(\$427,520)**

Based on the Department's third quarter report, there is an anticipated general revenue reduction of \$427,520 due to the fact that ten positions were funded but left vacant at Eleanor Slater Hospital. There is an equivalent reduction of federal funds, for an all funds reduction of \$855,040.

Eleanor Slater Hospital Appropriation **(\$365,542)**

The Governor's recommendation erroneously excluded a restricted receipt account at the Eleanor Slater Hospital. The Governor submitted an amendment to add \$800,000 from all funds to include the account. This includes a prior year balance of \$1.2 million in the restricted receipt account. The adjustment leaves \$365,542 to offset FY2018 general revenue expenses at the Hospital.

Consent Decree Court Monitor Transfer Correction **(\$8,004)**

The Governor's recommendation transferred all funding directly related to the Consent Decree Court Monitor to the Executive Office of Health and Human Services (EOHHS). The Budget removes \$8,004 from general revenue and increases federal funds by \$249,784 to correct an inadvertent adjustment that was made in the Governor's budget for this transfer.

Rhode Island Capital Plan (RICAP) Fund Changes **(\$1.1 million)**

The Budget includes a net decrease of \$1.1 million in RICAP fund changes, including the following:

- **DD Regional Centers Asset Protection:** RICAP funding is reduced by \$400,000 for repairs to the state-owned regional centers for individuals with developmental disabilities, including HVAC and septic systems. This decrease brings funding in line with projected spending.
- **Community Facilities Fire Code Upgrades:** RICAP funding is reduced by \$366,061 for upgrades to fire alarms and sprinkler systems throughout developmental disability and mental health day program, residential, and outpatient facilities. This decrease brings funding in line with projected spending.

- **Medical Center Rehabilitation:** RICAP funding is reduced by \$200,000 for asset protection projects on the Pastore campus of the Eleanor Slater Hospital. This decrease brings funding in line with projected spending.
- **DD Private Community Facilities Fire Code Upgrades:** RICAP funding is reduced by \$183,299 for fire code upgrades at privately-owned residential, day program, and outpatient facilities licensed by the Division of Developmental Disabilities under the Home and Community Based Waiver system. This decrease brings funding in line with projected spending.

GOVERNOR'S COMMISSION ON DISABILITIES

Statewide COLA

\$3,409

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$3,409 within the Commission on Disabilities.

COMMISSION ON THE DEAF AND HARD OF HEARING

Centralized Information Technology Service Charges

\$35,000

The Budget increases general revenue expenditures by \$35,000 to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. This does not reflect increased spending in this area, only a change in how the expenditure appears in the budget.

Interpreter Services

(\$20,000)

The Budget reduces funding for interpreter services to reflect \$30,000 in turnover savings from a vacant staff interpreter position partially offset by an increase of \$10,000 for contracted interpreter services.

Statewide COLA

\$3,051

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$3,051 within the Commission on the Deaf and Hard of Hearing.

OFFICE OF THE CHILD ADVOCATE

Turnover and Operational Savings

(\$64,245)

Based on its third quarter report, the Office of the Child Advocate projected a surplus, primarily related to staff turnover in FY2018. General revenue is reduced by \$64,245 (\$88,205 all funds) as a result.

Statewide COLA

\$4,922

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$4,922 within the Office of the Child Advocate.

OFFICE OF THE MENTAL HEALTH ADVOCATE**Statewide COLA****\$4,702**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$4,702 within the Office of the Mental Health Advocate.

ELEMENTARY AND SECONDARY EDUCATION**Statewide COLA****\$282,603**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$282,603 within the Department of Elementary and Secondary Education.

Teacher Retirement**(\$200,000)**

The State pays 40.0 percent of the employer's share of the teacher retirement contribution each year. The state contribution in the FY2018 Budget as Enacted assumed a 2.5 percent increase in total wages from FY2017 to FY2018; however, the actual wage data through April 3, 2018, indicates an increase in wages closer to 2.0 percent. Based on the third quarter report from the Department of Elementary and Secondary Education, the Budget reduces the state contribution for teacher retirement by \$200,000.

Scholastic Aptitude Test (SAT) and PSAT**(\$150,000)**

The Budget reduces general revenue funding to make the Scholastic Aptitude Test (SAT) and the Preliminary Scholastic Aptitude Test (PSAT) free for all students in Rhode Island by \$150,000, leaving a balance of \$500,000. The Governor had included an increase of \$150,000 in general revenue in FY2018; however, the actual expenses are not projected to exceed the enacted funding.

Restricted Receipt Fund Changes**\$44,680**

- **Professional Development for Dyslexia Certification:** The Budget includes an increase of \$44,680 in restricted receipts to reflect a new grant from the Rhode Island Foundation. The grant will support local educators in receiving a graduate certificate in Dyslexia Knowledge and Practice from the University of Rhode Island.

Rhode Island Capital Plan (RICAP) Fund Changes**(\$4.0 million)**

The Budget includes a net decrease of \$4.0 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **Davies Advanced Manufacturing:** The Budget shifts \$3.3 million in RICAP funding for the advanced manufacturing project at Davies from FY2018 into FY2019. As part of a statewide initiative to develop a trained workforce in advanced manufacturing careers, Davies Career and Technical School received funding under the Prepare RI program in partnership with General Dynamics Electric Boat. The grant allowed for the purchase of new, upgraded Computer Numerical Control (CNC) milling equipment. This project provides the shop upgrades and equipment needed for Davies to incorporate training in welding, CNC milling processes, and computer training to develop a workforce that will support partnerships with employers such as Electric Boat.
- **Davies Career and Technical School – HVAC:** The Budget decreases project funding by \$682,000 in RICAP funds to reflect project delays while future plans are finalized about whether to renovate or

reconstruct the building based on the pending master plan. The reduction leaves \$324,155 to cover current year expenditures.

- **Davies Career and Technical School –Asset Protection:** The Budget decreases RICAP funded asset projection expenditures by \$100,000 to \$374,041 to reflect current year expenditures while future plans are finalized based on the pending completed master plan.

PUBLIC HIGHER EDUCATION

Statewide COLA

\$312,069

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$312,069 within Public Higher Education.

Turnover Savings

(\$150,000)

The Budget decreases salaries and benefits funding by \$150,000 to reflect an increase in turnover. Such savings are generally realized by delaying the filling of FTE positions.

Rhode Island Capital Plan (RICAP) Fund Changes

(\$6.6 million)

The Budget includes a net decrease of \$6.6 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **Community College of Rhode Island - Knight Campus Renewal:** The Budget reduces RICAP funding for this project by \$3.6 million in FY2018, shifting \$600,000 into FY2019 and \$1.5 million into each FY2020 and FY2021. The Knight Campus Megastructure, which was completed in 1972, will be comprehensively renovated, including painting, door replacements, and interior and exterior upgrades. Plans include elevator upgrades, hi-tech AV upgrades, the relocation of several offices, modifications to the cafeteria, student dining commons, student lounge, and bookstore, as well as roadway and landscape improvements to the main entrance road and facility entrance.
- **University of Rhode Island - Biological Resources Lab:** The Budget reduces RICAP funding for this project by \$3.0 million in FY2018, shifting \$2.3 million into FY2019 and \$700,000 into FY2020. Construction of a small, lab animal care facility that meets current federal standards will allow URI to centralize and replace older facilities. It will be constructed on the lower two floors in the University's new College of Pharmacy. The new lab will contain animal Bio Safety Level 2 laboratories, lab animal holding rooms, cage washing facilities, and redundant emergency HVAC and electrical systems for secure care of the animals and research work.

RHODE ISLAND STATE COUNCIL ON THE ARTS

Turnover

(\$44,000)

The Budget reduces funding for personnel costs by \$44,000 to reflect turnover achieved by filling positions at a lower base rate and lags in filling two positions.

Statewide COLA

\$6,193

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$6,193 within the State Council on the Arts.

RHODE ISLAND ATOMIC ENERGY COMMISSION***Statewide COLA* **\$8,206****

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$8,206 within the Atomic Energy Commission.

Rhode Island Capital Plan (RICAP) Fund Changes* **\$27,649*

- **Asset Protection:** The Budget increases RICAP funding for asset protection projects at the Atomic Energy Commission to fully fund current year projects and correct an error in the Governor's supplemental budget proposal. The Agency has planned to use reappropriated funds from the prior year in FY2018; however, the funds were inadvertently omitted in the budget proposal.

RHODE ISLAND HISTORIC PRESERVATION AND HERITAGE COMMISSION***Personnel Turnover* **(\$100,000)****

The Budget includes a \$100,000 general revenue savings associated with turnover. The Commission has selected a new Director who will be starting later than anticipated, resulting in savings. The savings are slightly offset by an increase of \$22,140 in restricted receipts which is the result of additional interest earning and will be used to offset personnel costs.

Statewide COLA* **\$7,930*

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$7,930 within the Historic Preservation and Heritage Commission.

DEPARTMENT OF THE ATTORNEY GENERAL***Turnover and Operations Savings* **(\$792,182)****

The Budget includes a general revenue savings of \$792,182 in FY2018. These savings include \$632,921 in turnover and \$159,262 in operations savings based on the Department's quarterly reports. The Department has averaged 8.0 FTE vacancies throughout FY2018.

Statewide COLA* **\$211,529*

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$211,529 within the Department of the Attorney General.

State Match Medicaid Fraud* **(\$62,500)*

The Budget is reduced by \$62,500 in general revenue and \$750,000 in federal funds due to a shift of the implementation of the Medicaid/Medicare fraud prevention program from FY2018 to FY2019. The Department received federal permission to solicit a request for proposal (RFP) to procure data mining services. The FY2019 Budget includes \$250,000 in general revenue, representing the Department's 25.0 percent State match to \$750,000 in federal funds.

DEPARTMENT OF CORRECTIONS***Statewide COLA******\$1.6 million***

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$1.6 million within the Department of Corrections.

Population Per Diem Adjustment***(\$300,000)***

There is a savings of \$300,000 in general revenue per-diem operating expenses in FY2018 due to a smaller than projected population within the Department of Corrections. The Department reported a population of 2,729 in their May 2018 report. The FY2018 revised Budget projected a population of 2,853 and 2,865 in FY2019.

Federal Funds Changes***\$235,359***

- **Substance Abuse Treatment Grant:** The Budget includes \$235,359 in additional federal funds due to a newly received federal grant. The purpose of the grant is to reduce recidivism and improve public safety by establishing a contract with a community-based, mental-health and substance-abuse treatment provider to identify eligible program participants who are awaiting trial at the Intake Center.

Rhode Island Capital Plan (RICAP) Fund Changes***(\$6.8 million)***

- **Medium Infrastructure Improvements:** There is a decrease of \$3.0 million in RICAP spending in FY2018 due to a delay in projects at the Medium Moran Facility, funding will not be expended in FY2018 but will be shifted to FY2022 and FY2023. Projects to be completed in later years at the Medium Moran Facility include the removal and replacement of the existing stone ballast roof, renovations to the HVAC system, as well as expansions of the laundry room, industries corridor and dining areas.
- **Intake Service Center Exterior Envelope and HVAC:** There is a decrease of \$1.3 million in RICAP spending in FY2018 due to delays in projects at the Intake Service Center (ISC), although funding will not be expended in FY2018 it will be needed in the later years of the Department's five year RICAP plan including a shift of \$250,000 to FY2019. The HVAC system currently at the ISC center is not in compliance with current building code standards and needs renovating. Renovation of the ISC's exterior envelope includes DryVit patching and sealing, repainting/resealing of brick veneers, and replacement of all windows and casements due to water damage.
- **Dix Building Renovations:** There is a decrease of \$1.0 million in RICAP spending in FY2019 due to delays in the architectural and engineering work related to the Dix building. Funds from FY2018 will be shifted to FY2019 and FY2020. The Dix Building is being renovated from an inmate facility into an administrative building.
- **Correctional Facilities Study:** There is a decrease of \$850,000 in RICAP spending in FY2018 related to the Department's Correctional Facilities Study. The Governor included \$1.1 million for this study, \$850,000 more than the FY2017 Enacted appropriation, which was based on bids received. The Department suggested a new high security facility be built as this is the most expensive facility for the Department to operate. Before the Department can move forward with approval for a new High Security facility a study of the category of all populations within all the Department's facilities is required. The purpose of the study is to explore ways the Department could create cost efficiencies within their facilities.
- **Asset Protection:** There is a decrease of \$500,000 in RICAP spending in FY2018 based on the Department's projected spending in FY2018. Asset protection projects include renovations and

improvements to facilities that will extend their useful life by at least 10 years and cost more than \$50,000.

- **Gloria McDonald Renovations:** There is a decrease of \$151,133 in RICAP spending in FY2018 related to a parking lot project planned at the Gloria McDonald facility. The Division of Capital and Asset Management (DCAM) will be completing the project with available funds, DCAM intends to install additional parking in the rear of the facility to accommodate visitors.

JUDICIARY

Statewide COLA

\$677,834

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$677,834 within the Judiciary.

VRI Savings

(\$597,022)

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018. While the projected savings from the VRI is provided within each program, the total savings projected across the Judiciary is \$597,022 in general revenue and \$23,303 in restricted receipts. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Rhode Island Capital Plan (RICAP) Fund Changes

(\$1.6 million)

- **Noel Shelled Courtroom Build Out:** The Budget shifts \$1.6 million in RICAP funding for this project from FY2018 into FY2019. The Noel Shelled Courtroom Build-Out (NCBO) will expand the capacity of the Noel Judicial Complex by completing unfinished courtroom space within the interior shell. The build out will also include an additional lot for parking, as the current lot is near capacity for the courtrooms currently in use.

MILITARY STAFF

Cranston St. Armory Facilities Management Shift

(\$749,894)

Pursuant to the Governor's budget amendment, dated May 8, 2018, the Budget shifts \$749,894 in general revenue for facilities management costs related to the Cranston Street Armory from the Military Staff budget to the Department of Administration. The Governor's budget mistakenly included the funding under the Military Staff budget. However, management of the facility is the responsibility of the Division of Capital Asset Management and Maintenance. There is a corresponding increase under the Department of Administration.

Operating and VRI Savings

(\$196,244)

The Budget decreases general revenue by \$196,244 based on anticipated operating savings as stated in the 3rd Quarter Report and savings achieved from the voluntary retirement incentive.

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent. There is an additional corresponding savings of \$50,250 in federal funds.

Statewide COLA

\$14,661

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$14,661 within the Military Staff.

Restricted Receipt Fund Changes

(\$50,000)

The Budget decreases restricted receipts \$50,000 including the following:

- **Rhode Island Military Family Relief Fund:** Pursuant to the Governor's budget amendment, dated May 8, 2018, the Budget decreases restricted receipts by \$50,000 based on updated projections to anticipated revenues into the fund in the current fiscal year.

Rhode Island Capital Plan (RICAP) Fund Changes

(\$4.9 million)

Pursuant to the Governor's budget amendment, dated May 18, 2018, the Budget includes a net decrease of \$4.9 million in Rhode Island Capital Plan (RICAP) funding in FY2018. In addition, the Budget shifts \$3.2 million to FY2019 based on current expenditures and projections on various projects.

- **Armory of Mounted Commands:** Decreases \$960,000 and shifts \$700,000 to FY2019 for the roof replacement project. The project began but is not moving fast enough to require any more than \$25,000 in FY2018 reflecting the Military Staff's revised project timeline and projected expense plans.
- **Asset Protection:** Decreases \$300,000 for various projects within the State armories to reflect the Military Staff's revised project timeline and projected expense plans.
- **Bristol Readiness Center:** Shifts \$125,000 to FY2019 based on the Military Staff's revised project timeline and projected expense plans.
- **Joint Force Headquarters Building:** Decreases \$4.2 million and shifts \$2.4 million to FY2019. The project is underway and based on the Military Staff's revised project timeline and projected expense plans, the balance of the funding is not required until the first and second quarters of the upcoming fiscal year.
- **Middletown Armory Land Transfer:** Increase funding by \$700,000 to compensate the Rhode Island Airport Corporation for a long-term lease on land adjacent to the Middletown Armory to allow for the construction of a new National Guard building.

RHODE ISLAND EMERGENCY MANAGEMENT AGENCY***VRI Savings*** **(\$30,376)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018. While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the agency is \$30,376. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Statewide COLA **\$4,496**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$4,496 within the Rhode Island Emergency Management Agency.

DEPARTMENT OF PUBLIC SAFETY***Turnover*** **(\$972,837)**

The Budget includes \$972,837 in savings based upon a projected surplus in personnel funds within the Department of Public Safety to third quarter expenditure reporting. This is equivalent to 20.5 FTE positions (average cost of \$79,692). Through May 2018 the Department has averaged 35.2 vacancies (5.8 percent).

Statewide COLA **\$676,598**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$676,598 within the Department of Public Safety.

Utilities and Operating Expenses **\$356,459**

The Budget includes \$365,459 of additional general revenue to cover projected utility and operating expenditures based on third quarter reporting by the Department. This includes \$216,420 in utility expenses and \$140,039 in costs associated with vehicle overhead.

Personnel **(\$142,713)**

The Budget eliminates \$142,713 in proposed general revenue funding the personnel costs associated a new (1.0) Public Information Officer that the Department hired at the end of FY2017. The FY2018 Budget as Enacted did not include funding for the position.

Centralized Services Charges **\$105,000**

The Budget increases centralized services charges by \$105,000 within the DBR to reflect the most up-to-date projected expenditures. The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2018

Revised Budget these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Restricted Receipt Fund Changes

\$576,138

- **Fire Marshal Training Academy:** Budget increases restricted receipts by \$187,834 to accommodate the two additional training academy classes that took place in FY2018.
- **State Police Overtime and Supplies:** Budget increase restricted receipts by \$388,304 to cover overtime expenses and security expenses. The restricted receipt funding is generated through reimbursements for services provided to non-state agencies.

OFFICE OF THE PUBLIC DEFENDER

VRI Savings and Turnover

(\$171,406)

The Budget decreases general revenue by \$171,406 based on anticipated turnover savings as stated in the 3rd Quarter Report and savings achieved from the voluntary retirement incentive.

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Statewide COLA

\$93,015

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$93,015 within the Office of the Public Defender.

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

VRI Savings

(\$470,284)

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018. While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Department in FY2018 is \$967,991, reflecting an additional savings of \$470,286 over the Governor's recommendation. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Statewide COLA**\$261,956**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$261,956 within the Department of Environmental Management.

Rhode Island Capital Plan (RICAP) Fund Changes**(\$6.3 million)**

The Budget includes a net decrease of \$6.3 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **Dam Repair:** The Budget reduces RICAP funding by \$2.1 million, leaving a balance of \$250,643 in FY2018, to reflect an updated project schedule. Of the total reduction, \$1.9 million is shifted into FY2019 to allow the project to continue uninterrupted pending the approval of the ballot question in November to provide general obligation bond proceeds for dam repair. This project allows DEM to complete engineering studies, designs and repairs to “high-hazard” State-owned dams which, if they were to fail, would cause significant property damage and potential for loss of life. The State owns 10 high hazard and four significant hazard dams.
- **Recreational Facilities Improvements:** The Budget decreases funding for recreational facilities by \$1.5 million, leaving \$2.3 million in FY2018, to bring funding in line with the updated project schedule. Of the reduction \$900,000 is shifted into FY2019 to support bathroom renovations at Fishermen’s Memorial Campground and water and sewer line repairs at Colt State Park.
- **Galilee Piers:** A total of \$1.0 million in RICAP funding is shifted from FY2018, with \$500,000 going into each FY2019 and FY2020, to reflect the updated project schedule. The Port of Galilee is home to 170 commercial fishing vessels and provides affordable berthing spaces close to wholesale and retail seafood processing businesses. Since 2009, the Department has rebuilt numerous piers, as well as the southwest and northwest bulkhead. Current plans include designing and building the south bulkhead, repairing pilings, continued reconstruction of piers, reconstruction and maintenance of the facility/workshop/garage, and various electrical repairs.
- **Natural Resources Offices/Visitor’s Center:** The Budget reduces current year funding by \$822,744 in RICAP funds and shifts \$500,000 into FY2019. According to the Office of Management and Budget, the reduction in FY2018 funding is due to project delays caused by staffing vacancies. This project involves the construction of a new Natural Resources Offices/Visitor’s Center to coordinate staff programming by providing office space, laboratories, storage, workshop areas for mosquito abatement testing, the state veterinarian, and the administrative office, including the Freshwater Fisheries and Wildlife sections of the Division of Fish & Wildlife.
- **Blackstone Valley Park Improvements:** The Budget reduces current year spending by \$496,270 in FY2018 and shifts \$250,000 into FY2019 to reflect updated expenditure projections. This project provides funds to the Friends of the Blackstone River for improvements to areas around the Blackstone River Valley focused on enhancing river access and safety, and complimenting the State’s efforts to improve this river corridor. The Friends of the Blackstone River is a non-profit organization, recognized by the Rhode Island Rivers Council and dedicated to making the Blackstone River fishable and swimmable.
- **Marine Infrastructure/Pier Development:** The Budget shifts \$250,000 in current year spending into FY2019 to reflect updated expenditure projections. This project is for the development of a fishing

pier, boating access ramp, and public restroom facility at Rocky Point in Warwick; a fishing pier and public restroom facility at India Point in Providence; and a fishing pier at Green Lane in Middletown.

- **State Recreation Building Demolition:** The Budget reduces FY2018 RICAP funding by \$100,000 to reflect the updated project schedule. The FY2019 funding remains at \$100,000, consistent with the FY2018 Budget as Enacted.

COASTAL RESOURCES MANAGEMENT COUNCIL

Legal Services **(\$40,000)**

The Budget reduces funding for contracted legal services by \$40,000 in FY2018, leaving a balance of \$86,000. In FY2017 the Council spent \$73,000 for contracted legal services, and, as of May 14, 2018, the Council had only spent \$67,000.

Statewide COLA **\$20,435**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$20,435 within the Coastal Resources Management Council.

Rhode Island Capital Plan (RICAP) Fund Changes **(\$250,000)**

The Budget includes a net decrease of \$250,000 in Rhode Island Capital Plan (RICAP) funding, including the following:

- **Rhode Island Coastal Storm Risk Study:** The Budget eliminates the \$150,000 in RICAP funding for this project in FY2018 and recommends shifting the project into FY2021, since the project has not yet started.
- **Narragansett Bay SAMP:** Due to project delays, the Budget shifts \$100,000 in RICAP funding from FY2018 and puts half into FY2019 and FY2020. This project will update the Coastal Resources Management Program (RICRMP) to current federal standards and develop a Narragansett Bay Special Area Management Plan (SAMP) to protect the Bay's fisheries, as well as recreation and marine-based resources. A contract with the University of Rhode Island to conduct this study is expected to be completed by the end of FY2018; however, no expenditures are anticipated until FY2019.

DEPARTMENT OF TRANSPORTATION

Federal Funds Changes **(\$7.5 million)**

The Budget includes a net decrease of \$7.5 million in federal funds, including the following:

- **Turnover Savings:** The Budget includes \$6.5 million in turnover savings in FY2018. The average FTE cost at DOT is \$111,267. This savings assumed approximately 58.6 FTE positions will not be filled in FY2018 out of 775.0 authorized FTE positions in the Governor's Budget.
- **VRI Savings:** The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their

election to retire on or before March 15, 2018. While the projected savings from the VRI is provided within each program, the total savings projected across the Department is \$1.9 million, including \$1.0 million in federal funds and \$905,340 in other funds. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Other Funds Changes

\$2.2 million

The Budget includes a net increase of \$2.2 million in other funds, including the following:

- **Gas Tax Adjustment:** The Budget includes an additional \$1.6 million in gas tax funds to reflect an upward revision of the gas tax estimate from the Department of Revenue. Of the \$1.6 million, \$1.0 million would stay within the DOT, \$490,415 would be transferred to the Rhode Island Public Transit Authority (RIPTA), and \$176,047 would be transferred to the Rhode Island Turnpike and Bridge Authority (RITBA).
- **Centralized Service Charges Adjustment:** The Budget increases other funds, specifically gas tax expenditures, by \$540,000 to reflect additional funds needed for the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Rhode Island Capital Plan (RICAP) Fund Changes

(\$700,000)

- **T.F. Green Airport Improvements:** There is a decrease of \$700,000 RICAP spending in FY2018 based on the availability of other resources to the Rhode Island Airport Corporation (RIAC). RIAC's own Capital Improvement Plan included \$2.0 million in FY2018 for airport improvements including runway safety area improvements and the improvement of their current Federal Inspection Service (FIS) facility.



SPECIAL REPORTS

Municipal Aid

For FY2019, Distressed Community Relief Aid and Library Aid are funded at the FY2018 Enacted level. The Budget includes an additional \$883,898 for the Payment in Lieu of Taxes (PILOT) program allowing for a full 27.0 percent reimbursement rate. Meal and Beverage Tax and Hotel Tax collections are projected to increase by a total of \$1.1 million for FY2019 based on historic collection rates.

Tables showing impacts by community are included at the end of this analysis.

Program	FY2017	FY2018 Enacted	FY2018 Revised	Change from Enacted		FY2019 Governor	Change from Enacted	
Payment in Lieu of Taxes	\$42.0	\$45.2	\$45.2	\$0.0	0.0%	\$46.1	\$0.9	2.0%
Distressed Communities	12.4	12.4	12.4	-	-	12.4	-	-
Motor Vehicle Excise Tax	10.0	36.0	34.5	(1.5)	-4.2%	54.7	18.7	52.1%
Municipal Incentive Aid	0.1	-	-	-	-	-	-	-
State Aid to Libraries								
Grant-in-Aid	9.4	9.4	9.4	-	-	9.4	-	-
Library Construction	2.2	2.2	2.2	(0.0)	(0.0)	2.2	0.0	0.6%
Property Revaluation Program	0.4	0.9	0.9	-	-	1.6	0.7	74.0%
Total Direct Aid	\$76.5	\$106.1	\$104.6	(\$1.5)	-1.4%	\$126.4	\$20.3	19.2%
Public Service Corporations Tax	\$13.6	\$13.6	\$13.2	(\$0.4)	-2.9%	\$13.2	(\$0.4)	-2.9%
Meals & Beverage Tax	26.4	28.9	27.8	(1.1)	-3.8%	29.7	0.8	2.9%
Hotel Tax	9.4	10.7	10.0	(0.7)	-6.7%	10.9	0.3	2.6%
Airport Impact Fees	1.0	1.0	1.0	(0.0)	-2.0%	1.0	-	-
Total Indirect Aid	\$50.3	\$54.1	\$51.9	(\$2.2)	-4.1%	\$54.9	\$0.7	1.3%
Total Aid	\$126.9	\$160.2	\$156.5	(\$3.7)	-2.3%	\$181.2	\$21.1	13.1%

\$ in millions. Totals may vary due to rounding.

DIRECT AID TO LOCAL GOVERNMENT

Payment in Lieu of Taxes (PILOT)

The Payment in Lieu of Taxes (PILOT) program was established in 1986 to reimburse cities and towns for property taxes that would have been due on real property owned by nonprofit higher education institutions and nonprofit hospitals if it were subject to taxation. The objective is to offset the costs to the community for providing public safety or other municipal services to the properties and facilities covered by the statute.

For FY2019, PILOT increases by \$883,898 from the FY2018 level, to \$46.1 million. Current law requires reimbursement at 27.0 percent of forgone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The full reimbursement rate of 27.0 percent has been appropriated each year since FY2017.

Fiscal Year	PILOT Funding Trends		
	Total Funding	% Change	% Reimbursed
*2008	\$27.8	0.0%	27.0%
2009	27.6	-0.7%	25.2%
2010	27.6	-	23.9%
2011	27.6	-	21.1%
2012	33.1	20.0%	23.4%
2013	35.1	6.0%	22.7%
2014	35.1	-	22.0%
2015	40.1	14.2%	25.4%
2016	40.1	-	23.7%
2017	42.0	4.7%	27.0%
2018	45.2	7.7%	27.0%
2019	46.1	9.8%	27.0%

\$ in millions.

*In FY2008 the reimbursement rate was 26.95%

Distressed Community Relief

The Distressed Community Relief program was established in 1990 to provide state assistance to communities with the highest property tax burdens relative to the wealth of taxpayers. For FY2018, \$12.4 million was appropriated and distributed to eight eligible municipalities. Funds are distributed to each

eligible community on the basis of the community's tax levy relative to the total tax levy of all eligible communities.

For FY2019, the Distressed Community Relief Fund is maintained at the FY2018 level of \$12.4 million. The City of Johnston qualified as a distressed community in FY2018 and received a 50.0 percent appropriation of \$601,333. In the year that a newly qualified community enters the program, it receives 50.0 percent of the current law requirement for the first year it qualifies. The remaining 50.0 percent of Johnston's appropriation is divided among the remaining eight distressed communities. In FY2019 Johnston is appropriated the full formula amount of \$1.1 million.

Municipality	FY2018	FY2019	Change
	Enacted	Budget	
Central Falls	\$225,398	\$217,757	(\$7,641)
Cranston	1,341,001	1,233,378	(107,623)
Johnston	601,333	1,065,944	464,611
North Providence	1,030,137	1,000,937	(29,200)
Pawtucket	1,539,903	1,507,940	(31,963)
Providence	5,797,634	5,606,831	(190,803)
West Warwick	924,370	904,159	(20,211)
Woonsocket	924,681	847,512	(77,169)
Total	\$12,384,458	\$12,384,458	\$0

The Budget requires that any community classified as “distressed” be mandated to participate in the Division of Taxation’s income tax refund offset program, allowing the Division to recover unpaid state taxes and/or fines through an intercept of an individual’s income tax refund. All eight communities are currently participating.

Motor Vehicle Excise Tax

The Motor Vehicle and Trailer Excise Tax Elimination Act of 1998 was enacted to offer broad-based property tax relief to the residents of Rhode Island. The FY2010 Budget as Enacted included \$135.4 million for Motor Vehicle Excise Tax Reimbursement. The FY2010 Revised Budget reduced that amount to \$117.2 million. In FY2011, funding was reduced to \$10.0 million, funding for fire districts was eliminated from the budget, and the state-mandated motor vehicle tax exemption was reduced from \$6,000 to \$500. These provisions remained in effect through FY2017.

Article 11 of the FY2018 Budget as Enacted decreased the motor vehicle excise tax each year from FY2018 through FY2023, fully eliminating the tax in FY2024. The tax is reduced over a seven-year period by decreasing tax rate caps and assessment ratios, while raising exemption floors and exempting vehicles that are more than 15 years old. Additionally, to ensure taxpayer relief, the article removed the motor vehicle excise tax from the levy calculation related to the 4.0 percent cap on municipal property tax levy increases.

Additionally, the sales tax escalator calculation language that was in place from the 1998 motor vehicle excise tax phase-out language was changed. The language previously rounded the changes so that it could significantly and negatively impact the levy reimbursements to cities and towns. Article 11 changed the rounding of the sales tax received from the nearest tenth of one cent to the nearest thousandth of one cent, reducing the impact of the rounding. Authority to make this calculation shifted from the Director of Administration to the Director of Revenue.

Fiscal Year	Total Funding	% Change
2009	\$135.4	0.0%
2010	117.2	-13.4%
2011	10.0	-91.5%
2012	10.0	0.0%
2013	10.0	0.0%
2014	10.0	0.0%
2015	10.0	0.0%
2016	10.0	0.0%
2017	10.0	0.0%
2018	34.5	245.0%
2019	54.7	447.0%

\$ in millions.

In FY2019, municipalities will lose an estimated \$54.7 million in forgone motor vehicle excise tax levies; therefore, the Budget is increased by \$54.7 million in general revenue to reimburse municipalities for the

lost tax revenue. By FY2024, the estimated cost of eliminating the motor vehicle tax is \$220.6 million in general revenue.

Fiscal Year	Assessment		Exemption Drop After		Levy	Aid	Prorated	Year-Over Year
	Ratio	Rate Cap	Floor	Age			Taxed Car	
							Count	Change
FY2017	100%	N/A	\$500	25	\$220,611,139	\$0	766,195	-
FY2018	95%	\$60	1000	15	199,878,034	24,544,191	613,002	153,193
FY2019	90%	50	2000	15	179,672,945	44,748,948	602,716	10,286
FY2020	85%	35	3000	15	142,123,565	82,298,328	575,794	26,922
FY2021	80%	35	4000	15	121,162,053	103,259,840	528,202	47,592
FY2022	75%	30	5000	15	93,344,668	131,077,225	463,691	64,511
FY2023	70%	20	6000	15	58,784,400	165,637,493	402,070	61,621
FY2024	N/A	N/A	N/A	N/A	-	224,421,893	-	402,070

Source: Department of Revenue

State Aid to Libraries Grant-in Aid

State aid to libraries is distributed based on the city or town's expenditure level as a percentage of the total expenditures by all communities statewide. In order to be eligible for these funds, cities and towns must maintain their level of support for public library services at 100.0 percent of the previous year's funding from the local tax base. The Budget includes funding for FY2019 at the FY2018 level of \$9.4 million; however, distribution is based on qualifying data from the statutory reference year. Current law requires reimbursement of 25.0 percent of second prior year expenses, but allows for a ratable reduction if the appropriation is less than this amount. The FY2019 appropriation is a \$1.0 million less than required to meet the 25.0 percent threshold.

State Aid to Libraries Construction Reimbursement

Rhode Island law grants authority to the Office of Library and Information Services (OLIS) to make grants to a municipality or a free public library for construction or capital improvements. Grants are limited to a maximum of 50.0 percent of the total eligible costs as determined by the Office of Library and Information Services and are paid on an installment basis, based on a community's debt service requirement, for a period of up to 20 years.

For FY2019 the Budget includes \$2.2 million for Library Construction Aid, and for FY2018, the Budget also includes \$2.2 million, reflecting actual reimbursement costs. The moratorium on the acceptance of new applications for library construction projects, enacted in 2011 by the General Assembly, ended on July 1, 2014. In 2017, public library construction reimbursement was approved for Barrington Public Library (\$61.4 million); reimbursement began in FY2018. The Providence Public Library has submitted a preliminary application for the reimbursement of a \$20.0 million renovation project; the state share of the project has not yet been determined but is estimated at approximately \$7.0 million. If approved, reimbursement would begin in FY2020.

Fiscal Year	Grant in Aid	Library Aid		% Change
		Construction	Total Aid	
2008	\$8.7	\$2.7	\$11.4	-0.4%
2009	8.7	2.6	11.3	-1.0%
2010	8.8	2.7	11.5	1.9%
2011	8.7	2.5	11.2	-2.4%
2012	8.7	2.8	11.5	2.6%
2013	8.7	2.5	11.2	-3.0%
2014	8.7	2.5	11.2	0.3%
2015	8.7	2.3	11.0	-1.8%
2016	8.8	2.7	11.5	4.5%
2017	9.4	2.2	11.6	0.7%
2018	9.4	2.2	11.7	0.9%
2019	9.4	2.2	11.7	0.0%

\$ in millions.

Property Revaluation Reimbursement

In 1997, the General Assembly enacted legislation requiring municipalities to conduct full property revaluations every nine years and statistical updates at year 3 and year 6. Communities are responsible for

appropriating funds to cover the costs of full property revaluations; however, the State reimbursed municipalities for 100.0 percent of the first statistical update. Reimbursements for subsequent updates were set at 80.0 percent (up to \$16 per parcel) for the second statistical update and 60.0 percent (up to \$12 per parcel) for the third and subsequent statistical revaluations. The Budget includes \$1.6 million for the Property Revaluation program in FY2019, an increase of \$693,306 from the FY2018 Budget as Enacted, and is based on anticipated reimbursements. The following communities will be reimbursed for statistical updates in FY2019: Burrillville, Central Falls, East Providence, Jamestown, Johnston, Lincoln, New Shoreham, North Kingstown, North Smithfield, Smithfield, South Kingstown, Warren, Warwick, and West Warwick. Full revaluations are scheduled for Westerly, Little Compton, Providence, and Scituate.

Property Revaluation Program		
Fiscal Year	State Reimbursement	% Change
2008	\$0.7	-66.5%
2009	1.1	61.9%
2010	1.5	35.2%
2011	0.7	-53.1%
2012	0.9	25.3%
2013	1.6	79.0%
2014	0.5	-69.0%
2015	0.6	26.6%
2016	1.4	118.6%
2017	0.6	-59.6%
2018	0.9	-32.3%
2019	1.6	191.2%

\$ in millions.

INDIRECT AID TO LOCAL GOVERNMENT

Public Service Corporation Tax

The tangible personal property of telegraph, cable, and telecommunications corporations and express corporations is exempt from local taxation, and instead is subject to taxation by the State. The State Tax Administrator applies the average assessment ratio and the average tax rate to the value of tangible personal property of each company to calculate the amount of tax due. The “average assessment ratio” is the total assessed valuation divided by the full market value of the valuation. The “average property rate” is the total statewide property levy divided by the total statewide assessed valuation.

The revenue from this tax flows through the State: it is not appropriated. The State is allowed to keep 0.75 percent of this tax for administrative fees. The remainder of the revenue is deposited into a restricted receipt account and apportioned to the cities and towns based on the ratio of each municipality’s population relative to the total population of the State.

Collections from this tax decreased from \$18.0 million in FY2003 to \$9.2 million in FY2009. The average property tax rate decline as the total assessed valuation increased dramatically due to the more frequent revaluations together with a dramatic increase in real estate values, resulting in a reduced tax rate being applied to Public Service Corporation Tax assets, which now carry a lower value. In 2009, the General Assembly passed legislation freezing the tax rate on telecommunications tangible personal property at a rate equal to or greater than the rate that applied in FY2008. For each year thereafter, the tax rate applied to telecommunications tangible property can be no less than the rate that applied in FY2008.

The FY2019 Budget provides \$13.2 million be distributed to municipalities on July 31, 2018. This is consistent with FY2018, but is subject to change based on receipt of final data.

Public Service Corporation		
Fiscal Year	Total Funding	% Change
2008	\$10.3	0.0%
2009	9.2	-11.1%
2010	10.2	10.9%
2011	11.4	11.8%
2012	11.8	3.5%
2013	12.7	7.6%
2014	13.2	3.9%
2015	14.3	8.3%
2016	13.0	-9.0%
2017	13.6	4.2%
2018	13.2	-2.9%
2019	13.2	0.0%

\$ in millions.

Meals and Beverage Tax

During the 2003 session, the General Assembly enacted a 1.0 percent gross receipt tax on retail sales of meals and beverages in or from eating and/or drinking establishments. The revenue from this tax flows through the State: it is not appropriated. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the meals and beverages were delivered.

For FY2018, the Office of Revenue Analysis anticipates \$27.8 million in collections, increasing to \$29.7 million in FY2019.

Meals & Beverage Tax		
Fiscal Year	Total Funding	% Change
2009	\$18.8	0.3%
2010	19.0	0.9%
2011	19.5	2.6%
2012	21.0	7.8%
2013	21.4	1.7%
2014	22.3	4.4%
2015	23.6	6.0%
2016	25.2	6.5%
2017	27.2	8.2%
2018	27.8	2.0%
2019	29.7	6.9%

\$ in millions.

Hotel Tax

The State levies a 5.0 percent gross receipts tax on charges for occupancy of any space furnished in buildings or structures with a minimum of three rooms that are kept, used, maintained, advertised, or held out to the public to be a space where living quarters are supplied for pay to transient use (30 days or less). This tax is collected by the hotel and remitted to the Division of Taxation on a monthly basis.

This tax is in addition to all other taxes and fees currently imposed. The

Hotel Tax		
Fiscal Year	Total Funding	% Change
2009	\$5.6	-3.4%
2010	5.7	1.8%
2011	5.9	2.7%
2012	6.3	8.0%
2013	6.7	5.3%
2014	6.5	-2.2%
2015	7.4	13.5%
2016	9.7	30.6%
2017	10.5	8.7%
2018	10.0	-5.3%
2019	10.9	9.9%

\$ in millions.

Division of Taxation collects the tax and is responsible for distribution, except for the City of Newport, which is authorized to collect and disburse taxes from all hotels physically located in the City. Twenty-five percent of the original 5.0 percent hotel tax is distributed to the city or town where the hotel which generated the tax is physically located.

The FY2016 Budget as Enacted expanded the hotel tax to include vacation home rentals, small bed and breakfasts, hotel room resellers, and unlicensed lodging rentals (such as those listed on the Airbnb.com website).

An additional 1.0 percent tax, which was enacted in FY2005, is distributed entirely to the city or town where the occupancy occurred. Total distribution to municipalities is estimated at \$10.0 million for FY2018 and \$10.9 million for FY2019.

OTHER AID TO LOCAL GOVERNMENT

Warwick Rental Car Tax Revenue

The RI Airport Corporation levies a \$5.00 per rental vehicle, per day, customer facility charge (CFC) for all vehicle rentals from companies operating at T.F. Green Airport. Revenues from the CFC are to be used to pay for the construction, expansion, reconfiguration, operation and maintenance of the Warwick Intermodal Transit Station. The CFC is applied prior to the application of the sales tax and rental vehicle surcharge. Since 2003, per RIGL 1-2-17.1, all sales taxes (7.0 percent) and rental vehicle surcharges (6.0 percent) collected from the application of the CFC are deposited into a restricted receipt account for the City of Warwick. These payments totaled \$631,132 in FY2010 and reached \$940,513 in FY2016. The FY2018 and FY2019 budgets include \$922,013 in CFCs for the benefit of the City of Warwick.

Airport Impact Fees

Airport impact aid payments to municipalities that have airports are level funded at approximately \$1.0 million for FY2018 and FY2019. The funding is provided annually through Article 1 of the budget and flows through the Rhode Island Commerce Corporation. The aid is distributed based upon a statutory formula that provides 60.0 percent of the first \$1.0 million (\$600,000) for communities with airports serving more than 1.0 million passengers per year. T.F. Green is the only airport in the State that meets this

threshold. The remaining 40.0 percent is distributed to communities based on each airport's share of total landings in a calendar year, including T.F. Green. No community that hosts an airport receives less than \$25,000.

FY2016 Actual	1.0 Million Passengers	Distribution on Landings	All Airports and Communities to \$25,000	Total
Warwick T.F. Green	\$600,000	\$162,513	\$0	\$762,513
Block Island	-	38,261	-	38,261
Middletown-Newport Airport ¹	-	59,063	-	59,063
North Central	-	45,825	-	45,825
Smithfield			2,087	2,087
Lincoln			2,087	2,087
North Kingstown-Quonset	-	49,120	-	49,120
Westerly	-	45,217	-	45,217
	\$600,000	\$400,000	\$4,174	\$1,004,173

¹ Located in Middletown

Municipal Road and Bridge Fund

The FY2014 Budget as Enacted transferred \$7.0 million of bond premium proceeds derived from the sale of 2013 general obligation bonds from the Rhode Island Capital Plan Fund (RICAP) to capitalize a Municipal Road and Bridge Revolving Fund. The FY2014 Revised Budget increased this amount by \$3.3 million, for a total of \$10.3 million. The FY2015 Budget included an additional \$5.0 million in funding made available from the sale of Tobacco Settlement Bonds, and the Clean Water Finance Agency (now the Rhode Island Infrastructure Bank) will contribute \$3.5 million from its board designated administrative fund to capitalize this program in FY2015. The Budget did not include any additional funding for the Municipal Road and Bridge Fund in FY2017 and FY2018.

These funds are available for municipalities to borrow for road and bridge projects. Loans began in FY2014, and future capitalizations combined with the revolved funds allow state-sponsored financing on an ongoing basis. This fund is administered by the Rhode Island Infrastructure Bank (RIIB). Applications are submitted to the Rhode Island Department of Transportation (RIDOT), based on regulations developed by RIDOT. RIDOT developed a project priority list based on 6 criteria:

- The extent to which the project generates economic benefits.
- The extent to which the project would be able to proceed at an earlier date.
- The likelihood the project will provide mobility benefits.
- The cost effectiveness of the project.
- The likelihood that the project will increase safety.
- The readiness of the project to proceed during the next calendar year.

Central Falls Retiree Payments

The FY2012 Revised Budget included a \$2.6 million Stabilization Payment to the City of Central Falls that was deposited into a restricted account to provide transition payments over five years to municipal retirees who sustained significant pension reductions as a result of a "Settlement and Release Agreement." Parties to the agreement include the Receiver for the City of Central Falls, the Department of Revenue, and the negotiating team for the Central Falls retirees. The Agreement was reached to avoid protracted litigation in federal court.

The payments ensure that retirees receive a reduction of no greater than 25.0 percent of their pre-bankruptcy annual pension benefits, as opposed to the reduction of up to 55.0 percent implemented by the City Receiver earlier in the year. The transition payments also include annual cost of living adjustments of up to 2.0 percent annually, not compounded.

Legislation passed by the 2014 General Assembly requires the State to appropriate sufficient funds to the City of Central Falls for payment to Central Falls' city retirees so that those retirees continue to receive 75.0 percent of their base pension benefit as of July 31, 2011, for their lifetime, and to the extent applicable, up to 67.5 percent for the lives of their beneficiaries. An actuarial study estimates that the State will need to contribute an additional \$4.8 million to the Central Falls pension fund, beginning with \$333,674 on July 1, 2016, and ending with a payment of \$3,393 on July 1, 2044.

Central Falls Operating Assistance

The Budget includes \$600,000 in general revenue within the Department of Revenue's budget as a pass-through to the City of Central Falls to support operating expenses in FY2019.

OTHER MUNICIPAL ISSUES

Main Street RI Streetscape Improvement Program

Article 19 of the FY2016 Budget as Enacted created a statewide Main Street Rhode Island Streetscape Improvement Fund. The purpose of the program is to provide loans, matching grants, or other forms of financing, with recipients providing 30.0 percent match, to upgrade streetscapes in local business districts (lighting, street furniture, medians). The Governor level funds the Main Street RI Streetscape Program (Main Street RI) in FY2019, with \$500,000 in general revenue. Sixteen awards totaling \$1.9 million have been made to date and are listing in the following table:

Main Street RI Streetscape		
Recipient	Main Street RI Streetscape Project	Award
Central Falls	Building improvement - Dexter Street	\$300,000
Pawtucket	Municipal garage improvements	245,000
North Kingstown	Wickford Waterfront Vision.	204,400
Warren	Water Street lighting and street trees.	203,315
ONE Neighborhood	Bustops and pedestrian safety issues in Olneyville	196,000
Providence	Decorative lighting in Downtown and improvements a	189,145
Westerly	Downtown sidewalks, crosswalks, and pedestrian sign.	140,210
Bristol	Wayfinder signage	80,000
The Providence	Wayfinding signage downtown Providence	76,000
East Providence	Landscaping, lighting, and façade upgrades in Watcher	75,000
Woonsocket	Landscaping installations and the creation of drop-off	70,000
Warwick	West Shore road crosswalks.	69,000
Jamestown	East Ferry landscaping, crosswalks, paving, and stone :	65,000
Bristol	Wood Street Improvements.	42,855
East Greenwich	Wayfinder signage downtown	32,400
Smithfield	Bus Shelters and Signage.	11,075
Total		\$1,999,400

The Governor recommends expanding Main Street RI to include a new technical assistance component for improving the local regulatory environment in a manner that supports sustained economic development at the local-level. Article 12 of the Budget establishes a new Municipal Zoning and Permitting Technical Assistance Fund within Main Street RI. The article authorizes the Commerce Corporation within available appropriations, to award grants, loans and other methods of financing that provide municipalities access to technical assistance related to evaluating and streamlining zoning and permitting practices. The funds may receive federal, state or other resources. The Governor recommends that the additional \$200,000 in general revenue provided in FY2019 be dedicated for this new fund.

Tax Stabilization Incentive

Article 19 of the FY2016 Budget created the Tax Stabilization Incentive Program whereby municipalities can apply to the Rhode Island Commerce Corporation for partial reimbursement of personal and/or real estate tax revenue forgone due to the granting of a tax stabilization agreement by that community for a qualified construction or rehabilitation project. The Corporation will provide a partial reimbursement of no more than 10.0 percent of the property tax revenue that would have otherwise been collected.

Under this program a community can grant a stabilization agreement for the rehabilitation of an existing structure where the total cost of the development budget exceeds 50.0 percent of the adjusted basis in the property, or for a new construction project that begins within twelve months of the approval of the tax stabilization agreement and is completed within 36 months. The qualifying property must be used or intended to be used for offices or commercial enterprises or residential purposes. The terms of the stabilization agreements must be for a minimum of twelve years; and, reimbursements will cease upon any termination of the underlying tax stabilization agreement or upon exhaustion of funds appropriated to the reimbursement fund.

Article 17 of the FY2017 budget modifies the Tax Stabilization Agreement incentive program to allow the Commerce Corporation to reimburse municipalities up to 50.0 percent of foregone revenue for up to five projects statewide in any given year. The current reimbursement rate is 10.0 percent. The city or town council of any qualifying community must pass a resolution designating a qualifying project as the most important project to the municipality's economic development for that fiscal year. Designated "Hope Communities" may select two projects for potential qualification annually. The total amount of funding to be awarded is subject to appropriation.

In January 2016, the City of Providence was awarded \$246,597 for reimbursement over 12 years, corresponding to 10.0 percent of the forgone revenue from the tax stabilization agreement approved by the City Council. The project is with PRI, a division of the Procaccianti Group, and is for an internationally-branded, upscale, 154-room extended-stay hotel in downtown Providence. The new 112,160 square foot, 9-story building will occupy the site of the currently vacant John E. Fogarty Memorial Building, and is estimated to cost \$40.0 million in total. The new hotel will employ up to 80 full and part-time positions.

FY2018 Revised Direct Municipal Aid to Cities and Towns

Municipality	FY2018 Enacted	Payment In Lieu of Taxes	Distressed Communities		Motor Vehicle Excise Tax	Library Grant-in-Aid	Library Construction Aid	Total FY2018 Municipal Aid	Change from FY2018
			Relief Fund						
Barrington	\$1,033,425	\$16,157	\$0		\$643,190	\$380,070	\$0	\$1,039,417	\$5,992
Bristol	1,907,123	1,035,981			418,032	187,103	282,400	1,923,516	16,393
Burrillville	1,223,829	97,322			759,723	170,118	261,561	1,288,724	64,895
Central Falls	685,999	25,295	225,398		424,734	27,075		702,502	16,503
Charlestown	204,684				166,072	50,815		216,887	12,203
Coventry	1,184,976				947,921	238,140		1,186,061	1,085
Cranston	10,643,168	5,287,952	1,341,001		3,463,187	582,746		10,674,886	31,718
Cumberland	1,330,247	135			943,785	285,364	207,771	1,437,055	106,808
East Greenwich	924,332	459,869			285,644	132,321	57,240	935,074	10,741
East Providence	2,390,434	243,053			516,914	415,613	61,766	1,237,346	(1,153,088)
Exeter	468,077				368,648	52,931	75,968	497,547	29,470
Foster	347,365				339,582	34,371		373,953	26,588
Glocester	507,070				399,418	77,938		477,356	(29,714)
Hopkinton	323,724				312,822	35,323		348,145	24,421
Jamestown	198,973				72,189	126,828		199,017	44
Johnston	2,449,283		601,333		1,792,809	124,168		2,518,310	69,027
Lincoln	824,007				648,266	203,414		851,680	27,673
Little Compton	79,428				46,640	35,067		81,707	2,279
Middletown	415,735				229,034	145,593	51,353	425,980	10,245
Narragansett	391,116				203,128	191,652		394,780	3,664
Newport	2,278,890	1,405,248			263,311	411,403	203,309	2,283,271	4,381
New Shoreham	167,199				31,058	74,303	64,335	169,696	2,496
North Kingstown	926,203	1,712			635,939	282,085	27,435	947,171	20,968
North Providence	3,052,363		1,030,137		1,592,253	202,114		2,824,504	(227,859)
North Smithfield	688,971				634,700	78,305		713,005	24,034
Pawtucket	5,735,550	554,958	1,539,903		3,072,376	409,155		5,576,392	(159,158)
Portsmouth	415,129				302,409	113,853		416,262	1,133
Providence	46,163,742	33,303,459	5,797,634		5,934,870	1,265,199		46,301,162	137,420
Richmond	282,117				248,574	26,001		274,575	(7,542)
Scituate	338,352				237,174	104,815		341,989	3,637
Smithfield	1,843,211	718,669			853,791	294,639		1,867,099	23,888
South Kingstown	888,824	204,036			483,828	218,810		906,674	17,850
Tiverton	653,388				216,859	123,043	321,483	661,385	7,997
Warren	418,998				374,205	56,598		430,803	11,805
Warwick	5,624,145	1,690,561			3,093,847	739,962	126,341	5,650,711	26,565
Westerly	1,553,760	161,199			852,374	318,791	253,767	1,586,131	32,371
West Greenwich	256,480				209,706	33,299		243,005	(13,475)
West Warwick	1,797,962		924,370		777,694	162,506		1,864,570	66,608
Woonsocket	2,903,406		924,681		1,715,119	186,880	166,898	2,993,578	90,172
Total	\$103,521,688	\$45,205,606	\$12,384,458		\$34,511,822	\$8,598,411	\$2,161,626	\$102,861,926	(\$659,763)

FY2019 Direct Municipal Aid to Cities and Towns

Municipality	FY2018 Enacted	Payment In Lieu of Taxes	Distressed Communities		Motor Vehicle Excise Tax	Library Grant-in-Aid	Library Construction Aid	Total FY2019 Municipal Aid	Change from FY2018
			Relief Fund						
Barrington	\$1,033,425	\$17,514	\$0		\$824,370	\$377,408	\$158,661	\$1,377,953	\$344,528
Bristol	1,907,123	1,335,274			509,577	192,571	287,588	2,325,010	417,887
Burrillville	1,223,829	98,273			1,111,454	173,440	253,920	1,637,087	413,258
Central Falls	685,999	895	217,757		559,678	26,487		804,817	118,818
Charlestown	204,684				243,681	51,117		294,798	90,114
Coventry	1,184,976				1,448,240	232,971		1,681,211	496,235
Cranston	10,643,168	5,403,870	1,233,378		6,025,451	599,627		13,262,326	2,619,158
Cumberland	1,330,247				1,369,021	279,091	216,196	1,864,308	534,061
East Greenwich	924,332	659,856			380,748	131,335	55,227	1,227,166	302,834
East Providence	2,390,434	244,237			1,653,876	418,643	59,934	2,376,690	(13,744)
Exeter	468,077				534,739	49,367	75,968	660,074	191,997
Foster	347,365				468,246	33,624		501,870	154,505
Glocester	507,070				582,819	78,446		661,265	154,195
Hopkinton	323,724				439,028	34,850		473,878	150,154
Jamestown	198,973				99,177	123,716		222,893	23,920
Johnston	2,449,283		1,065,944		2,571,705	120,586		3,758,235	1,308,952
Lincoln	824,007				842,552	202,908		1,045,460	221,453
Little Compton	79,428				62,951	34,306		97,257	17,829
Middletown	415,735				296,803	145,601	50,092	492,496	76,761
Narragansett	391,116				277,376	187,492		464,868	73,752
Newport	2,278,890	1,431,152			362,207	412,478	196,034	2,401,871	122,981
New Shoreham	167,199				43,379	84,344	61,897	189,620	22,421
North Kingstown	926,203	1,762			819,357	278,709	26,684	1,126,512	200,309
North Providence	3,052,363		1,000,937		2,564,952	197,946		3,763,835	711,472
North Smithfield	688,971				970,239	77,887		1,048,126	359,155
Pawtucket	5,735,550	575,928	1,507,940		5,016,724	390,645		7,491,237	1,755,687
Portsmouth	415,129				376,198	114,736		490,934	75,805
Providence	46,163,742	33,497,659	5,606,831		11,520,957	1,282,046		51,907,493	5,743,751
Richmond	282,117				360,344	24,913		385,257	103,140
Scituate	338,352				325,391	104,590		429,981	91,629
Smithfield	1,843,211	763,295			1,071,799	295,708		2,130,802	287,591
South Kingstown	888,824	207,011			622,687	213,881		1,043,579	154,755
Tiverton	653,388				294,968	122,624	315,268	732,860	79,472
Warren	418,998				534,788	56,679		591,467	172,469
Warwick	5,624,145	1,687,863			3,866,952	737,667		6,292,482	668,337
Westerly	1,553,760	164,915			1,255,504	315,893	253,767	1,990,079	436,319
West Greenwich	256,480				311,443	36,772		348,215	91,735
West Warwick	1,797,962		904,159		1,241,104	160,224		2,305,487	507,525
Woonsocket	2,903,406		847,512		2,818,968	197,081	165,235	4,028,796	1,125,390
Total	\$103,521,688	\$46,089,504	\$12,384,458		\$54,679,453	\$8,598,411	\$2,176,470	\$123,928,295	\$20,406,607

FY2018 Revised Indirect Local Aid to Cities and Towns

Municipality	FY2018 Enacted Indirect Aid	Public Service Corp. Tax	Meals and Beverage Tax	Hotel Tax	FY2018 Revised Indirect Aid	Change from FY2018 Enacted
Barrington	\$398,681	\$203,389	\$188,195	\$2,336	\$393,920	(\$4,761)
Bristol	834,380	279,397	517,538	58,580	855,515	21,135
Burrillville	415,804	202,015	206,566	-	408,581	(7,223)
Central Falls	379,393	242,093	129,868	388	372,349	(7,044)
Charlestown	334,418	97,097	183,541	72,799	353,437	19,019
Coventry	991,914	437,024	461,608	106,253	1,004,885	12,971
Cranston	3,045,623	1,008,961	1,920,027	22,163	2,951,151	(94,472)
Cumberland	959,182	426,317	508,193	933	935,443	(23,739)
East Greenwich	927,351	163,835	854,907	679	1,019,421	92,070
East Providence	1,729,858	590,502	1,061,411	47,754	1,699,667	(30,191)
Exeter	196,500	83,592	111,397	56	195,045	(1,455)
Foster	78,718	58,356	18,642	283	77,281	(1,437)
Glocester	211,253	123,645	78,469	2,875	204,989	(6,264)
Hopkinton	161,426	101,482	48,228	10,711	160,421	(1,005)
Jamestown	196,685	68,263	99,338	24,805	192,406	(4,279)
Johnston	1,031,654	363,489	659,032	8,968	1,031,489	(165)
Lincoln	1,275,208	267,304	835,263	116,941	1,219,508	(55,700)
Little Compton	115,800	43,776	72,314	24,132	140,222	24,422
Middletown	2,004,374	200,603	770,887	949,695	1,921,185	(83,189)
Narragansett	1,150,770	196,380	662,292	283,734	1,142,406	(8,364)
Newport	5,731,478	305,570	2,359,680	2,558,012	5,223,262	(508,216)
New Shoreham	1,133,930	11,319	378,479	563,383	953,181	(180,749)
North Kingstown	1,052,445	328,695	561,673	120,882	1,011,250	(41,195)
North Providence	795,368	403,417	371,704	1	775,122	(20,246)
North Smithfield	509,493	151,904	321,680	3,250	476,834	(32,659)
Pawtucket	1,855,553	891,950	913,377	4,603	1,809,930	(45,623)
Portsmouth	499,891	216,894	252,006	41,191	510,091	10,200
Providence	10,465,629	2,232,279	5,767,051	2,235,663	10,234,993	(230,636)
Richmond	259,345	95,248	150,112	4,534	249,894	(9,451)
Scituate	210,520	130,554	58,050	8,066	196,670	(13,850)
Smithfield	1,356,377	268,766	797,762	165,230	1,231,758	(124,619)
South Kingstown	1,536,007	382,004	906,858	186,986	1,475,848	(60,159)
Tiverton	453,131	197,617	237,172	1,560	436,349	(16,782)
Warren	533,487	131,578	314,031	3,809	449,418	(84,069)
Warwick	5,461,100	1,022,628	3,051,042	1,293,103	5,366,773	(94,327)
Westerly	1,997,590	283,383	932,932	699,339	1,915,654	(81,936)
West Greenwich	355,308	76,421	133,870	124,264	334,555	(20,753)
West Warwick	908,983	360,940	365,150	151,026	877,116	(31,867)
Woonsocket	1,165,900	514,881	540,229	51,023	1,106,133	(59,767)
Total	\$52,720,528	\$13,163,564	\$27,800,575	\$9,950,011	\$50,914,152	-\$1,806,375

FY2019 Indirect Local Aid to Cities and Towns

Municipality	FY2018 Enacted Indirect Aid	Public Service Corp. Tax	Meals and Beverage Tax	Hotel Tax	FY2019 Total Indirect Aid	Change from FY2018 Enacted
Barrington	\$398,681	\$203,389	\$201,259	\$2,336	\$406,984	\$8,303
Bristol	834,380	279,397	553,463	64,568	897,428	63,048
Burrillville	415,804	202,015	220,905	-	422,920	7,116
Central Falls	379,393	242,093	138,882	388	381,363	1,970
Charlestown	334,418	97,097	196,282	74,851	368,230	33,812
Coventry	991,914	437,024	493,650	117,738	1,048,412	56,498
Cranston	3,045,623	1,008,961	2,053,306	24,280	3,086,547	40,924
Cumberland	959,182	426,317	543,469	933	970,719	11,537
East Greenwich	927,351	163,835	914,251	746	1,078,832	151,481
East Providence	1,729,858	590,502	1,135,089	52,491	1,778,082	48,224
Exeter	196,500	83,592	119,130	56	202,778	6,278
Foster	78,718	58,356	19,936	315	78,607	(111)
Glocester	211,253	123,645	83,916	3,191	210,752	(501)
Hopkinton	161,426	101,482	51,575	11,865	164,922	3,496
Jamestown	196,685	68,263	106,233	25,679	200,175	3,490
Johnston	1,031,654	363,489	704,779	9,951	1,078,219	46,565
Lincoln	1,275,208	267,304	893,242	129,754	1,290,300	15,092
Little Compton	115,800	43,776	77,334	25,086	146,196	30,396
Middletown	2,004,374	200,603	824,398	1,050,067	2,075,068	70,694
Narragansett	1,150,770	196,380	708,265	297,978	1,202,623	51,853
Newport	5,731,478	305,570	2,523,477	2,825,640	5,654,687	(76,791)
New Shoreham	1,133,930	11,319	404,751	603,520	1,019,590	(114,340)
North Kingstown	1,052,445	328,695	600,662	133,634	1,062,991	10,546
North Providence	795,368	403,417	397,506	1	800,924	5,556
North Smithfield	509,493	151,904	344,009	3,559	499,472	(10,021)
Pawtucket	1,855,553	891,950	976,779	4,795	1,873,524	17,971
Portsmouth	499,891	216,894	269,499	43,164	529,557	29,666
Providence	10,465,629	2,232,279	6,167,371	2,460,105	10,859,755	394,126
Richmond	259,345	95,248	160,532	4,999	260,779	1,434
Scituate	210,520	130,554	62,080	8,885	201,519	(9,001)
Smithfield	1,356,377	268,766	853,139	183,099	1,305,004	(51,373)
South Kingstown	1,536,007	382,004	969,808	204,128	1,555,940	19,933
Tiverton	453,131	197,617	253,635	1,560	452,812	(319)
Warren	533,487	131,578	335,829	3,809	471,216	(62,271)
Warwick	5,461,100	1,022,628	3,262,831	1,432,007	5,717,466	256,366
Westerly	1,997,590	283,383	997,692	771,977	2,053,052	55,462
West Greenwich	355,308	76,421	143,163	137,326	356,910	1,602
West Warwick	908,983	360,940	390,497	166,822	918,259	9,276
Woonsocket	1,165,900	514,881	577,729	56,543	1,149,153	(16,747)
Total	\$52,720,528	\$13,163,564	\$29,730,353	\$10,937,843	\$53,831,768	\$1,111,240

Education Aid

The FY2019 Budget adds \$17.6 million in general revenue to fully fund the eighth year of the education funding formula, and an additional \$3.4 million to fund categorical aid (\$21.0 million total), relative to the FY2018 Budget as Enacted. The increase relative to the Governor's recommended budget is \$6.8 million, due to the March 2017 data update; the addition of \$500,000 in regional transportation aid; and an increase of \$250,000 for English Learners, partially offset by a decrease in stabilization funds (\$482,296) and public school Choice Density Aid (\$19,650). Both the changes in density aid and stabilization funds are based on the enrollment data.

EDUCATION AID

Education Aid Funding Formula: Pursuant to statute, the enrollment data used to calculate the funding formula must be from the year prior to the year in which the aid is paid. The Budget increases FY2019 general revenue funding by \$6.6 million to adjust the eighth-year formula calculation based March 2018 student enrollment and free and reduced price lunch data. This adjustment brings the total increase for the eighth year of the funding formula to \$17.6 million in general revenue.

Categorical Funds: When the education funding formula was passed in 2010, six categorical funds were identified that would not be distributed according to the formula, but according to other methodology. They include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, Central Falls Stabilization, and the Regionalization Bonus. The FY2017 Budget added new categories including English Learners, Density Aid, Davies Stabilization, and Met School Stabilization. The FY2019 Budget adds a category to reimburse districts for one half the salary and benefits costs associated with new school resource officers in middle and high schools.

Categorical	FY2019 Education Aid - Updated	
	Change from Enacted	Total Funding
Eighth Year of Formula	\$17.6	\$928.8
Central Falls Stabilization	1.2	7.9
Transportation	0.5	7.3
Early Childhood	1.1	7.4
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
Davies Stabilization	0.8	3.9
English Learners	0.3	2.7
Public School Choice Density	(0.4)	0.5
Met School Stabilization	0.6	1.4
Regionalization Bonus	-	-
Group Home Aid	(0.5)	3.6
Total	\$21.0	\$972.6

\$ in millions. Totals may vary due to rounding.

- **Central Falls Stabilization:** Central Falls schools are currently 100.0 percent state funded, with the State providing both the local and state contributions. Generally, the costs outside the foundation aid formula, such as transportation, facility maintenance and retiree health benefits, are paid by the district. This categorical was created due to concerns regarding the City's capacity to meet the local share of education costs. Previously the statute required Central Falls to pay its share of the local contribution prior to receiving stabilization funds. However, the 2012 General Assembly amended the statute to provide for an annual review of the respective shares and to allow stabilization funds to be provided without the district having to pay the entire local share as determined from the education funding formula. Although Central Falls has been working with the Department to reduce expenditures over the last several years, the district has not been able to reduce costs enough to keep pace with the phase in of the funding formula. Also, charter school tuitions have been increasing. The Budget funds this category at \$7.9 million in FY2019, an increase of \$1.2 million from the FY2018 enacted level.
- **Transportation:** This fund provides funding for transporting students to out-of-district, non-public schools and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on

available funding. The Budget funds this category at \$7.3 million in FY2019, an increase of \$500,000 over the FY2018 enacted level for regional transportation.

- **Early Childhood Education:** This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds will be distributed through a request for proposals process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. The Budget funds this category at \$7.4 million in FY2019, an increase of \$1.1 million over the FY2018 Budget as Enacted; however, the additional funding is provided from the Permanent School fund. The additional funds are needed to match the third year of the federal Pre-Kindergarten Expansion grant (\$4.9 million).
- **High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed five times the combined core instruction and student success factor funding (currently \$65,954 for FY2019). The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$4.5 million in FY2019, level with the previous year.
- **Career and Technical Schools:** This fund contributes toward the initial investment needs to transform existing programs or create new programs and the costs associate with facilities, equipment maintenance and repair, and supplies of higher cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2019, level with the previous year.
- **Davies Stabilization Fund:** Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to Davies for costs associated with a stand-alone high school offering both academic and career and technical coursework. The \$3.9 million provided in FY2019 will offset decreases in aid through the phase-in of the formula, increases in state retirement expenses, since the teachers at Davies are part of the state system, and the loss in revenues associated with the reduction in local tuition rates. The reduction of \$40,018 relative to the Governor's proposal is to offset the corresponding increase in formula aid.
- **English Learners:** Article 11 of the FY2017 Budget as Enacted established a new categorical fund for English Learners (EL). The fund provides additional aid of 10.0 percent of the per-pupil core instruction amount for each qualified EL student. This additional aid is then multiplied by the state share. When the article was originally enacted, the additional per-pupil weight was \$898 for each identified English learner. In FY2018, the per-pupil weight increases to \$916, to reflect 10.0 percent of the \$9,163 core instruction amount. This amount is then multiplied by the state share ratio. The formula is provided below.

(Per-pupil core instruction amount x number of EL students) x 10.0 percent x state share ratio = additional state support per EL student

This support is then ratably reduced based on the total amount appropriated.

The Article restricted the funds to provide new services to EL students and required that the funds be managed in accordance with requirements enumerated by the Commissioner. The Article also required the Department to collect performance reports and approve the use of funds prior to expenditure to ensure the funded activities align to innovative and expansive activities. Distribution is subject to a pro-rata reduction based on the funds available. The Budget provides \$2.7 million in FY2019, an increase of \$250,000 over the previous fiscal year and the governor's recommendation. This funding level is approximately one-half of the estimated full funding amount.

- **Public School of Choice Density Aid:** Article 11 of the FY2017 Budget as Enacted established as new category of state aid for districts where 5.0 percent or more of the average daily membership enrolls in

a public school of choice, such as Davies, the Met, or a charter school. Such districts would receive an additional \$175 in FY2017, \$100 in FY2018, and \$50 in FY2019 for each student attending a public school of choice. The per-pupil amount is intended to offset costs that must be paid by a sending district even though students are attending a different school. Examples of such costs include heating, lighting, accounting services, teachers, and building administration. While these costs can sometimes be reduced when enrollment declines are concentrated in specific schools or classrooms, public school of choice enrollment are generally scattered across schools and grades within a district. The article requires that the Department recalculate these costs every three years, in a manner to be determined by the Commissioner. The Budget includes \$478,350 in density aid to be divided among seven qualifying communities: Central Falls, Charlestown, Cumberland, Lincoln, Pawtucket, Providence, and Woonsocket. This represents a decrease of \$432,150 from the FY2018 Budget as Enacted and \$19,650 from the Governor's recommendation due to the March 2018 enrollment updates.

- **Met School Stabilization Fund:** Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to the Met School for costs associated with a stand-alone high school offering both academic and career and technical coursework. The \$639,309 increase over the enacted budget (\$1.4 million total) provided in FY2019 is to offset the loss in revenues caused by the per-pupil reduction in local tuition rates and provide a zero net impact on formula funding relative to FY2018. The increase of \$59,045 relative to the Governor's proposal is to offset the corresponding decrease in formula aid.
- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State's share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget provides no funding in FY2018, the seventh year of funding for the regionalized districts, as no new regional districts have been formed. This represents level funding from the FY2014 Budget as Enacted.
- **School Resource Officer Reimbursement:** In Article 9, the Budget establishes a new categorical fund. The article creates a reimbursement for, but does not mandate, School Resource Officers at public middle and high schools. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018. For schools with < 1,200 students, one resource officer position is eligible for reimbursement, while schools with \geq 1,200 students may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. In FY2019, the Budget provides \$2.0 million in state support for new school resource officers.

Group Homes: The Budget includes \$3.6 million to fund group home beds in FY2019. This is a decrease of \$532,463 due primarily to an adjustment required pursuant to RIGL 16-7-22(1)(ii) to reduce the average daily membership of a district by the number of group home beds used in the group home aid calculation. The FY2017 Budget as Enacted increased the per-bed aid by \$2,000 for a total of \$17,000 per bed, except for beds associated with the Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which increased by \$4,000 for a total of \$26,000 per bed. The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes.

FY2019 Education Aid¹

	FY2018 Enacted (excludes group home and categoricals)	FY2019 (Year 8)		High-cost Special Education (>\$65,954)	Group Home Aid ²	English Learners	Public School Choice Density	Stabilization Funding	FY2019 Aid
		Formula Change	Transportation						
Barrington	\$5,157,779	\$133,033	\$96,001	\$93,435	\$0	\$987	\$0	\$0	\$5,481,236
Burrillville	13,040,423	(729,672)	39,665	34,735	81,848	772	-	-	12,467,771
Charlestown	1,660,642	(62,061)	-	-	-	8	3,900	-	1,602,489
Coventry	23,060,907	(417,554)	8,735	49,063	87,528	1,844	-	-	22,790,523
Cranston	57,303,968	3,292,950	779,881	401,376	39,375	87,376	-	-	61,904,927
Cumberland	18,967,499	1,666,824	94,019	28,110	-	14,406	25,400	-	20,796,258
East Greenwich	2,535,361	414,990	75,266	140,965	-	803	-	-	3,167,384
East Providence	34,854,923	102,901	1,682	191,312	523,497	36,169	-	-	35,710,484
Foster	1,142,883	(41,671)	18,645	44,451	-	-	-	-	1,164,308
Glocester	2,389,577	(95,136)	6,603	22,310	-	-	-	-	2,323,354
Hopkinton	5,273,139	(50,317)	-	-	-	21	-	-	5,222,843
Jamestown	452,432	11,729	-	57,927	-	146	-	-	522,234
Johnston	18,225,966	(240,546)	252,761	135,240	-	25,158	-	-	18,398,579
Lincoln	12,332,011	(300,699)	-	169,588	107,866	2,098	14,400	-	12,325,265
Little Compton	397,073	(41,586)	-	-	-	38	-	-	355,524
Middletown	7,862,135	(143,873)	-	73,466	183,909	3,710	-	-	7,979,347
Narragansett	2,102,116	178,246	-	33,212	-	-	-	-	2,313,574
Newport	11,378,178	855,882	-	25,784	149,465	23,814	-	-	12,433,122
New Shoreham	122,100	34,432	-	-	-	394	-	-	156,926
North Kingstown	10,705,101	(660,499)	-	80,311	-	2,753	-	-	10,127,666
North Providence	21,512,305	1,350,583	166,700	228,945	150,389	19,370	-	-	23,428,293
North Smithfield	5,842,519	198,288	15,231	57,667	104,209	1,221	-	-	6,219,135
Pawtucket	88,188,641	(716,454)	144,610	131,486	245,140	243,562	94,200	-	88,331,184
Portsmouth	3,821,874	(184,162)	-	74,526	465,947	495	-	-	4,178,680
Providence	245,114,202	5,076,631	289,475	788,599	568,961	1,631,690	242,700	-	253,712,259
Richmond	4,676,150	(79,820)	-	-	-	18	-	-	4,596,348
Scituate	3,548,200	(309,699)	34,248	96,755	-	-	-	-	3,369,504
Smithfield	6,009,184	1,528,454	75,225	35,816	205,184	1,112	-	-	7,854,976
South Kingstown	6,478,789	(638,083)	138,523	197,034	115,989	1,177	-	-	6,293,429
Tiverton	6,456,229	211,454	-	110,435	-	1,400	-	-	6,779,517
Warwick	38,216,746	(1,490,863)	5,021	348,357	286,252	13,700	-	-	37,379,213
Westerly	8,690,035	(123,404)	-	198,036	-	2,214	-	-	8,766,881
West Warwick	24,295,114	1,813,809	41,895	21,705	-	13,515	-	-	26,186,038
Woonsocket	59,367,500	2,725,062	14,720	136,365	45,243	143,694	21,550	-	62,454,134
Bristol-Warren ³	14,194,635	(934,729)	1,434,952	83,032	101,418	5,974	-	-	14,885,281
Exeter-West Greenwich ³	4,949,253	(220,461)	1,061,467	143,574	113,526	1,039	-	-	6,048,399
Chariho	114,962	(38,321)	1,934,486	76,971	-	464	-	-	2,088,563
Foster-Glocester	4,623,247	(46,862)	518,748	92,296	-	381	-	-	5,187,810
Central Falls	33,123,272	(654,622)	62,801	97,116	-	184,063	76,200	7,929,236	40,818,066
District Total	\$808,187,070	\$11,374,176	\$7,311,360	\$4,500,000	\$3,575,746	\$2,465,586	\$478,350	\$7,929,236	\$845,821,524
Charter School Total	82,748,545	7,744,753	-	-	-	248,301	-	-	90,741,599
Davies	10,192,590	(770,969)	-	-	-	9,567	-	3,936,438	13,367,626
Met School	8,582,211	(639,356)	-	-	-	13,127	-	1,399,105	9,355,087
Urban Collaborative	1,494,741	(71,053)	-	-	-	8,357	-	-	1,432,045
Total	911,205,157	\$17,637,550	\$7,311,360	\$4,500,000	\$3,575,746	\$2,744,939	\$478,350	\$13,264,779	\$960,717,881

¹ Based on March 2018 enrollment.² Based on final 12/31/2017 report from Rhode Island Department of Education.³ Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et. al.

Source: Rhode Island Department of Education

FY2019 Education Aid Changes to the Governor

LEA	Change to the Formula Aid in the FY2018 Budget as Enacted			Change from Governor's Proposal				Total Change
	Governor's Submission	March 2017 Data Update	Difference	Public School Choice Density Aid	Regional Transportation	English Learners	Stabilization funds	
Barrington	\$129,326	\$133,033	\$3,707	\$0	\$0	\$90	\$0	\$3,797
Burrillville	(430,872)	(729,672)	(298,800)	-	-	70	-	(298,730)
Charlestown	(40,010)	(62,061)	(22,051)	\$350	-	8	-	(21,693)
Coventry	(712,714)	(417,554)	295,160	-	-	168	-	295,328
Cranston	3,175,384	3,292,950	117,567	-	-	7,958	-	125,525
Cumberland	1,177,374	1,666,824	489,450	(2,050)	-	1,312	-	488,712
East Greenwich	416,150	414,990	(1,160)	-	-	73	-	(1,087)
East Providence	(165,470)	102,901	268,371	-	-	3,294	-	271,665
Foster	(55,639)	(41,671)	13,968	-	-	-	-	13,968
Glocester	(78,715)	(95,136)	(16,421)	-	-	-	-	(16,421)
Hopkinton	(26,149)	(50,317)	(24,168)	-	-	21	-	(24,147)
Jamestown	(4,603)	11,729	16,332	-	-	13	-	16,345
Johnston	(506,234)	(240,546)	265,688	-	-	2,291	-	267,980
Lincoln	(695,438)	(300,699)	394,739	1,000	-	191	-	395,930
Little Compton	(39,938)	(41,586)	(1,648)	-	-	3	-	(1,644)
Middletown	(101,465)	(143,873)	(42,408)	-	-	338	-	(42,070)
Narragansett	228,014	178,246	(49,768)	-	-	-	-	(49,768)
Newport	658,937	855,882	196,945	-	-	2,169	-	199,114
New Shoreham	31,721	34,432	2,712	-	-	36	-	2,747
North Kingstown	(551,657)	(660,499)	(108,842)	-	-	251	-	(108,592)
North Providence	535,137	1,350,583	815,446	(9,050)	-	1,764	-	808,160
North Smithfield	72,533	198,288	125,755	-	-	111	-	125,866
Pawtucket	543,088	(716,454)	(1,259,542)	3,400	-	22,183	-	(1,233,960)
Portsmouth	(172,289)	(184,162)	(11,873)	-	-	45	-	(11,827)
Providence	2,319,084	5,076,631	2,757,547	(10,250)	-	148,609	-	2,895,906
Richmond	(19,016)	(79,820)	(60,803)	-	-	18	-	(60,786)
Scituate	(286,242)	(309,699)	(23,457)	-	-	-	-	(23,457)
Smithfield	1,525,471	1,528,454	2,983	-	-	101	-	3,084
South Kingstown	(609,615)	(638,083)	(28,468)	-	-	107	-	(28,361)
Tiverton	303,458	211,454	(92,004)	-	-	127	-	(91,877)
Warwick	(816,176)	(1,490,863)	(674,687)	-	-	1,248	-	(673,439)
Westerly	(90,665)	(123,404)	(32,739)	-	-	202	-	(32,537)
West Warwick	908,583	1,813,809	905,225	-	-	1,231	-	906,456
Woonsocket	1,174,085	2,725,062	1,550,977	(100)	-	13,087	-	1,563,964
Bristol-Warren	(972,656)	(934,729)	37,927	-	134,784	544	-	173,255
Exeter-West Greenwich	(242,963)	(220,461)	22,503	-	113,718	95	-	136,315
Chariho	(38,321)	(38,321)	-	-	190,793	-	-	190,793
Foster-Glocester	(126,455)	(46,862)	79,592	-	60,705	35	-	140,332
Central Falls	(1,155,945)	(654,622)	501,323	(2,950)	-	16,764	(501,323)	13,814
Subtotal District Aid	\$5,259,099	\$11,374,176	\$6,115,077	(\$19,650)	\$500,000	\$224,557	(\$501,323)	\$6,318,662
Charter School Total	7,125,136	7,744,753	619,617	-	-	22,615	-	642,231
Davies	(810,988)	(770,969)	40,018	-	-	871	(40,018)	871
Met School	(580,312)	(639,356)	(59,045)	-	-	1,196	59,045	1,196
Urban Collaborative	48,256	(71,053)	(119,309)	-	-	761	-	(118,548)
Total	\$11,041,192	\$17,637,550	\$6,596,358	(\$19,650)	\$500,000	\$250,000	(\$482,296)	\$6,844,412

Source: Rhode Island Department of Education

FY2019 Governor Education Aid - Change to FY2018 Budget as Enacted¹

Districts	FY2018 Enacted (includes group home and categorical)	FY2019 (Year 8) Formula Change	High-cost					English Learners	Public School Choice Density	Stabilization Funding	Total Change	FY2019 Education Aid
			Transportation	Special Education	Group Home ²							
Barrington	\$5,347,807	\$133,033	(\$2,247)	\$2,695	\$0	(\$53)	\$0	\$0	\$0	\$133,429	\$5,481,235	
Burrillville	13,185,861	(729,672)	9,143	718	1,615	106	-	-	-	(718,090)	12,467,771	
Charlestown	1,667,742	(62,061)	-	-	-	8	(3,200)	-	-	(65,253)	1,602,489	
Coventry	23,202,975	(417,554)	(4,155)	6,465	1,546	1,246	-	-	-	(412,452)	22,790,523	
Cranston	59,005,592	3,292,950	9,488	(425,303)	(1,567)	23,767	-	-	-	2,899,335	61,904,927	
Cumberland	19,188,664	1,666,824	(18,122)	(18,057)	-	2,450	(25,500)	-	-	1,607,595	20,796,259	
East Greenwich	2,739,941	414,990	3,142	8,945	-	366	-	-	-	427,443	3,167,384	
East Providence	35,519,125	102,901	(1,500)	39,456	47,499	3,003	-	-	-	191,359	35,710,483	
Foster	1,207,050	(41,671)	1,842	(2,912)	-	-	-	-	-	(42,741)	1,164,308	
Glocester	2,407,383	(95,136)	6,603	4,503	-	-	-	-	-	(84,030)	2,323,353	
Hopkinton	5,273,136	(50,317)	-	-	-	21	-	-	-	(50,296)	5,222,840	
Jamestown	473,751	11,729	-	36,732	-	21	-	-	-	48,483	522,234	
Johnston	18,638,808	(240,546)	(47,293)	43,702	-	3,908	-	-	-	(240,229)	18,398,579	
Lincoln	12,510,492	(300,699)	-	125,102	2,574	(605)	(11,600)	-	-	(185,228)	12,325,264	
Little Compton	397,113	(41,586)	-	-	-	(2)	-	-	-	(41,588)	355,525	
Middletown	8,262,828	(143,873)	-	3,766	(138,640)	(4,733)	-	-	-	(283,480)	7,979,348	
Narragansett	2,139,472	178,246	-	(4,012)	-	(131)	-	-	-	174,103	2,313,575	
Newport	11,589,919	855,882	-	(9,161)	(4,847)	1,329	-	-	-	843,203	12,433,122	
New Shoreham	142,067	34,432	-	(19,706)	-	132	-	-	-	14,858	156,925	
North Kingstown	10,749,543	(660,499)	-	38,708	-	(87)	-	-	-	(621,877)	10,127,666	
North Providence	22,019,145	1,350,583	4,915	54,881	(3,412)	2,180	-	-	-	1,409,148	23,428,293	
North Smithfield	6,025,062	198,288	(5,526)	3,342	(2,444)	413	-	-	-	194,073	6,219,135	
Pawtucket	89,154,022	(716,454)	26,818	(33,019)	(49,294)	30,712	(81,600)	-	-	(822,837)	88,331,184	
Portsmouth	4,476,100	(184,162)	-	11,535	(124,883)	90	-	-	-	(297,420)	4,178,680	
Providence	248,790,856	5,076,631	(5,441)	(5,620)	(32,989)	105,620	(216,800)	-	-	4,921,401	253,712,258	
Richmond	4,676,150	(79,820)	-	-	-	18	-	-	-	(79,802)	4,596,348	
Scituate	3,612,504	(309,699)	(2,575)	69,275	-	-	-	-	-	(242,999)	3,369,504	
Smithfield	6,341,204	1,528,454	(5,269)	3,745	(13,528)	369	-	-	-	1,513,772	7,854,976	
South Kingstown	6,955,454	(638,083)	18,019	92,100	(133,734)	(327)	-	-	-	(662,025)	6,293,429	
Tiverton	6,531,285	211,454	-	36,360	-	419	-	-	-	248,233	6,779,517	
Warwick	39,146,338	(1,490,863)	188	(209,912)	(68,350)	1,811	-	-	-	(1,767,125)	37,379,213	
Westerly	8,851,953	(123,404)	-	38,010	-	322	-	-	-	(85,072)	8,766,881	
West Warwick	24,376,899	1,813,809	(6,522)	3,675	-	(1,822)	-	-	-	1,809,140	26,186,039	
Woonsocket	59,646,576	2,725,062	(1,525)	87,902	(2,452)	15,621	(17,050)	-	-	2,807,558	62,454,133	
Bristol-Warren ³	15,727,352	(934,729)	134,683	(34,934)	(7,165)	76	-	-	-	(842,069)	14,885,283	
Exeter-West Greenwich ³	6,190,095	(220,461)	40,272	40,670	(2,392)	214	-	-	-	(141,697)	6,048,398	
Chariho	2,010,376	(38,321)	141,412	(25,113)	-	208	-	-	-	78,186	2,088,562	
Foster-Glocester	5,030,940	(46,862)	189,133	14,542	-	58	-	-	-	156,871	5,187,811	
Central Falls	40,320,646	(654,622)	14,517	39,582	-	202	(76,400)	1,174,141	-	497,420	40,818,066	
District Total	\$833,532,226	\$11,374,176	\$500,000	\$18,662	(\$532,463)	\$186,930	(\$432,150)	\$1,174,141	\$12,289,295	\$845,821,521		
Charter School Total	82,958,014	7,744,753	-	(18,662)	-	57,492	-	-	-	7,783,583	90,741,597	
Davies	13,367,825	(770,969)	-	-	-	(200)	-	770,970	-	(199)	13,367,626	
Met School	9,352,512	(639,356)	-	-	-	2,622	-	639,309	-	2,575	9,355,087	
Urban Collaborative	1,499,946	(71,053)	-	-	-	3,153	-	-	-	(67,900)	1,432,046	
Total	\$940,710,522	\$17,637,550	\$500,000	(\$0)	(\$532,463)	\$250,000	(\$432,150)	\$2,584,420	\$20,007,355	\$960,717,875		

¹ Based on March 2018 data updates.

² Based on final 12/31/2017 report from the Department of Children, Youth and Families.

³ Calculations based on component district data as required by the Superior Court decision in *Town of Warren v. Bristol Warren Regional School District, et. al.*

Source: Rhode Island Department of Education

HOUSING AID

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community's need. For FY2016, the minimum state share is 35.0 percent and the maximum is 96.1 percent for Central Falls. The state share for charter schools is 30.0 percent.

The 2010 General Assembly passed legislation increasing the minimum share ratio from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

The 2011 General Assembly enacted legislation limiting the approval of new projects between FY2012 and FY2015, to those necessitated by immediate health and safety reasons. Any project requested during the moratorium must be reported to the chairs of the House and Senate Finance Committees. Any project approval granted prior to the adoption of the school construction regulations in 2007, which is currently inactive, and any project approval granted prior to the adoption of the school construction regulations in 2007, which did not receive voter approval or which has not been previously financed, is no longer eligible for reimbursement. Article 22 of the FY2015 Budget extended the moratorium from June 30, 2014, to May 1, 2015, limiting the approval of new projects between FY2012 and FY2015 to those necessitated by immediate health and safety conditions.

As part of the legislation, RIDE was charged with developing recommendations for further cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State's reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 13 of the FY2014 Budget as Enacted provided an incentive to communities to refinance existing school housing bonds by allowing communities to receive 80.0 percent of the total savings, instead of distributing the savings based on the state share ratio. The increased savings to the communities would only apply to refinancing done between July 1, 2013, and December 31, 2015. The table shows the estimated savings realized through the incentive.

School Bond Refinancing Incentive Estimated Savings Summary			
Municipality	Local Savings	State Savings	Total Savings
Burrillville	\$391,582	\$97,896	\$489,478
Central Falls	485,690	121,423	607,113
Cumberland	392,456	98,136	490,592
Johnston	41,684	10,421	52,105
Lincoln	1,590,165	397,541	1,987,706
New Shoreham	329,114	82,278	411,392
North Kingstown	419,141	104,785	523,926
North Providence	492,390	123,098	615,488
Pawtucket	44,094	11,023	55,117
Portsmouth	208,533	52,135	260,668
Providence	5,854,680	1,463,670	7,318,350
South Kingstown	232,603	58,151	290,754
Tiverton	753,270	188,317	941,587
West Warwick	525,572	131,393	656,965
Woonsocket	728,129	182,083	910,212
Total Savings	\$12,489,103	\$3,122,350	\$15,611,453

School Building Authority Capital Fund:

Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State's School Building Authority and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the foundation program, as enumerated in RIGL 16-7-35 through 16-7-47, and the school building authority capital fund (Capital Fund), as created through the article. The FY2016 budget added 1.0 FTE position to the Department for a new construction manager to assist in developing procedures for the proposed Capital Fund. In FY2016, the Department received a one-time, pass-through appropriation of \$20.0 million in new general revenue to capitalize the Capital Fund, which is held in trust and administered by the Rhode Island Health and Education Building Corporation (RIHEBC).

For FY2019, the Budget provides \$80.0 million, level funded with the FY2018 Budget as Enacted. For FY2019, the Department projects expenditures of \$69.4 million in school housing aid, a decrease of \$1.5 million from the FY2018 Budget as Enacted. Previously, the surplus was deposited into the School Building Authority Capital Fund; however, pursuant to Article 9 of the FY2019 Budget, the surplus from FY2019 and FY2020 will be deposited into a restricted receipt account to be used by the School Building Authority to provide technical assistance to districts on the school construction aid application process.

Through Article 9, the FY2019 Budget also shifts the 3.0 FTE positions currently responsible for the administration of the school construction program from general revenue to a new school construction services restricted receipt account, and adds 1.0 FTE Director of School Construction Services. The new restricted receipt account, named the "School Construction Services", will be funded by the Rhode Island Health and Education Building Corporation (RIHEBC) with fees generated from the origination of bonds and other financing vehicles, as well as from RIHEBC's reserves. There is no limit on the amount but only personnel expenditures directly related to the administration of the school construction aid program can be paid from the account. The FY2019 Budget also provides a new position to help with the anticipated increase in school housing applications due to the recent release of the statewide facilities study and the proposed \$250.0 million bond authorization. Proceeds from the bond will first be used to support the state share of the foundational housing aid on a pay-as-you-go basis and transfers to the capital fund cannot exceed 5.0 percent of the amount of bonds issued in a given year.



ARTICLES

Articles

Article 1: Relating to Making Appropriations in Support of FY2019

This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department.

Expenditures by Source	FY2017 Final	FY2018 Enacted	FY2019 Governor	FY2019 Budget	Change to Governor
General Revenue	\$3,672.5	\$3,767.7	\$3,829.3	\$3,904.7	\$75.4
Federal Funds	2,977.4	3,134.2	3,091.9	3,198.4	106.5
Other Funds	1,881.4	2,079.2	2,171.1	2,174.2	3.1
Restricted Receipts	228.0	261.7	285.5	281.8	(3.7)
Total	\$8,759.3	\$9,242.8	\$9,377.7	\$9,559.1	\$181.4
FTE Authorization	14,959.0	15,160.2	15,426.3	15,207.7	(218.6)

\$ in millions. Totals may vary due to rounding.

Article 1 also makes the following changes:

- Authorizes debt payments for the I-195 Redevelopment District Commission loan.
- Sets the airport impact aid formula.
- Caps the amount the Judiciary may charge to five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.2 million.
- Requires that Rhode Island Housing continue to provide resources to support the Neighborhood Opportunities Program; an amount, however, is not designated. The Article requires that a report be provided to the Director of Administration, chair of the Housing Resources Commission, State Budget Officer, and the chairs of the House and Senate Finance Committees on the number of housing units produced and funding.
- Delineates line-item grant awards in department and agency budgets.
- Article 1 requires transfers from several quasi-public and governmental units be made to the State Controller by June 30, 2019, to support the General Fund. This includes an increase of \$4.0 million from Rhode Island Infrastructure Bank and \$750,000 from the Rhode Island Commerce Corporation:

Budgetary Transfers	FY2018		FY2018		FY2019		FY2019	
	Enacted	Governor Revised	Budget	Change from Gov	Governor Proposed	Budget	Change from Gov	
Electric and Gas Distribution Company	\$12.5	\$12.5	\$12.5	\$0.0	\$0.0	\$0.0	\$0.0	
Clean Water Finance Agency	-	-	-	-	-	-	-	
Tobacco Settlement Financing Corporation	-	-	-	-	-	-	-	
Health and Educational Building	6.0	6.0	6.0	-	-	-	-	
Narragansett Bay Commission	5.0	5.0	5.0	-	-	-	-	
Infrastructure Bank	3.5	8.5	3.5	(5.0)	-	4.0	4.0	
RI Airport	-	-	-	-	-	-	-	
RI Housing	1.0	6.0	1.0	(5.0)	5.0	-	(5.0)	
Quonset Development Corporation	1.0	1.0	1.0	-	-	-	-	
Public Utilities Commission	0.3	0.3	0.3	-	-	-	-	
RI Resource Recovery Corporation	-	3.0	-	(3.0)	3.0	-	(3.0)	
RI Student Loan Authority	-	3.0	-	(3.0)	-	-	-	
RI Turnpike and Bridge	-	1.5	-	(1.5)	-	-	-	
RI Dept of Administration - Water Resources Bd.	-	1.1	1.1	-	-	-	-	
RI Dept of Business Regulation - Commercial Licensing	-	0.8	0.8	-	-	-	-	
RI Dept of Business Regulation - Insurance Co. Assessment	-	0.8	0.8	-	-	-	-	
RI Commerce Corporation	-	-	-	-	-	0.8	0.8	
Total	\$29.3	\$49.5	\$32.0	(\$17.5)	\$8.0	\$4.8	(\$3.3)	

\$ in millions

Article 2: Relating to State Funds

This article addresses various restricted receipts accounts. The changes are explained in detail below.

- Amends RIGL 16-59-9 to expand the use of the Westerly Higher Education and Industry Center restricted receipt account for additional Industry Centers that may be established throughout the state.
- Amends RIGL 35-3-15 to change the date when the Governor reports the reappropriation of unexpended funds from the previous fiscal year from August 15 to August 20.
- Exempts two restricted receipt accounts from the 10.0 percent indirect cost recovery charge provisions under RIGL 35-4-27. The proposed exemptions would apply to the School for the Deaf – School Breakfast and Lunch Program, and the School Construction Services account.
- Establishes a new restricted receipt account for the Atomic Energy Reactor fees to support the technical operations and maintenance of equipment.
- Adds language under RIGL 40-1-17 authorizing the Department of Human Services, with the approval of the Governor, to receive, expend, and enter into contracts for other source funding, public, or private, from legislative enactments, bonds, bequests, donations, grants, gifts, or devices.
- Adds language under RIGL 16-57-10 that beginning in FY2019 and in subsequent years, limits the use of scholarship reserve funds under the Rhode Island Higher Education Assistance Act to costs associated with the management of the scholarship and grant programs funded with reserve funds, and sets a limit of no more than 5.0 percent of the reserve funds appropriated for scholarships and grants in the previous fiscal year may be set aside to fund personnel and operating costs.

Article 3: Relating to Government Reform

This article makes several changes to the State’s general laws regarding state offices and the Tobacco Settlement Finance Corporation Board. Specifically, this article:

- Authorizes the transfer of the Division of Construction Permitting, Approvals, and Licensing, consisting of the State Building Code Commission, Contractor’s Registration Board, and the Fire Code Board of Appeal along with 26.0 FTE positions to a new consolidated Building, Design, and Fire Professionals division within the Department of Business Regulation.
- Authorizes the transfer of the Office of the State Fire Marshal from the Department of Public Safety into a new consolidated Building, Design, and Fire Professionals division within the Department of Business Regulation.
- Repeals the location of the Municipal Police Training School at the University of Rhode Island or at other state-owned property as determined by the Superintendent of the State Police. This item was originally part of Article 7 of the Governor’s Budget.
- Clarifies in general law the 2015 legislative change that the Rhode Island Film Office is in the Rhode Island Council of Arts and not the Department of Administration.
- Amends RIGL 42-133-6 regarding the board membership of the Tobacco Settlement Finance Corporation Board. The change removes members from the State Investment Commission and one general public member and replaces them with the State Budget Officer, the State Treasurer or designee, and the Director of Revenue or designee.

Article 4: Relating to Tax and Revenues

This article authorizes state-regulated sports betting and makes changes and adjustments to several of the State’s tax laws and their enforcement. Specifically, Article 4:

- **Sports Wagering and Other Lottery Initiatives:** Authorizes sports betting in Rhode Island, and provides an extensive framework for the regulation of the activity by the Division of Lottery at the Department of Revenue. The This framework addresses:
 - Statutory definitions; promulgation of rules and regulations
 - Facility, security, and audit requirements
 - Vendor qualifications and requirements
 - Prizes
 - Compulsive gambling programming and funding
 - Allocation of sports wagering revenue, including a to-be-determined, General Assembly approved distribution between the State, the sports wagering vendor, the Twin River and Tiverton facilities (Towns of Lincoln and Tiverton to receive \$100,000 annually, and specifically denies any fee to be paid to a sports league).

The article also permits the Lottery to undertake pilot programs, such as stadium gaming, for the purpose of identifying and evaluating potential new revenue opportunities.

Lastly, the article clarifies that the required employer contribution to the State Employees and Electing Teachers' OPEB system by the Lottery is to be included in the expenses that are deducted from lottery revenue when calculating the State transfer.

The Budget include \$27.6 million in total general revenues in FY2019 associated with these initiatives, with \$23.5 million attributable to sports wagering.

- **Sales and Excise Tax Changes:** Subjects “vendor-hosted prewritten computer software” to the State’s sales tax. Vendor-hosted prewritten computer software is defined as software services that are accessed through the internet and/or a vendor-hosted server regardless of whether the access is permanent or temporary and regardless of whether any downloading occurs.

The article makes several other changes to the State’s sales and excise taxes including:

- Subjecting the armored car services, guard services, and private investigation services to the sales tax
- Modifying the definition of food and food ingredients for purposes of sales tax by removing the exclusion of marijuana seeds or plants from the definition.
- Exempting keg and barrel containers that are sold to alcoholic beverage producers from the State sales tax.

The Budget includes \$14.5 million in revenue related these sales tax expansion items.

- **DOR Collections Unit:** Authorizes the piloting of a new division within the Department of Revenue that would specialize in the management and collection of delinquent monies owed to the State. The new unit would assist other State agencies maximizing the collection of debt, fines, and other departmental revenues. The article does not include the proposed fee (12.0 percent of outstanding debt) that would have been used to fund the unit.

The Budget includes \$591,609 to fund the collections unit in FY2019, \$483,069 for personnel and \$108,540 for contract services. The Budget includes \$1.3 million in additional revenue from this initiative.

- **Federal Tax Change Adjustments:** Amends personal income tax statutes in order to preserve the State’s personal exemption in the wake of changes to federal tax law. Rhode Island’s personal exemption calculation is statutorily tied to the federal personal exemption, which was eliminated in December

2017 with the enactment of the federal Tax Cuts and Jobs Act (TCJA). Article 4 adjusts the calculation method to what it was just prior to the TCJA and includes new audit protections around personal exemption qualification data.

The article also provides the Division of Taxation with authority to amend tax forms and other related instructions required of the U.S. Internal Revenue Service as it relates to the changes made by the TCJA but as of yet have not been communicated to states. This change would allow the Division to meet these requirements without formal action by the General Assembly, and ensure timely implementation of the federal tax changes.

- **Hotel Tax:** Changes the 5.0 percent state hotel tax distribution as follows:

Recipient	Share of State Hotel Tax	
	Current Law	Article 4 Amended
Aquidneck Island District	42%	45%
All Other Districts	42%	45%
Warwick Department of Economic Development	28%	30%
Municipalities	25%	25%
Providence Convention Center Authority	28%	30%
Providence/Warwick Convention & Visitors Bureau ¹	23/5/12%	24/5/20%
RI Commerce Corporation ²	28/24/70/60%	25/21/70/50%

¹ Shares of state hotel tax revenue are received as follows: 24.0% is for rooms rented in Providence and Warwick, 20.0% is for rooms rented at the Omni Providence, and 5.0% is for room rentals in the rest of the state.

² Shares of state hotel revenue are received by the Commerce Corporation as follows: 25.0% is for rooms rented in the Aquidneck Island District, and all other tourism districts, 21.0% is for rooms rented in Providence and Warwick, 70.0% is for room rentals statewide, and 50.0% is for rooms rented at the Omni Providence.

Article 5: Relating to Capital Development Program

This article submits a total of \$367.3 million in ballot referenda to Rhode Island voters for their approval, representing a decrease of \$1.2 million from the Governor’s proposal. The changes to the article include:

- Shift state recreation projects funding back to RICAP
- Add a project for the dredging of the Downtown Providence River
- Make a technical correction to allow for premiums and accrued interest to go to the Municipal Road and Bridge Revolving fund, instead of RICAP, which is consistent with previous year
- Remove language in the Rhode Island School Buildings section to make it consistent with the amendments to Article 9

Proposed as three questions on the November 2018 ballot, the following projects are included:

November 2018 Bond Referenda	Governor's Proposal	House Finance Committee	Change from Governor
	Amount	Amount	
Rhode Island School Buildings	\$250.0	\$250.0	\$0.0
Higher Education Facilities	70.0	70.0	
<i>University of Rhode Island Narragansett Bay Campus</i>	\$45.0	\$45.0	0.0
<i>Rhode Island College School of Education and Human Development</i>	25.0	25.0	0.0
Green Economy and Clean Water	48.5	47.3	
Coastal Resiliency and Public Access Projects	5.0	5.0	0.0
Capital for Clean Water and Drinking Water	6.1	7.9	1.8
Wastewater Treatment Facility Resilience Improvements	5.0	5.0	0.0
Dam Safety	4.4	4.4	0.0
Dredging - Downtown Providence River	-	7.0	7.0
State Recreation Projects Program	10.0	-	(10.0)
State Bikeway Development Program	5.0	5.0	0.0
Brownfield Remediation and Economic Development	4.0	4.0	0.0
Local Recreation Projects	5.0	5.0	0.0
Access to Farmland	2.0	2.0	0.0
Local Open Space	2.0	2.0	0.0
Total	\$368.5	\$367.3	(\$1.2)

\$ in millions.

RHODE ISLAND SCHOOL BUILDINGS

The Budget includes a \$250.0 million bond referendum for the construction, renovation, and rehabilitation of the State's public schools. The referendum allows the State to issue \$250.0 million in notes over a five-year period but not more than \$100.0 million in notes in any one year. The bond proceeds will fund the foundational school housing aid program and the School Building Authority Capital Fund with the allocation between the two programs to be determined by the School Building Authority. Assuming full issuance in bond year 1 and 5.0 percent interest, debt service payments begin in FY2020 at \$20.1 million. Total debt service over the life of the bond would be \$401.2 million, including \$151.2 million in interest payments. *More detailed information on the proposed program can be found under Article 9 Relating to School Construction and Education in this publication.*

HIGHER EDUCATION FACILITIES

The Budget includes a \$70.0 million general obligation bond authorization to be placed on the November 2018 ballot for higher education facilities to be allocated as follows:

- **University of Rhode Island Narragansett Bay Campus:** The referendum provides \$45.0 million to fund repairs and construct new facilities on the University of Rhode Island's Narragansett Bay Campus in support of the ongoing and evolving educational and research needs for the marine disciplines at the Campus. The Bay Campus has grown to a 6.9 acre oceanfront campus with 60 structures and a large vessel pier. The majority of the buildings were constructed between the late 1960's and the 1980's. In 2015, the University created a Master Plan Report for the Narragansett Bay Campus. The report evaluates all existing buildings and site conditions, and establishes priority projects for a comprehensive renewal of the campus to meet current and future programmatic needs. This project will address the renovations and replacements identified in the Master Plan. Assuming full issuance in bond year 1 and 5.0 percent interest, debt service payments begin in FY2020 at \$3.6 million. Total debt service over the life of the bond would be \$72.2 million, including \$27.2 million in interest payments.
- **Rhode Island College School of Education and Human Development:** The referendum provides \$25.0 million to renovate Horace Mann Hall which houses the School of Education and Human Development at Rhode Island College. The structure was built in 1969 and is approximately 46,000 square feet. The

project includes the reconfiguration of offices and the Tech Center; an addition to the west end of the building; a new elevator; and, window replacement. The existing facility is not energy efficient or able to support modern classroom technology. Assuming full issuance in bond year 1, as shown in the voter pamphlets, and 5.0 percent interest, debt service payments begin in FY2020 at \$2.0 million. Total debt service over the life of the bond would be \$40.1 million, including \$15.1 million in interest payments.

GREEN ECONOMY AND CLEAN WATER

The Budget includes a \$47.3 million general obligation bond authorization to be placed on the November 2018 ballot for environmental and recreational purposes and allocated as follows:

- **Coastal Resilience and Public Access Projects:** The referendum provides \$5.0 million for matching grants, of up to 75.0 percent of project costs, to public and non-profit entities to restore and/or improve the resiliency of vulnerable coastal habitats, as well as river and stream floodplains. The funds will leverage support for local programs to improve community resiliency and public safety during increased flooding, major storm events, and environmental degradation.
- **Capital for Clean Water and Drinking Water:** The referendum provides \$7.9 million for infrastructure improvements including wastewater treatment upgrades and storm water quality improvements to combined overflow abatement projects. The funds will provide the state match to recapitalize the Clean Water and Drinking Water revolving funds at the Rhode Island Infrastructure Bank (RIIB). The additional \$1.8 million in bond proceeds are needed to match a larger federal grant than that projected for the governor’s proposal. The revolving funds are capitalized by federal Environmental Protection Agency (EPA) grants, with the State providing a 20.0 percent match, generally through general obligation bond proceeds. Other funding is available from RIIB revenue bonds and revolved capital. The revolving funds were last capitalized with state funds from the proceeds of the 2012 general obligation bond. The funding for the state match of the Clean Water Fund is projected to have a deficit of \$859,678 in FY2019. The Drinking Water Fund was depleted in FY2017 and has been capitalized with RIIB proceeds as a interim solution. According to RIIB, the investment of \$6.1 million is projected to leverage approximately \$36.0 million in federal funds.
- **Wastewater Treatment Facility Resilience Improvements:** The referendum includes \$5.0 million to provide matching grants, for up 50.0 percent of project costs, for resiliency improvements to wastewater treatment facilities vulnerable to increased flooding, major storm events, and environmental degradation.
- **Dam Safety:** The referendum provides \$4.4 million for repairing and/or removing state-owned dams. The dam safety project allows the Department of Environmental Management (DEM) to complete engineering studies, designs and repairs to “high-hazard” State-owned dams which, if they were to fail, would cause significant property damage and potential for loss of life. The State owns 10 high hazard and four significant hazard dams. During the past 11 years, the Department completed repairs to the Stillwater Dam in Smithfield, the Olney Pond Dam in Lincoln Woods, the Bowdish Lake Dam at the George Washington Management Area, and the upper JL Curran Dam in Cranston. More recently, the Department began construction on the lower JL Curran Management Area in Cranston and the Wyoming Pond Upper Dam in Hope Valley. The reconstruction of the Trestle Trail culvert replacement and the Silver Spring Dam reconstruction project are next on the priority list. Other dams in need of repair include the Browning Mill Pond Dam in Hopkinton and Burlingame Reservoir Dam in Glocester.
- **Dredging – Downtown Providence Rivers:** The referendum provides \$7.0 million for the State to provide additional dredging analysis and dredging of the Providence Rivers from the Woonasquatucket River north of the Providence Place Mall to its confluence with the Providence River; the Moshassuck Rivers from Smith Street to its confluence with the Providence River; the Providence River from Steeple Street to Point Street; and, a sediment basin upstream of the Providence Place Mall and I-95 for approximately 600 feet.

- **State Recreation Projects Program:** Instead of placing this project on the ballot, the article shifts the project back to Rhode Island Capital Plan funding. The DEM manages over 50 buildings and 25 miles of roads, in addition to water supply systems and other infrastructure elements, in State Parks and Management Areas and this long-term project involves capital improvements to these facilities.
- **State Bikeway Development Program:** The referendum provides \$5.0 million for the State to design, repair, and construct bikeways, including the East Bay bike path. In November 2016, the voters approved \$10.0 million in general obligation bonds to design and construct bikeways, including the completion of the Blackstone River Bikeway, and the South County Bikeway. These funds have been obligated and the 2018 funds will build on this program.
- **Brownfield Remediation and Economic Development:** The referendum provides \$4.0 million for grants, matching up to 80.0 percent of project costs, to public, private and/or non-profit entities for brownfield remediation projects. According to the Department of Environmental Management (DEM), brownfields comprise between 100,000 and 120,000 acres of land across the State, much of it in prime commercial or industrial locations within urban areas. The clean-up and re-purposing of these sites will remove hazards, attract jobs, and protect the urban environment. The federal Environmental Protection Agency estimates that brownfield clean-up increases adjacent property values by 2.0 to 3.0 percent. Voters approved \$5.0 million in general obligation bonds for brownfield remediation projects in November 2014 and again in November 2016. DEM awarded \$3.8 million of these grant funds to support 14 projects across the State. Another round of awards was held in the spring of 2016 to award the remaining \$1.3 million. The 2016 bond funds are being used to grow this program as will the 2018 bonds if approved by voters.
- **Local Recreation Projects:** The referendum provides \$5.0 million for grants, matching up to 80.0 percent of project costs, to municipalities for the acquisition, development, or rehabilitation of local recreational facilities such as sports fields, tennis courts, and playgrounds. The grant applications will be evaluated and ranked by the State Recreation Resources Review Committee, which is comprised of state and local government officials and representatives of non-profit agencies. DEM exhausted the remaining \$4.0 million in 2014 bond funds for grant awards in 2016. In FY2016, voters approved \$2.0 million in general obligation bonds. The new bond proceeds would be used to continue the program in FY2019.
- **Access to Farmland:** The referendum includes \$2.0 million to protect the State's working farms through the State Farm Access Program and the purchase of Development Rights by the Agricultural Land Preservation Commission.
- **Local Open Space:** The referendum provides \$2.0 million for matching grants, for up to 50.0 percent of project costs, to municipalities, local land trusts, and nonprofit organizations for the acquisition of fee-simple interest, development rights, or conservation easements on open space and urban parklands. Applications are reviewed by the Governor's Natural Heritage Preservation Commission. In the 30-year history of this program, over 160 conservation projects preserving over 10,000 acres of land have been acquired including Sunset Farms in Narragansett, Weetamoe Woods in Tiverton, Glacier Park in Westerly, and Mount Hope Farm in Bristol. In November 2016, voters approved \$4.0 million in general obligation bonds.

Article 6: Relating to the Rhode Island Public Rail Corporation

This article amends a joint resolution from 2010 relating to the Rhode Island Public Rail Corporation (Rail Corp.). The article:

- Amends the resolution to include all transportation programs, including rail passenger and freight services under the Department of Transportation's responsibilities.
- Amends the resolution to include rail stops at the planned Pawtucket/Central Falls Station.

- Increases the Rail Corp.'s liability insurance policy from \$200.0 million to \$295.0 million, to include the addition of the Pawtucket/Central Falls Station. The Rail Corp.'s annual insurance payment, which is funded with Federal Congestion Mitigation and Air Quality Funds, will increase by \$200,000 to \$1.6 million total.
- Revises the Rail Corp.'s evergreen letter of credit to include a self-insurance retention rate of up to \$7.5 million, rather than set at \$7.5 million. The self-insured retention rate is the amount that the insured must pay before the insurance policy will cover a loss. Allowing the rate to be lower than \$7.5 million gives the insured the ability to reduce the cost of maintaining the letter of credit, and could reduce the costs to the State in the event of a major claim. The Rail Corp.'s annual fee to maintain the evergreen letter of credit is \$26,250, funded with Federal Congestion Mitigation and Air Quality Funds, and is not expected to change.

Article 7: Relating to Fees

Article 7 authorizes and adjusts various fees. Specifically the article:

- **Annual Renewal of Hospital Licensing Fee:** Authorizes the State to collect a Hospital Licensing Fee and increases the current rate of 5.856 percent in net patient services revenue to 6.0 percent. The fee is estimated to generate \$180.8 million in general revenues, \$1.2 million less than the Governor's proposal.
- **Vital Records Surcharge:** Authorizes a tiered set of fees for individuals to obtain copies of certain vital records. The fees established are \$5 for mail-in certified records, \$3 for duplicate certified records, and \$2 for walk-in requests for certified records requests. The revenue generated from these fees is to be deposited into the Information Technology Infrastructure Fund for purposes of supporting the Electronic Statewide Registration System (ESRS) at the Department of Health. The proposal is estimated to generate \$350,351 annually. The initiative is consistent with the Governor's Budget.
- **Emergency Services and First Responders Surcharge:** Amends the suite of E-911 surcharge statutes to better reflect the surcharge's purpose of supporting infrastructure, operations, and personnel at the state and municipal level.
- **Mutual Funds Seller:** Increases the fee for the annual registration and renewal of a license to sell mutual funds in Rhode Island from \$1,000 to \$1,750. The Governor's Budget had proposed raising the fee to \$1,500. This change increases general revenues by \$2.3 million above the Governor's Budget.
- **Claims Adjuster Licenses:** Raises the two-year claims adjuster license fee from \$150 to \$250, consistent with the Governor's proposal. The Budget includes \$3.0 million in new revenue from this increase.
- **Food Processing Licenses:** Changes the recertification/renewal period for Certified Food Safety Managers from three years to five and removes the requirement to get a separate license for retail frozen desert processing for businesses who are already registered as a food establishment.
- **Barbers and Hairdressers:** Eliminates the \$50 fee barbers and hairdressers must pay annually per chair or workstation.

Article 8: Relating to the Division of Motor Vehicles

Article 8 makes a number of changes affecting the Department of Motor Vehicles, all of which are consistent with the Governor's Budget.

- **License Plate Reissuance Delay:** Article 8 delays the statutorily-mandated license plate reissuance from January 1, 2019, to January 1, 2020. This is the sixth time it has been delayed. Under RIGL 33-3-33, the DMV is required to issue new reflective license plates for all registered vehicles every 10 years.

- **Duplicate License / Updated Information Fees:** The article increases the fee to update a license for routine information changes such as a change in address. The current fee of \$5 is raised to \$15.
- **Delay of Transfer of DMV Fees to Highway Maintenance Account:** The article also alters the schedule of the phased-in transfer of DMV fees to the Highway Maintenance Account from 80.0 percent of the fees in FY2018 to 60.0 percent. The transfer will be 100.0 percent in FY2019. The article also exempts duplicate license and information update fees.

Article 9: Relating to School Construction and Education

This article augments the school construction program to incentivize districts to improve the condition of public school buildings in Rhode Island. As passed by the House Finance Committee, the article also establishes state support for school resource officers at middle and high schools, and requires the Department of Elementary and Secondary Education to report current enrollment data in October instead of March; however, the article does not expand the eligibility for admission to the school for the Deaf to include students who are not deaf or hard of hearing, as recommended by the Governor.

SCHOOL CONSTRUCTION PROGRAM

The article provides temporary incentives that are only available if the bond referendum in article 5 is approved by voters in November 2018, and if construction on the project begins by 2022 or 2023, with completion by 2027 or 2028 (5 years). The expenditure threshold for the temporary incentives is 25.0 percent of project costs or \$500,000, increased by the House Finance Committee (HFC) from \$250,000.

The incentive categories include:

- Health and safety
- Educational enhancements
- Facilities Condition index **or** functional utilization (overcrowding or underutilization)
- Consolidation of buildings **or** functional utilization

The article, as amended by the HFC, also provides a permanent incentive of 5.0 percent share ratio increase for school safety and security, where 75.0 percent of project costs must be spent for this purpose. This incentive does not expire and is not tied to the approval of the \$250.0 million bond referendum.

Instead of charging the School Building Authority with establishing building maintenance requirements, the article provides an annual maintenance expenditure requirement to be phase in over four years beginning in FY2019. The phase in is designed so that no district will have to increase maintenance in FY2019. If a district does not meet the spending requirement in a given year, an amount of housing aid equivalent to the shortfall will be deposited into a restricted maintenance fund at the district level.

Other changes to the article include the following:

- A district's local share cannot decrease by more than one half, in addition to limiting increase of state share by 50.0 percent
- Projects approved between May 1, 2015, and January 1, 2018, are eligible for 5 points above what was awarded at the time of approval
- Eliminates current law incentives for energy conservation, access for people with disabilities, and regional career and technical centers
- Removes expanded eligibility for combined use facilities, including municipal use
- Cost of required owners program manager and commission agent are shared costs, instead of being paid by School Building Authority
- Projects must comply with prevailing wage laws

- Charter School minimum share ratio remains at 30.0 percent, instead of 35.0 percent

EDUCATION AID

The article makes the following changes to education aid:

- Creates a reimbursement for, but does not mandate, School Resource Officers at public middle and high schools. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018. For schools with < 1,200 students, one resource officer position is eligible for reimbursement, while schools with \geq 1,200 students may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school.
- Requires an annual December 1 update on funding formula costs based on actual October 1 data, instead of the current March update, to reduce the need for larger adjustments late in the legislative session.

Article 10: Relating to Making Revised Appropriations in Support of FY2018

This article makes revised appropriations for general revenues, and includes revisions to authorized expenditures from federal, restricted and other funds as well as authorized FTE levels for each agency and department for FY2018.

Expenditures by Source	FY2017 Final	FY2018 Enacted	FY2018 Governor	FY2018 Budget	Change to Governor
General Revenue	\$3,672.5	\$3,767.7	\$3,806.7	\$3,831.1	\$24.4
Federal Funds	2,977.4	3,134.1	3,222.0	3,231.8	9.8
Other Funds	1,881.4	2,079.2	2,157.6	2,123.4	(34.2)
Restricted Receipts	228.0	261.7	275.8	278.0	2.2
Total	\$8,759.3	\$9,242.8	\$9,462.2	\$9,464.3	\$2.1
FTE Authorization	14,959.0	15,160.2	15,186.2	15,187.2	1.0

\$ in Millions. Totals may vary due to rounding.

- Article 10 requires transfers from several quasi-public and governmental units be made to the State Controller by June 30, 2018, to support the General Fund. This includes \$1.6 million from the Department of Business Regulation and \$1.1 million from the Department of Administration. The Budget maintains the following transfers:
 - \$12.5 million from Electric and Gas Distribution Company (System Reliability and Energy Efficiency and Conservation Procurement Programmatic Budget Plan)
 - \$6.0 million from Rhode Island Health and Educational Building Corporation
 - \$5.0 million from Narragansett Bay Commission
 - \$3.5 million from the Rhode Island Infrastructure Bank
 - \$1.0 million from the Quonset Development Corporation
 - \$6.0 million from the Rhode Island Housing
 - \$333,420 from the Public Utilities Commission for rent for state-owned at 89 Jefferson Boulevard

Article 11: Relating to Workforce Development

This article makes changes to workforce development programs within the Department of Labor and Training. The article specifically:

- Eliminates language that would have codified the Real Jobs Rhode Island program into law.
- Eliminates the restricted receipt account created within the Department of Labor and Training entitled “misclassification task force and workplace fraud unit”. The Department requested the creation of this restricted receipt to allow for more accurate tracking of funding. Additional revenues, after expenses

for the misclassification task force and workplace fraud unit were paid, would have been deposited into the State's general fund annually.

- Alters the job development assessment (JDA) formula for tax year 2019 only. For one year, the JDA will direct additional funding, up to 75.0 percent of the interest earned by the Employment Security Fund in the prior calendar year, into the job development fund (JDF). The remaining 25.0 percent of the interest earned will be deposited into the Employment Security Fund.
- Includes the following provisions to the implementation of the job development assessment formula including:
 - The assessment shall not be considered part of the individual employer's contribution rate for the purpose of determining the individual employer's balancing charge. The Department maintains a separate balancing account for each employer, used to charge unemployment benefits paid and credit receipts when necessary. Each employer's balancing charge, or contribution to their balancing account, is determined annually based on the ending amount in their balancing account over their average annual taxable payroll over the last three years. The final computation, expressed as a percentage, is then used to determine the tax rate assigned to the employer in accordance with the Tax Schedule;
 - The assessment shall only be applied if tax schedule A through H is scheduled to be in effect for the ensuing calendar year;
 - The employment security fund earned interest in the prior calendar year.
- Includes new language stating the adjustment to the job development assessment may not negatively impact contributing employers for the ensuing calendar year by causing the tax schedule to either drop from a higher schedule or be raised to a higher schedule.
 - If the tax schedule, as determined by the reserve ratio of the employment security fund, would be different than the tax schedule as determined by the unadjusted reserve ratio for the ensuing calendar year, the Department must:
 - Transfer funds from the job development fund resources to the employment security fund to establish a reserve ratio equivalent to the ratio that would have been in effect if the job development assessment was not implemented in the prior year, or
 - Perform no job development assessment adjustment in the ensuing calendar year.

Article 12: Relating to Economic Development

Article 12 establishes new sunset dates for most of the State's economic development incentives and expands CommerceRI's Small Business Assistance program to accommodate a larger percentage of "micro loans". The article does not include many of changes to the incentive programs as proposed by the Governor and its fiscal impact is reduced \$700,000 accordingly. Article 12 is amended with the following adjustments:

- **Reauthorization of Economic Development Incentives:** Article 12 reauthorizes the following incentives for another two years: Rebuild RI; Rhode Island Tax Increment Financing; Tax Stabilization Incentive; First Wave Closing Fund; I-195 Redevelopment Project Fund; Small Business Assistance Fund; Wavemaker Fellowship program; Main Street Rhode Island Streetscape Improvement Fund; Innovation Initiative; Industry Cluster Grants; High School, College, and Employer Partnerships; and the Qualified Jobs Incentive. Each of these programs are set to expire on December 31, 2018. The Governor's Budget sought to permanently authorize these programs by eliminating the statutorily prescribed sunset. Article 12 does not include this proposal, but rather, establishes a new sunset date of June 30, 2020.

- **Reporting Requirements:** The article places additional reporting requirements above those already mandated for each of the reauthorized incentives and the permanently authorized Air Service Development Fund. Each quarter, the Commerce Corporation's board must provide the General Assembly a report summarizing program accountability and reporting standards, outcome measurements, principles and guidelines, any modifications, adjustments, clawbacks, reallocations, alterations, or other changes made from the previous quarter.
- **Small Business Micro-Lending:** Article 12 includes raises the limit on the amount of micro lending that can take place under the Small Business Assistance Program. Currently, only 10.0 percent of the program's funding can be used for loans with a principal between \$2,000 and \$25,000. This cap is increased to 25.0 percent.

Article 13: Relating to Medical Assistance

This article makes several changes to the financing and delivery of the Medicaid program. The article combines the Governor's Articles 13 and 14, and includes a joint resolution authorizing the Executive Office of Health and Human Services (EOHHS) to undertake various reforms within the Medical Assistance (Medicaid) program. The article:

Hospitals

- Maintains hospital inpatient and outpatient rates at FY2018 levels
- Maintains the Disproportionate Share Hospitals payment
- Funds the Graduate Medical Education (GME) program at \$5.0 million in FY2019

Nursing Homes

- Reduces base payments for nursing homes by 8.5 percent from July 1 through February, 2019
- Increases nursing home rates by a maximum of 1.0 percent above current levels beginning March 2019
- Allows for automation of asset verification and changes to the transfer of asset provisions related to long-term services and supports

Home Care

- Increases payments to fee-for-service home care agencies paid through EOHHS, BHDDH, and Elderly Affairs
- Adds an annual inflator to home care rates

Other

- Establishes the Aging and Disability Resource Center in statute

Medicaid Reform Act of 2008 Resolution

- Allows EOHHS to reduce Medicaid Managed Care plan administrative and medical component rates
- Authorizes BH Link at BHDDH, to develop community-based alternatives to emergency department visits for addiction and mental health emergencies
- Allows for the reconfiguration of Non-Emergency Medical Transportation program
- Expands RIte Share eligibility for non-disabled adults that have access to employer-sponsored health insurance
- Allows EOHHS to seek waiver authority to implement a Community First Choice option

- Authorizes EOHHS to develop, in collaboration with the BHDDH, a health home for providing person-centered planning and a value-based alternative payment system for individuals with developmental disabilities

Article 14: Relating to the Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act

Article 14 significantly revises the Governor’s proposed expansion of the State’s medical marijuana program, while also making several changes related to practitioners authorized to prescribe the drug and protections for testing facilities. Article 14’s changes are estimated to generate an additional \$3.9 million in revenue in FY2019.

- **Compassion Center Registration:** Increases the compassion center registration fee from \$5,000 to \$250,000 annually.
- **Sales to Out-of-State Cardholders:** Permits Connecticut and Massachusetts patients to purchase medical marijuana from Rhode Island compassion centers.
- **Practitioners:** Provides nurse practitioners and physician assistants in Rhode Island with the authority to provide patients with official written certification required for participation in the medical marijuana program and provides them with the associated legal protections under the act.
- **Protection of Prescription Medication Generally:** Article 14 includes language that clarifies that the State’s medical marijuana statutes and regulations do not apply to prescription medication identified as such by the U.S. Food and Drug Administration. It also clarifies that hemp is not included in the definition of medical marijuana under the act.
- **Testing Laboratories:** Provides a regulatory framework for medical marijuana testing laboratories in the State. Labs will be licensed by the Department of Health, authorized to collect, analyze, and test marijuana samples. Labs are also provided with the legal protections afforded other official classes of medical marijuana licensees.
- **Reporting Requirements:** Requires a new annual report from DBR to the General Assembly that includes information on the number of applications for registry identification cards to compassion center staff, the number approved, denied, and the number of cards revoked, and the number of replacements issued. It also will include the number of applications for licensed cultivators, the number of plant tags ordered, delivered, and held, the total revenue collections related to the regulator activities.

Article 15: Relating to Children and Families

This article makes the following changes within the Department of Children, Youth, and Families (DCYF) and the Department of Human Services (DHS):

- Removes language specifying which services DCYF must provide to youth in the Voluntary Extension of Care (VEC) program. The language would have required DCYF to help individuals secure housing, education, employment, public assistance benefits, important personal records, and information about relatives. The amended article still requires that the Department make “reasonable efforts” to support each individual’s transition into adulthood.
- Eliminates several details about the required elements of administrative reviews and permanency hearings for VEC agreements. The removed language would have required the Family Court and DCYF to review whether individuals remain eligible for the program, young adults are safe in their placements, and whether progress has been made to achieve independence by a projected date. Youth are no longer required to be present for annual permanency hearings.
- Removes language amending RIGL 43-24.6-14.1 which would have exempted foster homes from certain licensing requirements. The removed language would have required a visual lead inspection, rather than a comprehensive inspection, in order to license foster homes. The amended article removes the exemption and maintains current lead requirements.

- Eliminates language amending RIGL 40-5.2-20, the Rhode Island Works Program, relating to child care assistance. The removed language would have:
 - Expanded the income eligibility for child care support to include families at or below 180.0 percent of the federal poverty level who were participating in qualified work immersion programs, and;
 - Provided child care support for families with parents enrolled at Rhode Island public higher education institutions who needed child care assistance in order to attend.
- Removes the Department of Human Service’s ability to develop child care rates. Rates can only be altered by the General Assembly.
- Removes licensed family child care homes from the tiered reimbursement rate implementation.
- Establishes a base reimbursement rate for licensed child care centers for FY2018. Licensed child care centers shall be reimbursed at a maximum weekly rate of \$193.64 for infant/toddler care and \$161.71 for pre-school aged child care.
- Implements a tiered reimbursement rate structure for licensed child care centers providing weekly care to infants/toddlers and pre-school aged children:

Infant/Toddler Rates			Pre-School Children Rates		
	Increased Reimbursement	Increased Reimbursement		Increased Reimbursement	Increased Reimbursement
Tier	Percentage	Amount	Tier	Percentage	Amount
1	2.5%	\$198.48	1	2.5%	\$165.75
2	5.0%	\$203.32	2	5.0%	\$169.80
3	13.0%	\$218.81	3	10.0%	\$177.88
4	20.0%	\$232.37	4	15.0%	\$185.97
5	33.0%	\$257.54	5	15.0%	\$185.97

- Amends RIGL 42-102, Governor’s Workforce Board Rhode Island, to include a new program which will provide career opportunities for young adults.

Article 16: Relating to Debt Management Act Joint Resolutions

This article serves as a joint resolution for the issuance of up to \$41.8 million in debt required pursuant to RIGL 35-18-1, commonly known as the Kushner Act, to finance an array of projects at the University of Rhode Island (URI) and Eleanor Slater Hospital (ESH). This represents an increase of \$22.0 million relative to the Governor’s proposal. The article makes the following changes:

- Limits the resolution to debt issued within five years of the date of passage.
- Authorizes the issuance of \$22.0 million in certificates of participation (COPs) to finance a renovation project at Eleanor Slater Hospital.

The projects, financing instruments, and total costs are summarized below:

Project	Department	Mechanism	Principal	Interest	Total Debt
Repaving, Hardscape & Landscape	URI (RIHEBC)	Revenue Bonds	\$11.0	\$6.7	\$17.7
Utility Infrastructure Upgrade Phase I	URI (RIHEBC)	Revenue Bonds	6.5	3.9	10.4
Fire Safety & Protection Phase II	URI (RIHEBC)	Revenue Bonds	2.3	1.4	3.7
Eleanor Slater Hospital Renovation	BHDDH	COPs	22.0	10.9	32.9
Total			\$41.8	\$22.9	\$64.7

\$ in millions. Totals may vary due to rounding.

UNIVERSITY OF RHODE ISLAND

The article authorizes \$19.8 million in Rhode Island Health and Educational Building Corporation (RIHEBC) revenue bonds, authorized at up to 5.0 percent interest over 20 years, yielding a total debt service of \$31.8 million which will be financed primarily through URI unrestricted institutional revenue and auxiliary fee revenues. These bonds will finance the following projects at URI:

- **Repaving, Hardscape, and Landscape:** This article provides for the issuance of RIHEBC revenue bonds in the amount of \$11.0 million for repaving and reconstruction of major parking facilities, internal roadways, walkways, and associated infrastructure on the University's Kingston, Narragansett Bay, and W. Alton Jones Campuses. Total debt service is not expected to exceed \$17.7 million.
- **Utility Infrastructure Upgrade Phase I:** This article provides for the issuance of RIHEBC revenue bonds in the amount of \$6.5 million for the engineering and construction of upgrades and component replacements to five municipal-level Kingston Campus utility systems. This project is the first phase in a phased implementation plan to improve the reliability of the University's Kingston campus structure. Total debt service is not expected to exceed \$10.4 million.
- **Fire Safety and Protection Phase II:** This article provides for the issuance of RIHEBC revenue bonds in the amount of \$2.3 million for the installation of upgraded fire alarm and sprinkler systems, as well as life safety improvements in auxiliary enterprise buildings in accordance with the State's fire code. Phase I included extensive fire safety improvements in academic and administrative buildings, and Phase II seeks to continue these improvements throughout auxiliary buildings. Total debt service is not expected to exceed \$3.7 million.

ELEANOR SLATER HOSPITAL

The article authorizes \$22.0 million in certificates of participation (COPs), authorized at up to 5.0 percent interest over 15 years. Total debt service is not expected to exceed \$32.9 million and will be financed through general revenues. The COPs will support an ongoing renovation project at the Eleanor Slater Hospital. The Governor's five-year capital plan includes a total of \$29.9 million from Rhode Island Capital Plan (RICAP) funds for this purpose; however, renovation costs increased substantially due to necessary updates to the renovation plan.

In September 2017, the Hospital was denied accreditation by the Joint Commission for the Accreditation of Healthcare Organizations (JCAHO) after a survey identified significant ligature risks throughout several Hospital buildings. This accreditation allows ESH to bill Medicare, Medicaid, and other insurers approximately \$55.0 million annually. Accreditation was reinstated following the submission of a plan to rehabilitate several buildings and incorporate ligature-resistant features. Failure to make these improvements jeopardizes the Hospital's accreditation as well as \$55.0 million in annual revenue.

The mitigation plan requires an additional \$22.0 million compared to the RICAP plan, for a total project cost of \$51.9 million. The article authorizes COPs for this purpose, as an alternative to shifting RICAP funds from other projects. The Budget includes a debt service payment of \$1.1 million in FY2019, which is offset by anticipated debt service savings of \$1.9 million. Annual debt service payments will increase to \$2.1 million in FY2020 through FY2034. Once completed, the project will maintain federal matching funds and generate operational savings by allowing for more efficient staff modeling.

Article 17: Relating to an Effective Date

This article provides that the Act would take effect on July 1, 2018, except as provided therein.

Senate Fiscal Office

Stephen H. Whitney

Senate Fiscal Advisor

Office of Health and Human Services

Sandra L. Berube

Legislative Grant Coordinator

Legislative Grants

Robert C. Bromley

Senior Legislative Fiscal Analyst

Administration

Board of Elections

Commission on Disabilities

Convention Center Authority

Ethics Commission

General Treasurer

Governor

Health

Human Rights Commission

I-195 Redevelopment Commission

Lieutenant Governor

Military Staff

Public Defender

Public Utilities Commission

Quonset Development Corporation

RI Emergency Management Agency

Secretary of State

Kelly M. Carpenter

Legislative Fiscal Analyst II

Arts Council

Atomic Energy Commission

Coastal Resources Management Council

Commission on Deaf and Hard of Hearing

Elementary and Secondary Education

Environmental Management

Health & Educational Building Corporation

Higher Education

Judiciary

Narragansett Bay Commission

Resource Recovery Corporation

RI Infrastructure Bank

Student Loan Authority

David Tremblay

Deputy Senate Fiscal Advisor

Business Regulation

Executive Office of Commerce

Legislature

Public Safety

Revenue

RI Commerce Corporation

RIHMFC (RI Housing)

Emily W. Tumber

Legislative Fiscal Analyst I

Behavioral Health, Developmental Disabilities,
and Hospitals

Child Advocate

Children, Youth, and Families

Mental Health Advocate

Shanna Vecchio-Schubert

Legislative Fiscal Analyst I

Attorney General

Corrections

Historic Preservation and Heritage Commission

Human Services

Labor and Training

RI Airport Corporation

RI Public Transit Authority

RI Turnpike & Bridge Authority

Transportation