



SENATE FISCAL OFFICE
REPORT

**GOVERNOR'S FY2020 AND
FY2019 SUPPLEMENTAL BUDGETS**

2019-H-5150 AND 2019-H-5151

FIRST LOOK

JANUARY 22, 2019

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Overview

The Governor's FY2020 Budget recommendation totals \$4,075.1 million in general revenue; \$166.9 million greater than the FY2019 Budget as Enacted. The recommendation includes \$9,930.0 million in all funds; an increase of \$357.3 million above the FY2019 Budget as Enacted.

Expenditures by Source	FY2018 Final	FY2019 Enacted	FY2019 Governor	Change to Enacted	FY2020 Governor	Change to Enacted
General Revenue	\$3,798.7	\$3,908.2	\$3,947.1	\$38.8	\$4,075.1	\$166.9
Federal Funds	2,996.5	3,208.2	3,339.6	131.4	3,318.7	110.5
Restricted Receipts	258.6	281.8	294.3	12.5	301.5	19.6
Other Funds	1,978.5	2,174.5	2,227.8	53.2	2,234.8	60.3
Total	\$9,032.2	\$9,572.7	\$9,808.8	\$236.0	\$9,930.0	\$357.3

Expenditures by Function

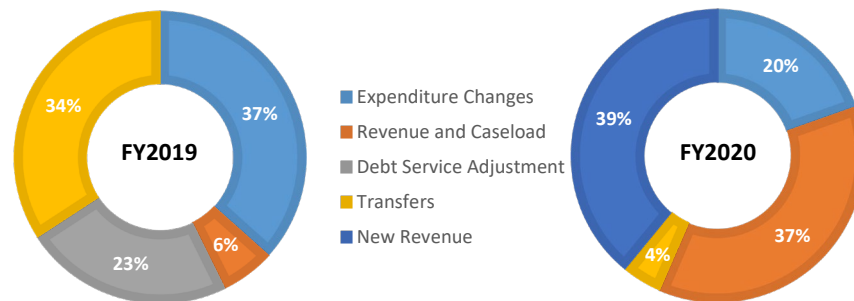
General Government	\$1,429.3	\$1,534.3	\$1,583.3	\$49.0	\$1,626.5	\$92.2
Human Services	3,934.3	4,068.1	4,175.6	107.5	4,200.6	132.4
Education	2,559.3	2,658.9	2,674.2	15.3	2,746.6	87.7
Public Safety	570.2	605.3	636.0	30.8	618.7	13.4
Natural Resources	85.7	115.2	107.3	(7.9)	108.2	(7.0)
Transportation	453.5	591.0	632.4	41.4	629.5	38.5
Total	\$9,032.2	\$9,572.7	\$9,808.8	\$236.0	\$9,930.0	\$357.3

FTE Authorization	15,186.2	15,209.7	15,230.7	21.0	15,413.7	204.0
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\$ in millions. Totals may vary due to rounding.

The Governor submitted two budget bills this year - a separate FY2019 Supplemental Budget and the FY2020 proposal. The budgets close estimated deficits of \$45.1 million in the current year and \$157.8 in FY2020. In FY2019, the Governor relies heavily on transfers from agency reserves, or "scoops" to address the deficit, while in FY2020, new revenue and updated revenue estimates are most impactful.

DEFICIT SOLUTIONS



A more detailed look at the Governor's FY2020 solution is shown in the following table. November Revenue and Caseload Estimating Conference results were the largest contributor to the budget solution, followed by new proposed tax and fee changes, and then expenditure reductions in state agencies.

FY2020 Deficit Solution

Projected deficit (July)	(\$157.8)
Nov REC/CEC	60.6
FY2019 Carry Forward	2.9
Rainy Day Fund	(3.9)
Projected Deficit (January)	(\$98.1)

Budget Initiatives

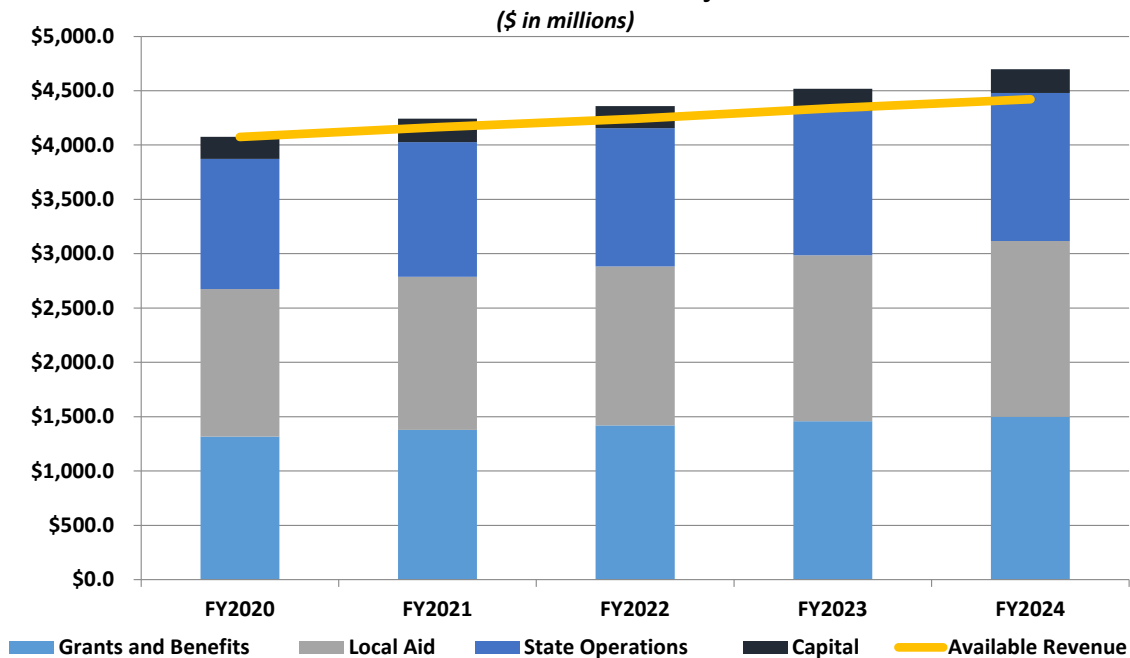
Expenditure Reductions	(\$31.0)
Transfers and Other Operational Changes	6.7
Tax and Fee Changes	61.2
Projected Ending Balance	\$0.7

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

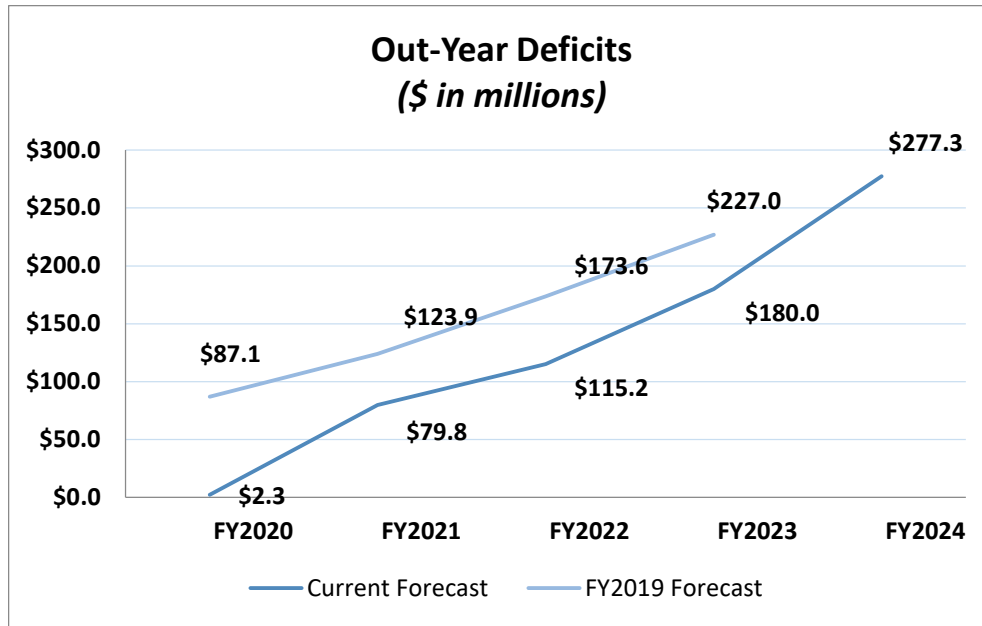
FIVE-YEAR FORECAST

The Budget projects out-year deficits increasing from \$79.8 million in FY2021 to \$277.3 million in FY2024 (5.9 percent of spending). Projected average annual revenue growth of 2.1 percent, coupled with a projected average annual increase in expenditures of 3.6 percent, creates the State’s projected deficit. Actual out-year performance could vary significantly if growth rates used for both revenue and expenditure forecasts are inaccurate. Drivers of the forecast include Medicaid and education inflation and increasing motor vehicle excise tax payments. The timing, location, and types of activity allowed at Massachusetts gaming facilities, the state of the Affordable Care Act at the federal level, and the timing of a potential economic recession all present risks.

FY2020-FY2024 Out Year Projections



Out-year deficit projections are lower than what was forecast one year ago. Increasing base revenue collections and assumed implementation of FY2020 expenditure reductions combine to reduce the FY2023 projected deficit by \$47.0 million.



RAINY DAY FUND

In 1990, the Budget Reserve and Cash Stabilization Account, or Rainy Day Fund, was created to establish a fiscal cushion for the State when actual revenues received are less than State expenditures (deficit). The account is funded by limiting annual State general revenue appropriations to a percentage (currently 97.0 percent) of available revenues. Excess funds are deposited to the Rainy Day Fund. The spending limitation, Rainy Day Fund, and disposition of excess funds are governed by provisions in the RI Constitution and General Laws.

RIGL 35-3-20 institutes a cap on the balance of the Rainy Day Fund, which gradually increased between FY2007 and FY2013. Since FY2013, the balance of the Fund has been capped at 5.0 percent of general revenues. When the limit is reached, excess funds are transferred to the Rhode Island Capital Plan (RICAP) fund for capital improvement projects.

FY2018 closed with \$198.5 million in the Rainy Day Fund. The Governor's proposal would see that increase to \$210.5 million in FY2020.

GENERAL REVENUE SURPLUS STATEMENT

	FY2017 Audited	FY2018 Audited	FY2019 Enacted	FY2019 Governor	FY2020 Governor
Opening Surplus					
Free Surplus	\$167,818,206	\$61,660,230	\$31,264,778	\$52,525,379	\$2,948,779
Reappropriated Surplus	7,848,853	10,338,899	-	10,057,409	-
Subtotal	\$175,667,059	\$71,999,129	\$31,264,778	\$62,582,788	\$2,948,779
Total Revenues	\$3,684,357,619	3,908,384,435	3,998,485,298	\$4,009,272,170	\$4,198,887,451
To Cash Stabilization Fund	(115,565,275)	(119,101,340)	(120,892,502)	(121,853,926)	(126,055,087)
From Cash Stabilization Fund					
Total Available Resources	\$3,744,459,404	\$3,861,282,224	\$3,908,857,574	\$3,950,001,032	\$4,075,781,143
Total Expenditures	\$3,672,460,275	3,798,699,436	\$3,908,207,061	\$3,947,052,253	4,075,093,139
Total Surplus	71,999,129	62,582,788	650,513	2,948,779	688,004
Free Surplus	\$71,999,129	\$62,582,788	\$650,513	\$2,948,779	\$688,004
Rainy Day Fund	\$192,608,792	\$198,502,233	\$201,487,504	\$203,089,877	\$210,157,877

Revenue Changes

The Governor's FY2020 Budget increases general revenue collections by an estimated \$67.8 million above the November 2018 revenue estimate, excluding the annually enacted hospital *license* fee. The Governor includes \$180.8 million for the fee. Revenue initiatives include an assessment on certain employers with Medicaid-eligible employees, elimination of loopholes in remote seller sales tax collection, transfers from quasi-public corporations, and the revenue activity associated with the legalization of the use of marijuana, and other changes.

Governor's Recommended Revenue Changes	FY2020
Hospital License Fee	\$180.8
Employer Medicaid Initiative	15.6
Sales Tax on Remotes Sellers	11.5
Sales Tax on Services	8.2
Transfers	7.0
Marijuana Changes	6.5
Cigarette & Other Tobacco Revenue Changes	4.6
Hotel Tax	4.4
Lottery Changes	2.8
Sales Tax on Digital Downloads	2.6
DEM Fees	2.5
Beverage Container Fee	2.1
DBR Fees	1.8
Enhanced R&D Credit	(1.3)
EOHHS Revenue Changes	(1.1)
DMV Revenue Changes	(0.9)
Guns and Ammo	0.8
DOR Revenue Enhancements	0.8
SARA Fees	(0.1)
Total	\$248.6

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

Hospital License Fee

\$180.8 million

Article 19 authorizes the State to collect the hospital license fee in FY2020, which will generate \$180.8 million in revenues. The license fee maintains the FY2019 rates of 3.78 percent for hospitals located in Washington County and 6.0 percent for all other non-psychiatric community hospitals.

Employer Medicaid Initiative

\$15.6 million

Article 16 creates an employer public assistance assessment, which would impose a fee on large, for-profit companies for each non-disabled employee enrolled in Medicaid. The article authorizes the state to assess employers on a quarterly basis, effective October 1, 2019, at a rate of 10.0 percent of wages, up to a maximum amount of \$1,500 per employee per year. Applicable employers may appeal the determination to the Department of Labor and Training. The assessment is expected to generate \$15.6 million in new revenues FY2020 and would require collaboration between the Departments of Administration, Revenue, Labor and Training, and Human Services as well as the Executive Office of Health and Human Services (EOHHS).

Sales Tax on Remote Sellers

\$11.5 million

Article 2 of the Supplemental budget adjusts the statutory framework underpinning the obligations of remote sellers (i.e. business not located in Rhode Island) and online retail sales facilitators (such as Amazon)

to collect from or otherwise notify in-state purchasers of their sales tax liabilities. A 2018 Supreme Court ruling explicitly permits states to collect sales tax from online commerce.

The Office of Revenue Analysis (ORA) estimates that these adjustments will generate \$11.5 million in FY2020. This estimate is based on a July 1, 2019, implementation date. To meet this requirement, OMB recommends an authorization timeframe beginning April 1, 2019.

Sales Tax on Services

\$8.2 million

The Budget expands the sales tax to apply several professional services including lobbying; interior design services provided in residential buildings; and hunting, trapping, and shooting range services. The Budget Office estimates a total of \$8.2 million in new general revenue from these initiatives.

Sales Tax on Services	
Building Services	\$6.2
Lobbying	0.9
Hunting, Trapping, & Shooting Ranges	0.6
Interior Design	0.5
Total	\$8.2

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

Transfers

\$7.0 million

The Governor transfers \$7.0 million in reserves from three quasi-public agencies to support the General Fund.

Agency	Amount
RI Infrastructure Bank	\$4.0
RI Student Loan Authority	\$1.5
RI Housing	\$1.5
Total	\$7.0

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

Marijuana Changes

\$6.5 million

The Governor includes \$6.5 million in revenue attributable to the legalization of recreational use of marijuana and changes to the medical marijuana program. The following table summarizes these changes:

Marijuana Revenue Impacts	
Marijuana Excise	1.4
Adult-Use Licensing Fee	1.2
Cultivator Weight-Based	1.2
Sales Tax Collections	1.0
New Compassion Center Sales Tax	0.5
Transfer of Excess MM restricted receipts to GR	0.3
Compassion Center - Retail Only License	0.3
Home Grow Sales Tax	0.3
Home Grow Surcharge	0.2
Hemp Derived CBD Products Wholesale Tax	0.1
Total	\$6.5

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

Cigarette and Other Tobacco Revenue Changes

\$4.6 million

The Budget make several changes to the taxes on cigarettes, cigars, and electronic cigarettes, summarized in the following table:

Cigarette and Other Tobacco Changes

Increase in Cigarette Tax	\$2.5
Increase in Floor Tax	\$0.7
Increase in OTP Cigar Max Tax	\$0.6
Tobacco Licensing Fees	\$0.5
Excise Tax on Electronic Cigarettes	\$0.4
Cigarette Sales Elasticity	(\$0.1)
Total	\$4.6

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

Hotel Tax**\$4.4 million**

The Budget increases the 5.0 percent state hotel tax to 6.0 percent. The hotel tax distribution formula is adjusted to hold local tourism districts and the Commerce Corporation harmless, with all additional revenue from the 1.0 percent increase going to the general fund. The proposal is estimated to generate \$4.4 million in general revenue.

Lottery Changes**\$2.8 million**

The Budget includes several significant changes to gaming in Rhode Island. These include the use of mobile applications within the state for sports betting and other lottery games.

Lottery Revenue Changes

Mobile App - Sports Betting	\$3.0
REC Correction	(1.1)
Mobile App - Traditional Lottery	0.9
Total	\$2.8

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

Sales Tax on Digital Downloads**\$2.6 million**

The Budget authorizes the State to levy sales tax on the digital downloading of video, music, and electronic book content from the internet.

Digital Downloads

Videos	\$1.5
Music	0.6
E-Books	0.5
Total	\$2.6

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

DEM Fees**\$2.5 million**

The Governor increases fees related to several Department of Environmental Management programs including state beach and campground fees.

DEM Fees

Hard to Dispose of Fees	\$1.0
Beach Fees	0.7
Campground Fees	0.7
Other Fees	0.1
Total	\$2.5

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

Beverage Container Fee**\$2.1 million**

The Budget increases the tax on beverage containers sold by wholesalers to a beverage retailer or consumer from four cents to eight cents. The estimated increase in revenue for FY2020 is \$2.1 million.

DBR Fees**\$1.8 million**

Article 5 increases licensing fees for several professions overseen by the Department of Business Regulation. Specifically, the Budget increases the mortgage loan originator certification fee from \$100 to \$400 and the debt collector license fee from \$100 to \$500.

DBR Fees	
Registration Mort. Loan Originators	\$1.2
Debt Collector License/Branch Certificate	0.6
Total	\$1.8

Enhanced R&D Credit**(\$1.3 million)**

Article 12 of the Budget establishes a new credit against personal income for early stage companies or those substantially increasing investment in research and development within Rhode Island. The credit may be up to 22.5 percent of all qualified research expenses. In FY2020, this new credit results in an estimated \$1.3 million loss in revenue.

EOHHS Revenue Changes**(\$1.1 million)**

The Governor reduces general revenue by \$1.1 million due to proposed reductions various health and human services initiatives.

EOHHS Revenue Changes	
HCP COLA	(\$0.3)
TC Hospice & NH	(\$0.3)
Rate Freeze	(\$0.3)
MCO Performance Goal Elim	(\$0.1)
Duel Eligible	(\$0.1)
MCO COLA	(\$0.0)
C-Section Reduction	(\$0.0)
Total	(\$1.1)

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

DMV Revenue Changes**(\$905,080)**

The Budget makes several changes to the revenue activity within the Department of Motor Vehicles. Article 5 authorizes the DMV to charge municipalities \$5.00 to block vehicle registrations of individuals who have outstanding property tax liabilities. It also eliminates the requirement to reissue license plates every ten years. Lastly, it increases the cost of permits for oversized vehicles. The following table summarizes the fiscal impact of the changes:

DMV Fees	
License Plate Reissuance Elimination	(\$1.8)
Overweight Fees	0.5
DMV Tax Blocks	0.4
Total	\$0.9

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

Guns and Ammunition**\$804,305**

The Governor recommends imposing a 10.0 percent surcharge on the first sale or use of firearms and ammunition in the state. The estimated revenue on this initiative in FY2020 is \$804,305.

DOR Revenue Enhancements**\$750,000**

The Budget include additional staff within the Department of Revenue's Collections Unit. The new revenue-generating staff include an additional 1.0 Attorney FTE position and 1.0 Case Management Systems FTE position.

SARA Fees**(\$86,500)**

Article 2 of the Budget creates a restricted receipt account in the Office of the Postsecondary Commissioner's budget in which all fees related to interstate reciprocity agreements regarding postsecondary distance education and learning programs will be deposited. State Authorization Reciprocity Agreement (SARA) fees had previously been deposited as general revenue.

FY2019 SUPPLEMENTAL CHANGES**Transfers from Quasi-Public Agencies****\$16.4 million**

The Governor transfers approximately \$16.4 million in reserves from eight quasi-public sources to support the General Fund.

Agency	Amount
RI Resource Recovery	\$5.0
RI Housing	2.5
RI Health and Educational Building Corporation	2.0
Quonset Development Corporation	2.0
RI Student Loan Authority	1.5
Bond Funds - Unexpended Proceeds	1.4
Oil Spill Prevention, Administration, and Response (OSPAR)	1.0
Underground Storage Tank Trust	1.0
Total	\$16.4

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

Expenditure Changes by Agency

Administration: The Governor includes \$9.1 million in additional general revenue for debt service on new general obligation transportation and recreation bonds. There is a similar general revenue increase of \$2.9 million for certificates of participation debt service.

The Governor also includes general revenue increases of \$6.9 million for Historic Structures Tax Credits, \$520,000 on the I-195 Redevelopment Bonds (\$3.0 million total), and an increase of \$1.5 million for debt service related to the Garrahy Courthouse Garage construction (\$3.1 million total).

- **Water Resources Board:** The Governor transfers the Water Resources Board functions and 3.0 FTE positions from the Division of Planning to the Division of Public Utilities and Carriers. This shifts approximately \$437,605 from general revenue to restricted receipts.
- **Litigation Oversight Unit:** The Governor adds \$105,537 in general revenue and \$105,537 in federal funds to establish a litigation oversight unit, with 2.0 FTE positions to track the number of hours invested on litigation for state agencies and to bill the appropriate federal funds. The Governor's proposal does not include general revenue savings.
- **2020 Census:** The Governor transfers \$123,717 in general revenue and a 1.0 Chief Program Development position from the Department of Revenue to create a Data Analyst I position. This position will assist in the collection, monitoring, and analysis of the State's 2020 census count. In addition, the Governor adds \$150,000 in general revenue for a Complete Count Initiative.
- **MPA 1.0 Percent Assessment:** The Budget includes a new 1.0 percent administrative fee assessment on all Master Price Agreement (MPA) expenditures including municipal MPA expenditures.
- **HealthSource - Individual Mandate:** The Governor adds \$400,000 in general revenue for software management agreements to fund HealthSourceRI's implementation of the "Shared Responsibility Payment Penalty."
- **New FTE positions:** The Governor adds 18.0 FTE positions to the department to expand or enhance work regarding the e-procurement system, employee benefits, IT, recruitment and training, and capital asset management. The increase is partially offset with the transfer of 3.0 FTE positions from the water Resource Board to the Public Utilities Commission.

Business Regulation: The Budget includes a \$1.1 million increase in general revenue (\$6.3 million all funds) and an additional 26.0 FTE positions in the Department of Business Regulation (DBR).

The major budget initiatives include the following:

- **Office of Cannabis Regulation:** The Governor establishes the Office of Cannabis Regulation (OCR) within DBR to regulate the current medical marijuana program and the proposed adult-use marijuana program. The office will be tasked with protecting public health, maintaining public safety, and preventing youth access. The OCR will process license applications, conduct inspections, and enforce regulations when necessary.

The implementation of the adult-use marijuana program is estimated to generate revenues of \$4.9 million, and an additional \$1.6 million in revenues is anticipated due to changes proposed to the medical marijuana program, for a total of \$6.5 million in new state revenue.

The Governor includes funding of \$5.6 million from restricted receipts and 17.0 FTE positions in the FY2020 budget for the new Office of Cannabis Regulation.

- **Fire Marshal – Identification Systems:** \$125,000 increase to finance an explosive identification system, a radioactive materials identification system, and a nano x-ray system to properly detect and identify explosives and/or nuclear materials.
- **Simplify and Streamline:** \$500,000 increase for a new initiative to improve the business experience in Rhode Island by creating a team shared with the Executive Office of Commerce that will work to simplify and streamline business regulations. In addition, 1.0 FTE position is recommended to be transferred from the Office of Regulatory Reform to act as a Small Business Ombudsman.

Labor and Training: The Governor’s Budget increases general revenue expenditures by \$1.3 million (all funds decrease by \$3.9 million) relative to the FY2019 Enacted level. The major changes include the following:

- **Real Jobs Rhode Island:** The Governor includes an additional \$1.2 million in funding from the Job Development Fund to continue growing the Real Jobs Rhode Island (RJRI) program.
- **Income Support Personnel:** The Budget includes a general revenue increase of \$452,664 to support current staffing levels in the Department’s Unemployment Insurance (UI) offices. As a result of the State’s decreasing unemployment rate the Department receives less federal funds that were previously used to support UI functions.
- **Statewide Adjustments:** The Governor includes statewide adjustments of \$162,510 that reflect savings achieved through lower medical rates for State employees, a lower assessed fringe benefit rate, and a redistribution of savings included in the enacted budget.
- **Employer Tax Division Transfer:** The Governor transfers the Employer Tax Division from the Department of Revenue to the Department of Labor and Training. A total of 42.0 FTE positions would be transferred, including 5.0 FTE positions that would be focused on the Governor’s proposed Medicaid Employer Assessment.

Revenue: The Budget includes a \$33.7 million increase in general revenue (\$59.0 million in all funds) for the Department of Revenue (DOR). The Governor recommends two organizational changes within DOR. These changes and other major budget initiatives include:

- **Employer Tax Division Transfer:** The Governor transfers the Employer Tax Division from the Department of Revenue to the Department of Labor and Training. A total of 42.0 FTE positions would be transferred, including 5.0 FTE positions that would be focused on the Governor’s proposed Medicaid Employer Assessment.
- **Municipal Finance Staff:** The Budget reduces personnel costs within the Division of Municipal Finance by \$447,619, reflecting the elimination of 5.0 FTE positions.
- **Municipal Tax Blocks:** The Budget authorizes the DMV to charge municipalities for placement of tax blocks on registrations. The initiative is estimated to yield \$406,250 in new revenue.
- **License Plate Reissuance:** The Governor eliminates the requirement that license plate be reissued every 10 years. The proposal represents a net \$600,000 reduction in general revenue for FY2020. The Budget also includes \$169,038 in funding for improved enforcement of existing license plate standards.
- **DMV Funding:** The Governor recommends that \$4.3 million in Highway Maintenance Account funds be used to pay for a portion of the DMV operations, thereby freeing up general revenues funds to offset front-facing personnel costs.
- **Adult-Use Marijuana:** The Budget includes \$800,000 in restricted receipt funding for Division of Taxation personnel that will support revenue activity associated with the Governor’s proposal to legalize marijuana.

- **State Aid:** The Budget includes \$132.8 million across all sources of funds for the State Aid program, including an increase of \$170.0 million in general revenue. This increase is attributable to:
 - **Motor Vehicle Excise Tax Payment:** \$21.9 million in additional general revenue budgeted for the actual reimbursements to towns and cities under the motor vehicle tax phase out. The proposal reduces FY2020 reimbursements by \$16.3 million.
 - **PILOT:** The Budget provides \$40.8 million in funding for the Payment in Lieu of Taxes (PILOT) program. This is a \$5.3 million (11.0 percent) reduction in aid to cities and towns and is \$6.0 million less than the statutory maximum of 27.0 percent of assessed property taxes on eligible exempt properties.
 - **Lottery:** The Governor recommends an increase of \$25.0 million across all funds for the Lottery. The increase consists primarily of a net \$22.0 million more in estimated lottery payments identified by the November 2018 Revenue Estimating Conference.

Secretary of State: The Budget adds \$300,000 in general revenue for a software security update to the Open Government and Corporations databases; adds \$145,000 to support operating costs associated with the 2020 presidential primary; and includes \$112,224 for a contracted senior application developer for on-going technical support to the Administrative Procedures Act database.

Board of Elections: The Budget adds \$312,000 in general revenue to support operating costs, associated with the 2020 presidential primary, and \$55,000 in general revenue for contract support of the e-polling book.

Office of the Governor: The Governor adds \$846,219 in general revenue personnel costs, reflecting expenses that were previously cost allocated to ten state agencies as a means to supplement the Governor's Office personnel budget. The Governor also requests an increase of \$50,000 to the discretionary contingency spending account.

Public Utilities Commission: The Governor transfers the Water Resources Board functions and 3.0 FTE positions from the Division of Planning to the Division of Public Utilities and Carriers. This transfers the funding source for the Water Resources Board from general revenue to restricted receipts. In addition, the Governor adds 1.0 Consumer Agent to help ratepayers, 2.0 Engineers to increase inspection capacity of utility infrastructure, and 1.0 Public Utilities Analyst to support utility regulatory proceedings.

Executive Office of Commerce: The Governor includes \$35.4 million in general revenue to support new and existing initiatives designed to spur economic development. This includes \$21.3 million for Economic Development Initiatives and Commerce Programs, including:

- **Rebuild RI:** \$15.0 million to assist economic development projects through the Rebuild RI program (\$3.8 million more than enacted level).
- **Wavemaker:** \$1.6 million to help retain graduates through the Wavemaker Fellowship program (\$400,000 less than enacted level).
- **I-195 Fund:** \$1.0 million for the I-195 Redevelopment Fund (represents level funding).
- **Main Street RI:** The Budget does not include funding for the Main Street RI Streetscapes program in FY2020. This represents a \$500,000 reduction (compared to the enacted level) in funding for local economic enhancements.
- **Air Service Development:** The Budget does not include additional funds in FY2020 for the Air Service Development program that is used to develop new air service routes at T. F. Green Airport.

- **Airport Impact Aid:** The Budget reduces available state aid funding to communities that host airports. The Airport Impact Aid program is funded at \$762,500, \$300,000 less than the enacted level (26.0 percent reduction).
- **Supply RI:** \$300,000 to support connecting small suppliers with some the State’s largest commercial purchasers through the SupplyRI initiative.
- **P-Tech:** \$200,000 to sustain P-Tech, the information technology workforce development initiative. The Budget directs \$100,000 of these funds to Davies to further the development of the Advanced Manufacturing Career Center.
- **Small Business Assistance:** \$750,000 to support the small business assistance program. According to Commerce, this funding will allow the agency to double the number of small business and micro-loans it facilitates.
- **Polaris Manufacturing Technical Assistance Program:** The Governor includes \$350,000 in general revenue for the Polaris Manufacturing Technical Assistance Program (Polaris), an intermediary and training provider that seeks to enhance the competitiveness of RI manufacturers.
- **Simplify and Streamline Initiative:** The Governor recommends \$262,724 in support of a new initiative co-administered by the Executive Office of Commerce and the Department of Business Regulation aimed at making it easier to do business in RI.
- **Manufacturing Site Readiness:** \$2.3 million to fund a new program to provide technical support to municipalities and investments in “pad-ready” locations for siting manufacturers looking to relocate.

Executive Office of Health and Human Services: The Governor proposes \$1,033.5 million in general revenue expenditures (\$2,745.1 million all funds) for the Executive Office of Health and Human Services (EOHHS) in FY2020, increasing general revenue expenditures by \$50.5 million (\$138.1 million all funds) compared to the FY2019 Budget as Enacted. Of this amount, \$34.3 million (\$62.4 million all funds) is related to the transfer of Elder and Veterans’ Affairs from the Department of Human Services (DHS) to EOHHS. There is a concurrent reduction in DHS’ budget. Other major changes include:

Central Management

- **Medicaid Management Information System (MMIS) Funding:** The Governor recommends that the MMIS be fully funded in order to adequately process Medicaid claims. This includes an additional \$1.2 million from general revenues (\$1.8 million all funds) compared to the FY2019 Budget as Enacted.
- **Medicaid Professional Services:** The Governor proposes an additional \$839,656 from general revenues to fund the Conduent replacement contracts, which support actuarial services for rate setting and caseload estimating as well as ad hoc strategic consulting work.
- **1115 Waiver Independent Evaluation:** The Governor includes \$35,000 from general revenues (\$70,000 all funds) to fund an independent evaluation of the 1115 waiver extension, which was approved by the Centers for Medicare and Medicaid Services (CMS) on December 20, 2018. Federal law requires that this evaluation be completed upon approval.
- **Independent Provider (IP) Model Implementation:** During the 2018 legislative session, the General Assembly directed the state to establish an independent provider model for the delivery of long term services and supports by October 1, 2019. The Governor recommends \$192,500 from general revenues (\$770,000 all funds) to cover implementation costs for the IP model.
- **Rhode Island Quality Institute (RIQI) Health Information Exchange (HIE):** The Governor adds \$235,310 from general revenues (\$2.4 million all funds) to support ongoing operations and expansion of the HIE as well as a major upgrade to its technical infrastructure. This upgrade has been delayed for

several years due to lack of funding. Without it, the state will not be able to complete several contracted projects without expensive workarounds which may violate federal requirements.

- **Adult-Use Marijuana:** The Governor recommends \$1.0 million in restricted receipt funding within EOHHS to facilitate the adult-use marijuana initiative. Of this funding, \$750,000 will allow EOHHS to direct grants to local substance abuse prevention, treatment, and recovery services, \$200,000 will enable EOHHS to manage grant programs and work collaboratively with state and municipal health and human service agencies, and the remaining \$50,000 will support operations costs associated with the legalization of the marijuana and hemp markets.

Elder Affairs

- **Transfer:** The Governor transfers the Division of Elderly Affairs from DHS and establishes it as the Office of Elder Affairs within EOHHS. This includes the shift of \$8.4 million in general revenues (\$22.1 million all funds) and 31.0 FTE positions.
- **Expansion of Home and Community Care Co-Pay Programs:** The Governor expands eligibility for the home and community care co-pay program for seniors by increasing the income limit from 200.0 to 250.0 percent of the federal poverty level (FPL).

Veterans' Affairs

- **Transfer:** The Governor transfers the Division of Veterans' Affairs from DHS and establishes it as the Office of Veterans' Affairs within EOHHS. This includes the shift of \$25.8 million in general revenues (\$40.3 million all funds) and 257.1 FTE positions.
- **RI Serves:** The Governor provides \$153,000 from general revenues to support RI Serves, a case management software designed to promote access to veterans' assistance programs.
- **Veterans at Risk:** The Governor includes \$400,000 from general revenues to support community service grants distributed by Veterans' Affairs, an increase of \$200,000 relative to the FY2019 Budget as Enacted. In previous years, the funds provided have not been sufficient to support initiatives to reduce homelessness and increase employment.
- **RI Veterans' Home:** The Governor recommends an additional \$1.4 million from general revenues (\$2.3 million all funds) to support operations at the RI Veterans' Home. Major drivers of this supplemental funding include increases for contracted medical and janitorial services as well as statewide adjustments. Total expenditures for these services are consistent with FY2018 actuals; however, the RI Veterans' Home was able to leverage restricted receipt revenues in lieu of general revenues to support the additional costs in FY2018, which will not be possible in FY2020.

Medical Assistance

- **Caseload Estimating Conference:** The Governor adds \$43.6 million in general revenue funds to support the Medicaid program, reflecting changes adopted in the November 2018 Caseload Estimating Conference.
- **Cortical Integrative Therapy:** The Governor eliminates the Cortical Integrative Therapy program, which is supported by general revenues and is not eligible for federal matching funds. This proposal would save \$1.0 million in general revenues.
- **Estate Recovery Optimization:** The Governor recommends augmenting existing policies around estate recovery in order to increase collections and achieve operational efficiencies. This initiative is estimated to save \$236,300 in general revenues (\$550,000 all funds) in FY2020.
- **J-Code Claiming Optimization:** The Governor recommends improvements to the claiming of pharmaceutical rebates, saving \$752,288 in general revenues (\$1.8 million all funds).

- **Nursing Home COLA:** The Governor adds a cost-of-living adjustment (COLA) of 1.0 percent to nursing home rates. This COLA will be provided in lieu of an annual inflation-based rate increase, thereby saving \$3.5 million in general revenues (\$7.5 million all funds).
- **Hospice in a Nursing Facility:** The Governor includes a technical correction to a rate increase provided in the FY2019 Budget as Enacted. As interpreted by EOHHS, the rate increase was applied to all providers of hospice care, including those providing services in skilled nursing facilities. This was not the legislative intent of the rate increase and resulted in a discrepancy between the rates paid for hospice care and non-hospice care in nursing facilities. The correction would save \$2.6 million in general revenues (\$5.5 million all funds).
- **Hospital Rate Freeze:** The Governor freezes rates for inpatient and outpatient hospital services. This would generate general revenue savings of \$5.3 million (\$15.1 million all funds).
- **Eliminate Inpatient Upper Payment Limit (UPL):** The Governor terminates the UPL policy in FY2020. These payments detract from efforts to promote value-based purchasing, as they are not linked to cost, quality, or outcome metrics. This proposal would save \$3.6 million in general revenue (\$9.4 million all funds).
- **Graduate Medical Education (GME):** The Governor eliminates the GME program in FY2020, as this is a state-only program which only benefits one hospital in Rhode Island. This would save \$1.0 million in general revenues.
- **Hepatitis C:** The Governor's recommendation recognizes general revenue savings of \$4.5 million (\$16.2 million all funds) based on the introduction of a generic drug for the treatment of Hepatitis C.
- **Dual-Eligible Utilization Management:** The Governor recommends implementing a set of techniques to enable a case-by-case approach to care for individuals who have both Medicare and Medicaid coverage, known as dual-eligibles. This proposal would generate general revenue savings of \$2.0 million (\$4.2 million all funds).
- **C-Section Births Reduction:** The Governor recommends that managed care organizations (MCOs) implement a multi-year strategy to reduce C-Section births from the current level of 30.0 percent to the national best practice of 20.0 percent. This effort would result in general revenue savings of \$134,350 (\$285,000 all funds).
- **MCO Performance Goal Program:** The Governor eliminates the performance goal program, which distributes additional resources to MCOs for specific achievements. This would generate \$890,828 in general revenue savings (\$5.1 million all funds).
- **Federally Qualified Health Center Payment (FQHC) In-Plan:** The Governor recommends that the full FQHC payment be built into managed care rates for general revenue savings of \$1.9 million (\$5.3 million all funds).

Children, Youth, and Families: The Governor increases general revenue expenditures by \$5.6 million relative to the FY2019 Budget as Enacted within the Department of Children, Youth, and Families (DCYF). Major changes include the following:

Child Welfare

- **Accelerate the Voluntary Extension of Care (VEC) Program:** This initiative involves a thorough review of all youth in placement, and aligning placements and services consistent with the implementation of the VEC program. This review is currently underway and the program is now accepting applications. This initiative is expected to generate general revenue savings of \$2.6 million (\$3.7 million all funds).
- **Home-Based Services Length of Delivery:** DCYF has changed the timeframe for reauthorization of home-based services to ensure alignment with best practices. This initiative reduces the length of

renewal time to 60 days, unless additional time is requested. This initiative is expected to generate general revenue savings of \$1.3 million (\$2.0 million all funds).

- **Pivot to Prevention:** DCYF and the Department of Health (DOH) are working collaboratively to recognize children who have been identified as victims of abuse or neglect and refer them to Early Intervention or other supportive services. This initiative aligns with DCYF's mission to promote prevention strategies in order to avoid involvement with the Department and requires an investment of \$73,600 from general revenues (\$136,600 all funds).
- **Title IV-E Claiming:** The Governor recommends maximizing federal funding through program improvement initiatives, including modifying foster care licensing requirements and permitting kinship families to obtain licensure more quickly. This initiative is expected to generate \$250,000 in general revenue savings.
- **Tiered Reimbursement for Pre-K:** Article 15 expands tiered reimbursement for child care to include Pre-K in addition to infant and toddler care. The majority of child care expenses are included within the Department of Human Services (DHS), although the expansion would require a general revenue investment of \$37,185 within DCYF.
- **Child Care Licensing Reorganization:** Article 15 also transfers the Child Care Facilities Licensing function from DCYF to DHS in order to centralize oversight and partnership with child care providers in Rhode Island.

Juvenile Corrections

- **Reconfiguration of Units:** The Department is planning a feasibility study of the current layout and physical structure of the Rhode Island Training School, which will be completed during FY2019. This study will examine how to best use the current facility given reduced caseloads. It is expected that the study will permit DCYF to reorganize the Training School, allowing the Department to leverage federal funding and maximize current staffing levels. It is anticipated that this reconfiguration will save \$500,000 in general revenues.
- **Training School Education Program:** As a result of declining census, the demand for classroom and vocational education within the Training School has responded in kind. There are approximately 60 youth supported by 14 full-time teachers. This initiative involves revisiting the educational program at the RITS to address the declining census, saving \$400,000 in general revenues.
- **Local Education Authorities (LEAs) Investment in Education of Youth Involved in Juvenile Justice:** Article 15 requires LEAs to contribute towards the educational costs of youth placed at the Training School and Ocean Tides. Currently, DCYF is responsible for bearing the full cost of educating the youth at both facilities. This initiative will place these youth in the funding formula, saving \$25,000 in general revenues (\$200,000 all funds).

Analyst Note: This initiative is expected to increase general revenue expenditures by \$1.3 million within the Department of Elementary and Secondary Education. It is unclear why the Governor's recommendation does not include the same level of savings within DCYF.

Office of the Child Advocate: The Governor proposes \$986,701 from general revenues for the Office of the Child Advocate, an increase of \$16,779 relative to the FY2019 Budget as Enacted. This includes additional expenditures for staff training and wages, offset by savings related to a reduction in centralized service charges and unutilized contracted services.

Health: The Governor recommends a total increase of \$3.3 million in general revenue (\$14.5 million all funds) and an increase of 6.0 FTE positions in the Department of Health in FY2020.

The major budget initiatives include the following:

- **Health Facility Regulation:** \$327,383 increase in restricted receipts to fund 3.0 FTE positions to increase the number of inspections of state-licensed healthcare facilities.
- **Prevention Funding:** \$650,000 increase in general revenue to provide additional funding for family home visiting programs and \$378,000 in general revenue to expand prenatal home visiting programs. The Governor also recommends an increase of \$190,000 to reduce the number of lead exposures and identify children with elevated blood lead levels as early as possible.
- **Adult-use Marijuana:** \$300,000 increase in restricted receipt funds in FY2020 to offset the operational costs associated with the proposed adult-use marijuana program.

Human Services: The Governor's Budget decreases general revenue expenditures by \$23.1 million (\$47.1 all funds) relative to the FY2019 Enacted level. The major changes include the following:

- **Transfer of Veteran's Affairs and Elderly Affairs:** The Budget reflects a general revenue decrease of \$31.4 million related to the transfer of Veteran's Affairs and Elderly Affairs from the Department of Human Services to the Executive Office of Health and Human Services. The transfer is intended to raise the profile of the programs.
- **Elderly Transportation:** The Governor includes an additional \$1.8 million in general revenue to support the Elderly Transportation Program. This program provides non-emergency transportation to seniors age 60 and older.
- **Child Care Facility Licensing Transfer:** The Governor includes the transfer of the Child Care Facilities Licensing Unit from the Department of Children, Youth and Families to the Department of Human Services. The transfer would include a total of 8.0 FTE positions and approximately \$800,000 in funding.
- **Pre-K Tiered Reimbursement:** The Budget includes an additional \$700,000 in federal funds to increase the reimbursement rate for pre-kindergarten aged children to the 75th percentile of the established market rate. The FY2019 Budget as Enacted included funds for increased tiered reimbursement for infant and toddlers as well as a small increase in reimbursement for pre-kindergarten aged children.

Behavioral Healthcare, Developmental Disabilities, and Hospitals: The Governor recommends an increase of \$7.2 million in general revenue (\$26.1 million all funds) for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). The major adjustments and budgets initiatives in the Department include:

Developmental Disabilities

- **Residential Rebalancing:** \$1.5 million in savings from the continuation of the rebalancing initiative that supports clients to seek more community-based placements and aims to reduce the number of individuals in residential group homes.
- **Rate Increases:** \$3.0 million increase in general revenue funding for a wage increase for developmental disability private providers and self-directed consumer direct care service workers. An additional \$273,412 is proposed to finance an expected increase in the rates paid to licensed nurses.
- **Program Caseload:** \$3.3 million increase to finance the current caseload projections and to restore the "Health Home" mechanism to achieve conflict-free case management. This mechanism is eligible for a 90 percent federal match for the first eight quarters, which the Governor estimates would result in \$455,020 in general revenue savings.
- **RICLAS Consolidation:** \$91,909 reduction in general revenue related to overtime reductions and facility closures under the Rhode Island Community Living and Supports (RICLAS) program. An additional general revenue savings of \$202,721 is proposed that would be achieved by reassessing and reducing the staffing patterns at the RICLAS group homes.

Hospital and Community Rehabilitation Services

- **Eleanor Slater Hospital Medicare & Medicaid Utilization:** \$700,000 in total savings by maximizing Medicaid and Medicare Part B billing.
- **Eleanor Slater Hospital Staffing:** \$1.3 million in general revenue for additional personnel expenditures to avoid noncompliance with the Joint Commission on Accreditation of Hospitals (JCAHO) requirements.

Elementary and Secondary Education: The Governor increases funding in the Department by \$47.2 million in general revenue (\$44.5 million all funds). The major changes include the following:

- **Education Aid:** The Governor fully funds the ninth year of the education funding formula with an increase of \$30.0 million in general revenue. The Budget also includes a general revenue increase of \$9.3 million (\$15.6 million total) for Early Childhood Education, an additional \$2.3 million (\$5.0 million total) for English Learners, and a net decrease of \$377,673 in Group Home Aid. The School Resource Officers categorical is reduced by \$1.0 million and a new requirement for districts to contribute for the education of students at the Training School and Ocean Tides has a proposed savings of \$1.3 million. Net funding for Central Falls increases by \$334,712 relative to the enacted level, and general revenue funding for the School for the Deaf increases by \$230,959. The Budget also provides \$100,000 in Pathways in Technology Early College High School (P-Tech) initiative grant funds from the Commerce Corporation to Davies for the continued development of the Advanced Manufacturing Career Center.
- **Administration of the Comprehensive Strategy (ACES):** The Budget provides \$590,000 in general revenue to fund mental health/behavior health training, curricula, and materials to increase in-classroom and in-school training resources. The Department was awarded a \$9.0 million, five-year grant from the United States Department of Health and Human Services to support stronger mental and behavioral health services for Rhode Island students. The Governor recommends an additional \$250,000 to expand the Advanced Course Network, including \$50,000 in general revenue and \$200,000 from the Permanent School fund. The Budget also provides \$100,000 to promote the adoption of high-quality curriculum by all districts, \$55,000 in general revenue to expand the number of schools accessing the federal Community Eligibility Provision meal service option to offer school breakfast, and an additional \$50,000 in general revenue (\$260,000 total) to provide professional development for teachers and to increase the number of high school students earning post-secondary credentials related to computer science.
- **7.0 new FTE positions:** The Governor recommends 7.0 new FTE positions. 1.0 FTE position is for the School Building Authority; 4.0 FTE positions are to support the universal pre-K expansion initiative; 1.0 federally funded FTE position is part of a \$9.0 million, five-year grant from the United States Department of Health and Human Services to support stronger mental and behavioral health services for Rhode Island students; and, 1.0 federally funded FTE position is part of a Safe and Drug-Free Schools grant.
- **Teacher Retirement:** The Budget adds \$6.2 million in general revenue (\$112.3 million total) to fund the state's 40.0 percent share of the employer contribution for teacher retirement, reflecting a projected payroll increase of 2.0 percent.
- **School Housing Aid:** The Governor fully funds the school housing aid program, based on updated project completion projections, at \$79.0 million, and recommends \$1.0 million for the School Building Authority Capital Fund. This reflects a shift of about \$9.6 million, relative to the FY2019 Budget as Enacted, from the Capital Fund to the traditional housing aid program to meet projected reimbursement obligations.

Higher Education: The Governor increases funding over the FY2019 Budget as Enacted by \$14.2 million in general revenue for Public Higher Education. Changes in funding include the following:

- **Institutional Current Services:** The Budget includes an increase of \$4.4 million in general revenue for increased personnel costs related to cost of living adjustments (COLAs) and changes to personnel benefits. The recommendation includes \$1.6 million for the University of Rhode Island (URI), \$1.2 million for Rhode Island College (RIC), and \$1.5 million for the Community College of Rhode Island (CCRI).
- **Online Degree Programs at URI:** The Governor recommends \$1.8 million in general revenue to expand and support online degree programs at URI.
- **SNAP- Eligible Students at CCRI:** The Budget includes \$235,000 in general revenue for new scholarships and work study opportunities for SNAP-eligible adults enrolled at CCRI. This funding will leverage matching federal funds.
- **Rhode Island Promise Scholarship CCRI:** The Budget includes \$1.9 million in Division of Higher Education Assistance (DHEA) reserve funds (\$7.9 million total, including \$6.0 million in general revenue) to fund the third year of the Rhode Island Promise Scholarship program (RI Promise) for recently graduated high school seniors.
- **Adult Promise Expansion:** The Governor recommends the expansion of the RI Promise program at CCRI to include adults age 25 and older attending either part-time or full-time, and includes \$2.0 million from DHEA reserve funds for this program. To qualify, students must not have already received an award under the RI Promise program.
- **Expansion of RI Promise Scholarship Program to RIC:** The Governor recommends expanding the RI Promise Scholarship program to students attending RIC in their junior and senior years. The program would apply to students beginning with those who enrolled in the fall of 2017. The Budget provides \$3.3 million from the DHEA reserve funds for this program, including \$2.4 million for scholarships and \$1.0 million to increase program capacity at RIC. To qualify, students must not have already received an award under the RI Promise program.
- **Debt Service at URI and RIC:** Due to new issuance of general obligation bonds for capital projects at URI, the Budget increases general revenue debt service support by \$7.1 million. Debt service at RIC decreases by \$240,349 based on an updated schedule.
- **Statewide Adjustments:** The Budget decreases funding by \$1.1 million to reflect lower medical and assessed fringe benefit rates, a medical holiday, and the redistribution of savings included in the enacted budget.
- **2.0 New FTE Positions:** The Governor recommends an increase of 2.0 FTE positions across the higher education system. The increase includes a 3.0 new FTE positions (8.0 FTE positions total) at the Westerly Education Center and 1.0 new FTE position at the new Northern Rhode Island Higher Education Center, partially offset by a reduction of 2.0 FTE positions in the Commissioner's Office.

Historical Preservation and Heritage Commission: The Governor's Budget increases general revenue expenditures by \$278,239 relative to the FY2019 Enacted level. The major changes include the following:

- **Personnel Costs:** The Governor includes an additional \$234,345 for additional personnel costs, including an increase in the Departments new Executive Director's salary.

Attorney General: The Governor's Budget increases general revenue expenditures by \$716,011 (all funds decrease by \$8.3 million) relative to the FY2019 Enacted level. The major changes include the following:

- **Google Funds:** The Budget reflects a federal funds decrease of \$8.0 million relative to the expenditure of Google Funds. The majority of Google Funds were used for the design and construction of a new customer service center in the Pastore Complex that was completed in 2018.
- **Personnel:** The Governor includes an additional \$182,087 for new personnel positions within the Department's Criminal Division. The new funding includes \$71,328 in general revenue for a 1.0 FTE Intake Clerk position and \$110,760 in federal funds for a new 1.0 FTE Traffic Safety Resource Officer position.
- **Statewide Adjustments:** The Governor includes statewide adjustments of \$221,603 which reflect savings achieved through lower medical rates for State employees, a lower assessed fringe benefit rate, and a redistribution of savings included in the enacted budget.

Corrections: The Governor's Budget increases general revenue expenditures by \$1.0 million (\$1.3 million all funds) relative to the FY2019 Enacted level. The major general revenue changes include the following:

- **High Security Improvements:** The Budget includes \$5.1 million in savings associated with the temporary closure of the high security facility for capital improvements. The Department anticipates temporarily relocating inmates in starting in October 2019. Proposed facility improvements include increasing program space, improving energy efficiency, and increasing safety features for correctional officers and inmates.
- **Statewide Adjustments:** The Governor includes statewide adjustments of \$4.5 million throughout the Department, which reflect savings achieved through lower medical rates for State employees, a lower assessed fringe benefit rate, and a redistribution of savings included in the enacted budget.
- **Hepatitis C Funding:** The Governor includes an additional \$2.4 million in general revenue funding for the treatment of inmates with Hepatitis C. The additional funding supports the treatment of approximately 120 additional inmates.
- **Overtime:** There is an anticipated general revenue savings of \$1.5 million related to a reduction in overtime. These savings are partially achieved through the addition of 10.0 new Correctional Officer positions, as well as anticipated the closure of housing units at the Intake Center due to a projected decrease in population.
- **Clerical Services:** The Budget includes an additional \$204,397 in general revenue to continue funding the Department's contract clerical employees. The clerical employees assist with daily operations when full-time staff are on long-term leave.
- **Substance Abuse Screening:** The Governor includes an additional \$87,336 in general revenue to continue funding substance abuse screening for inmates. The Department estimates that between 70 and 90 percent of the inmate population has a history of substance abuse. Inmates serving between six months and three years are screened, last year over 1,400 inmates received counseling.
- **Cognitive Behavioral Therapy:** The Budget includes an additional \$75,000 in general revenue to expand Cognitive Behavioral Therapy Services to inmates with gang affiliations in Maximum-Security.

Judiciary: The Governor increases funding over the FY2019 Budget as Enacted by \$4.1 million in general revenue across the Department, including an increase of \$459,598 for the defense of indigents fund to better align with historical expenditures and \$459,508 for security services to address increased gang violence in and around the State courthouses. The Budget also includes statewide adjustments totaling \$915,803 to reflect lower medical and assessed fringe benefit rates, a medical holiday, and the redistribution of savings included in the enacted budget.

Military Staff: The Budget includes \$619,950 in federal funds for 6.0 FTE positions consisting of 2.0 Security Managers that will maintain the Electronic Security program; 2.0 Planning positions that will

provide environmental compliance on major capital projects and assist coordination of interdepartmental activities; and, 2.0 Program Management positions that will provide support in the control of the National Guard facilities.

Public Safety: The Governor recommends an additional \$7.9 million in general revenue to support the operations the Department of Public Safety (DPS). Major FY2020 budget initiatives include:

- **Personnel:** The Budget provides an additional \$5.8 million to support additional personnel expenses within the State Police. These costs are associated with enhanced staffing of the Gaming Enforcement Unit and the hiring of 30.0 State Trooper FTEs expected to graduate from the State Police Training Academy.
- **Radio Replacement:** The Budget includes \$624,512 to fund the start of a six-year replacement schedule of portable and vehicle-mounted radios for the State Police, Sheriffs, and Capitol Police.

Department of Environmental Management: The Governor increases funding over the FY2019 Budget as Enacted by \$3.3 million in general revenue, including \$1.5 million for 11.0 new FTE positions including additional maintenance workers, civil engineers, and a plumber in the Parks and Recreation Division. The Budget also includes \$87,599 in general revenue to fund the minimum wage increase recommended for January 1, 2020, and \$400,000 for the America's Cup to support the event, surrounding activities and infrastructure. The Governor recommends creating an Executive Business Office to conduct fundraising, hold events, and recruit sponsors for various natural resources and environmental protection efforts. The Budget also includes \$200,000 in restricted receipts to enhance compliance and monitoring of brownfields and storm water management and \$220,545 in statewide adjustments to reflect lower medical and assessed fringe benefit rates, a medical holiday, and the redistribution of savings included in the enacted budget. In addition, the Governor recommends increasing recreation fees, including beach parking and camping, to enable further investment in state parks. The fee increases are estimated to generate \$2.1 million, including \$200,000 to be distributed to municipalities. Since the fees are established through regulation, any proposed changes would go through a public review process.

Transportation: The Governor recommends \$629.5 million in total funding for the Department of Transportation (DOT). This includes \$327.0 million in federal funds, \$261.4 million in other funds, \$38.1 million from the Rhode Island Capital Plan Fund, and \$3.0 million in restricted receipts. All funds increase by \$38.5 million relative to the FY2019 Enacted level. This includes a \$27.5 million increase in federal funds, a \$14.7 million increase in other funds, and a \$3.7 million decrease in Rhode Island Capital Plan Funds. Major fund changes include the following:

- **Rhode Island Highway Maintenance Account:** The Governor includes an additional \$27.7 million in other funds related to the Rhode Island Highway Maintenance Account portion of the Intermodal Surface Transportation Fund.
- **RIPTA Free-Fare Program:** The Governor extends the appropriation, through FY2020, of \$5.0 million from the Highway Maintenance Account to the Rhode Island Public Transit Authority (RIPTA) to continue funding the free-fare program. The free-fare program provides transit services to low-income seniors and disabled residents. RIPTA was also allocated this funding in FY2018 and FY2019.
- **RIPTA Transfers:** The Governor includes an additional \$5.5 million in transfers to the Rhode Island Public Transit Authority (RIPTA). \$3.1 million of the transfer is from the Highway Maintenance Account to provide the match for federal funding to purchase new fixed-route buses. The remaining \$2.4 million is additional funding from the gas tax due to an anticipated increase of one cent. The one cent increase is to be split evenly between RIPTA and the Department of Transportation.
- **DMV Cost Share:** The Budget includes a transfer of \$4.3 million from the Highway Maintenance Account to the Department of Revenue (DOR). The transfer is intended to cover costs at the DOR's

Division of Motor Vehicles related to the collection of Highway Maintenance Account funds, such as license and registration fees.

- **Toll Revenue:** The Governor includes \$25.0 million of toll revenue, a decrease of \$16.0 million from the FY2019 Enacted level. Currently two toll gantries are operational, the Department anticipates constructing an additional 12.

State Aid and Education Aid

STATE AID

State Aid to Cities and Towns

Distressed Communities Relief Fund: The Distressed Community Relief Fund is maintained at the FY2019 enacted level of \$12.4 million in FY2020. In a year when a municipality no longer meets the criteria of a distressed community, it receives 50.0 percent of the amount it received in the last year it qualified. The Town of Johnston does not qualify for the program in FY2020, and therefore will receive the 50.0 percent rate.

Payment in Lieu of Taxes (PILOT): PILOT is funded at \$40.8 million; a \$5.3 million reduction from the FY2019 enacted level. 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 Governor's recommendation for FY2020 represents a rate of 23.6 percent.

Motor Vehicle Excise Tax Reimbursement: The General Assembly enacted legislation in 2017 to phase out the motor vehicle excise tax by 2024. Municipalities are reimbursed annually for lost revenue. The Budget includes \$78.0 million in total reimbursement funding for cities and towns, an increase of \$21.7 million over the FY2019. It should be noted that this increase reflects proposed changes to the program as provided for in Article 9 of the Budget. Under current law, the estimated increase for FY2020 would be 38.0 million.

Library Grant-in-Aid: The Governor level funds State Aid to Libraries at the FY2019 enacted amount of \$9.4 million in both FY2020 and revised FY2019.

Library Construction Aid: The Governor recommends \$1.9 million in FY2020 to fund reimbursement to communities for up to 50.0 percent of eligible costs of approved library construction projects. A moratorium on the acceptance of new applications for library construction projects, enacted in 2011 by the General Assembly, ended on July 1, 2014.

Public Service Corporation Tax: The FY2020 Budget provides \$13.3 million to be distributed to municipalities on July 31, 2019. This estimate is subject to change upon the receipt of final (December 2018) data in the spring of 2019.

Meals & Beverage Tax: The 1.0 percent tax on gross receipts from the sale of food and beverages is estimated to generate \$28.8 million in FY2019 and \$29.8 million in FY2020 for distribution to cities and towns.

Hotel Tax: A 1.0 percent local hotel tax and 25.0 percent of the local share of the state 5.0 percent tax is expected to generate \$10.4 million in FY2019 and \$10.5 million in FY2020 for distribution to cities and towns.

Airport Impact Aid: The Budget reduces available state aid funding to communities that host airports. The Airport Impact Aid program is funded at \$762,500, \$300,000 less than enacted the enacted level (26.0 percent reduction). The funding is provided annually through Article 1 of the budget and flows through the Rhode Island Commerce Corporation.

Property Revaluation Reimbursement: The Governor includes \$688,856 to reimburse municipalities for a portion of the cost of conducting statistical property revaluations. This is \$941,678 less than the enacted level.

Other Municipal Aid

Main Street RI: The Budget does not include funding for the Main Street RI Streetscapes program in FY2020. This represents a \$500,000 reduction (compared to the enacted level) in funding for local economic enhancements.

EDUCATION AID**Formula and Categorical Aid**

When the education funding formula was passed, categorical funds were identified that would not be distributed through the formula, but according to other methodology. The Governor includes an additional \$40.9 million in education aid, including an increase of \$30.0 million to fully fund the ninth year of the funding formula.

Ninth Year of Funding Formula: The Budget includes an increase of \$30.0 million to fully fund the education aid formula in the ninth year of the phase in. This increase brings total formula aid funding to \$958.7 million.

Central Falls Stabilization: Central Falls schools are currently 100.0 percent state funded. The State provides both the local and state contributions, as determined by the education funding formula. For FY2020, Central Falls' Stabilization funding is estimated to increase by \$100,000. The Budget provides a total of \$8.4 million to fund this category.

Transportation: This category provides funding for transporting students to out-of-district, non-public schools for districts that participate in the statewide transportation system, and for 50.0 percent of the local costs associated with transporting students within regional school districts. The Governor recommends level funding this category at \$7.4 million in FY2020.

Early Childhood Education: This category provides funding for early childhood education programs. The Governor funds this category at \$15.6 million in FY2020, an increase of \$9.3 million over the FY2019 Budget as Enacted; however, due to the expiration of federal funds, \$5.8 million of the increase will support the current number of seats and \$3.5 million in general revenue will support new seats.

High-Cost Special Education: The aid category provides funding to districts for high-cost special education students. The Governor level funds this category at \$4.5 million.

Career and Technical Education: This category provides a state grant program to help districts with certain start-up and maintenance expenditures for career and technical education programs. The Governor level funds this category at \$4.5 million.

Davies Stabilization: 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 Budget provides an additional \$636,326 (\$4.9 million total) in FY2020.

Categorical	Governor's FY2020 Education Aid	
	Change from Enacted	Total Funding
Ninth Year of Formula	\$30.0	\$958.7
Central Falls Stabilization	0.1	8.4
Transportation	-	7.4
Early Childhood	9.3	15.6
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
Davies Stabilization	0.6	4.9
English Learners	2.3	5.0
Public School Choice Density	(0.5)	0.0
Met School Stabilization	0.5	1.9
Regionalization Bonus	-	-
Group Home Aid	(0.4)	3.2
School Resource Officer Support	(1.0)	1.0
Total	\$40.9	\$1,015.1

English Learners: Article 11 of the FY2017 Budget as Enacted established a category of aid that provides a 10.0 percentage point increase in the per-pupil core instruction amount for English learners. The Budget provides an additional \$2.3 million (\$5.0 million total) in FY2020. Sizeable changes in reported number of English Learner students by district results in significant funding swings in the FY2020 English Learner allotment.

School Choice Density Aid: Article 11 of the FY2017 Budget as Enacted established a category of state aid for districts where 5.0 percent or more of the average daily membership attend charter schools, open enrollment schools, Davies, or the Met School. In FY2019, such districts received an additional \$50 per public school of choice student; however, pursuant to current law, this category is phased out in FY2020, reflecting a decrease of \$478,350 from the enacted level.

Met Stabilization: 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. An additional \$495,276 is recommended to provide a zero net impact on funding relative to FY2019. Total stabilization funding is \$1.9 million.

Regionalization Bonus: This category provides a bonus to regional districts and for 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 Governor provides no funding in FY2020, as no new regional districts have been formed.

Group Homes: The Governor's FY2020 Budget includes \$3.2 million to fund group home beds, \$377,673 less than the FY2019 Budget as Enacted. This decrease is based on shifts in bed counts and the statute requiring that the average daily membership of a district be decreased by the number of group home beds used in the group home calculation.

School Resource Officer Support: Article 9 of the FY2019 Budget as Enacted established a new aid category to support new Resource Officers at public middle and high schools. 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 \geq 1,200 students may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. The Budget includes \$1.0 million for this category in FY2020, a decrease of \$1.0 million from the enacted level, reflecting projected utilization.

Other Aid to Local Education Agencies (LEAs)

In addition to the funding formula and categorical aid, the Budget includes the following aid to Local Education Agencies (LEAs).

Telecommunications Education Access Fund (E-Rate): The Governor recommends \$392,223 in general revenue for the Telecommunication Education Access Fund (E-Rate), a decrease of \$7,777 from the FY2019 Budget as Enacted. The purpose of the Rhode Island Telecommunications Education Access Fund (RITEAF or E-rate) is to fund a basic level of internet access for all qualified schools (kindergarten through grade 12) and libraries in the State.

Textbook Reimbursement: The Governor level funds the state Textbook Reimbursement Program (\$240,000) relative to the enacted budget. Currently, the State provides reimbursement to school districts for the cost of furnishing textbooks in the fields of English/language arts and history/social studies to resident students in grades K-12 attending non-public schools.

School Breakfast Program: The Governor fully funds the State's share of administrative costs for the school breakfast program (\$270,000). These administrative costs include hiring servers needed to effectively run the program and encourage participation.

School Housing Aid: The Governor fully funds the school housing aid program, based on updated project completion projections, at \$79.0 million, and recommends \$1.0 million for the School Building Authority Capital Fund.

Teacher Retirement: The Governor recommends \$112.3 million for the State's share of teacher retirement, an increase of \$6.2 million over the enacted budget.

Consolidations, Transfers, and Other Statewide Issues

Unless otherwise specified, dollar amounts refer to general revenue.

Water Resources Board: The Governor transfers the Water Resources Board functions and 3.0 FTE positions from the Division of Planning to the Division of Public Utilities and Carriers. This transfers the funding source for the Water Resources Board from general revenue to restricted receipts.

Office of Federal Grants Management: The Budget eliminates the Office of Federal Grants Management within the Office of Management and Budget (OMB) and transfers the responsibility for federal grants management to the State Controller under the Accounts and Control program.

Small Business Ombudsman: The Budget shifts the Small Business Regulatory Enforcement Ombudsman from the Office of Regulatory Reform to the Department of Business Regulation.

Statewide Efficiency Commission: The Budget includes a statewide savings of \$10.0 million in general revenues under the Department of Administration, reflecting assumed findings from a proposed Statewide Efficiency Commission. The Governor proposes to implement such Commission through executive order and require the Commission to present identified areas of cost savings in April 2019.

Injured on Duty: The Budget includes a statewide savings of \$1.7 million in general revenues and amends RIGL 45-19-1 that applies to state and municipal employees receiving Injured on Duty (IOD) benefits. The amendment requires an IOD recipient no later than 60 days from a treating doctor or independent medical examiner (IME) may certify maximum medical improvement permanent disability from an injury, and in any event not later than 18-months after the date of the person's injury. Either finding will require such recipient to apply for accidental disability pension benefits. Any person on IOD prior to July 1, 2019, shall have 90 days to apply for ordinary or accidental disability.

Office of Cannabis Regulation: The Governor establishes the Office of Cannabis Regulation within the Department of Business Regulation to regulate the current medical marijuana program and the proposed adult use marijuana program. The Governor's budget recommends \$5.6 million in restricted receipts and 17.0 FTE positions in the FY2020 budget for the new Office of Cannabis Regulation.

Employer Tax Division Transfer: The Governor includes the transfer of the Employer Tax Division from the Department of Revenue to the Department of Labor and Training. A total of 42.0 FTE positions would be transferred, including 5.0 FTE positions that would be focused on the Governor's proposed Medicaid Employer Assessment.

Division of Elderly Affairs and Division of Veterans' Affairs: The Governor removes the Divisions of Elderly and Veterans' Affairs from the Department of Human Services and establishes them as offices within the Executive Office of Health and Human Services.

Child Care Licensing: The Budget shifts the duties of licensing and monitoring day care facilities from the Department of Children, Youth, and Families to the Department of Human Services.

FY2019 Supplemental

FY2019 opened with a budgeted surplus of approximately \$31.3 million. The November 2018 Revenue Estimating Conference identified a \$5.4 million decrease in anticipated general revenue collections for FY2019.

The Governor's budget recommends a \$38.8 million increase in general revenue expenditures compared to the FY2019 Budget as Enacted.

EXPENDITURE CHANGES BY AGENCY

- **Administration:** The Governor includes \$59.9 million in general revenue to fund the costs of the State's general obligation debt service in FY2019, or \$12.3 million less than the FY2019 Budget as Enacted. This is largely attributable to delaying new bond issuance from FY2019 to FY2020. Offsetting the decrease are increases of \$2.9 million for DEM recreation bonds, \$2.1 million for the cultural and economic bonds, as well as several other smaller adjustments.
 - **Personnel and Operating Savings:** There is an increase of \$16.9 million in general revenue reflecting the disbursement of statewide personnel and operating savings. 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. The FY2019 Budget as Enacted included \$20.1 million in statewide general revenue savings to be identified in the current fiscal year. When the savings occur, the Budget Office distributes and accounts for the savings within the appropriate departmental budget accounts of the State agencies, and restores funding to the Department of Administration.
 - **Data Analytics:** The Budget maintains \$300,000 in general revenue to support a data analytics pilot project to demonstrate the value of merged data across multiple agency systems to further the mission of the Department of Children, Youth, and Families.
 - **New FTE positions:** The Governor adds 2.0 FTE positions to the department to expand or enhance work regarding the e-procurement system and employee benefits. Funding for the two positions will be through the IT Internal Service Fund account and the Employee Benefits Internal Service Fund account.
 - **Purchasing:** the Governor adds \$500,000 in general revenue for unbudgeted management consultant services with Civic Initiatives of Austin, Texas, to improve procurement outcomes in reducing the State's operating costs.
- **Business Regulation:** The Governor includes a \$75,000 increase in restricted receipts to finance an online licensing system for the Contractor's Registration Board.
- **Labor and Training:** The Governor increases general revenue by \$1.4 million relative to the FY2019 Budget as Enacted. This increase is primarily due to an additional \$1.2 million in funding for the Workforce Regulation and Safety program. The additional funding supports current staffing levels, specifically within the professional license regulation division.
- **Revenue:** The Budget includes \$1.5 million of additional motor vehicle excise tax phase-out aid based on current available vehicle valuation data. The Budget includes \$2.3 million in statewide adjustments to reflect lower medical and assessed fringe benefit rates, a medical holiday, and the redistribution of savings included in the enacted budget.
- **Secretary of State:** The Budget maintains \$198,412 in general revenue to fund the Administrative Procedures Act website project. The additional funding will be used to provide training assistance to

staff. The Budget includes \$217,000 in general revenue for a software security update to the Open Government and Corporation databases.

- **General Treasury:** The Governor decreases \$481,221 from the Unclaimed Properties restricted receipt fund based on adjusted estimates of property payments from the November 2018 Revenue Estimating Conference.
- **Office of the Governor:** The Governor adds \$788,303 in general revenue personnel costs reflecting expenses that were previously cost allocated to ten state agencies as a means to supplement the Governor’s Office personnel budget. The Governor also requests an increase of \$50,000 to the discretionary contingency spending account.
- **Commerce:** The Governor recommends that \$40,128 in personnel funds in the Executive Office of Commerce’s Central Management program to support 3.0 FTE positions.
- **Executive Office of Health and Human Services:** The Governor increases general revenue expenditures by \$6.4 million over the FY2019 Budget as Enacted. This is related to \$11.9 million in additional expenditures which were adopted in the November 2018 Caseload Estimating Conference, partially offset by savings related to limiting hospice care rate increases and introducing generic drugs for Hepatitis C treatment.
- **Children, Youth, and Families:** The Governor includes a net general revenue increase of \$12.0 million, attributable to increased caseload-based expenditures incurred in the beginning of FY2019 which are partially offset by savings related to the acceleration of the Voluntary Extension of Care (VEC) program, realignment of foster care support services, and modification of the home-based services reauthorization timeframe.
- **Health:** The Governor’s budget includes a \$122,520 increase of restricted receipt funds for 3.0 FTE positions to increase the number of inspections of state-licensed healthcare facilities.
- **Human Services:** The Budget provides an additional \$9.3 million in general revenue relative to the FY2019 Budget at Enacted. This increase is mainly attributable to a \$6.7 million increase within SNAP administration. The increase also includes an additional \$2.7 million in general revenues to support ongoing operations of the RI Veterans Home, and an additional \$1.1 million to support the State’s elderly transportation program.
- **Behavioral Healthcare, Developmental Disabilities, and Hospitals:** The Governor recommends an increase of \$6.5 million in general revenue (\$19.7 million all funds) from the FY2019 enacted budget for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). The major adjustments and budget initiatives in the Department include:
 - **Transfer Program Planner Positions from DHS:** 2.0 FTE positions transferred from the Department of Human services to BHDDH.
 - **RICARES Funding:** \$100,000 in general revenue to finance the costs of the Rhode Island Communities for Addiction Recovery Efforts (RICARES) to provide recovery houses and resources to field complaints, conduct investigations and follow up on complaints.
 - **Developmental Disabilities Program Caseload:** \$3.1 million total increase to finance the current caseload projections and to restore the “Health Home” mechanism to achieve conflict-free case management. This mechanism is eligible for a 90 percent federal match for the first eight quarters.
 - **Home Health Rate Changes:** \$276,718 is proposed to finance an increase in the rates paid to licensed practical nurses within the DD system.

- **Residential Rebalancing:** \$302,223 increase in general revenue from unachieved savings from the Residential Rebalancing Initiative that supports clients to seek more community-based placements and aims to reduce the number of individuals in residential group homes.
 - **Eleanor Slater Hospital Staffing:** \$3.6 million in general revenue for additional personnel expenditures to avoid noncompliance with Joint Commission on Accreditation of Hospitals (JCAHO) requirements.
- **Office of the Child Advocate:** The Governor reduces general revenue expenditures by \$73,111 primarily due to staff turnover. The FY2019 Budget as Enacted added 3.0 FTE positions to the Office, 2.0 of which were filled mid-year. The Office does not anticipate filling the third position in FY2019.
- **Elementary and Secondary Education:** The Budget decreases general revenue funding for the Department by \$1.2 million. The recommendation includes the reduction of general revenue funding for the School Resource Officer categorical fund by \$1.8 million to reflect actual utilization; an increase in education aid funding of \$124,045 for the New England Laborer's charter school to reflect October 1, 2019, enrollments; and, an increase in Group Home Aid of \$119,000 to reflect new beds in Portsmouth and Exeter-West Greenwich. Teacher retirement is increased by \$635,098 in general revenue based on updated payroll projections; non-public textbook aid is reduced by \$151,424 in general revenue to reflect actual reimbursements in FY2019; and, general revenue funding for the School for the Deaf is increased by \$100,099. The Budget includes \$333,636 in statewide adjustments to reflect lower medical and assessed fringe benefit rates, a medical holiday, and the redistribution of savings included in the enacted budget. The Governor also recommends a \$100,000 P-Tech Grant from the Commerce Corporation to the Advanced Manufacturing Center program at Davies.
- **Higher Education:** The Budget increases general revenue by \$3.8 million across the system, including an increase of \$5.6 million in general obligation debt service at the University of Rhode Island, due primarily to a recent issuance for the Engineering Center, and a decrease of \$1.8 million across all the institutions for statewide adjustments to reflect lower medical and assessed fringe benefit rates, a medical holiday, and the redistribution of savings included in the enacted budget.
- **Attorney General:** The Budget includes a \$213,979 decrease in general revenue relative to the FY2019 Budget as Enacted. This decrease recognizes savings of \$213,979 from statewide adjustments. These include lower medical rates for State employees, a lower assessed fringe benefit rate, a medical holiday due to an FY2018 ending surplus in the Health Insurance Fund, and a redistribution of savings included in the enacted budget.
- **Corrections:** The Budget decreases general revenue by \$1.4 million relative to the FY2019 Budget as Enacted. This decrease is primarily associated with a decrease of \$5.4 million in statewide adjustments. These include lower medical rates for State employees, a lower assessed fringe benefit rate, a medical holiday due to an FY2018 ending surplus in the Health Insurance Fund, and a redistribution of savings included in the enacted budget. The decrease is partially offset by an increase in funding for Hepatitis C treatment (\$1.4 million), personnel adjustments (\$967,361), funding for per capita inmate expenses (714,822), funding for an additional two weeks of correctional officer training (314,060), and funding to extend contracts for clerical staff and database administration (\$291,939).
- **Judiciary:** The Budget includes a statutorily-required reappropriation from FY2018 of \$1.9 million. The Governor recommends using the reappropriation to provide \$571,557 for the defense of indigents fund to better align with historical expenditures, and \$451,420 for security services to address increased gang violence in and around the State courthouses. The remaining balance is carried forward into FY2020. The Budget also includes \$896,464 in statewide adjustments to reflect lower medical and assessed fringe benefit rates, a medical holiday, and the redistribution of savings included in the enacted budget.

- **Emergency Management:** The Budget increases general revenue funded personnel costs by \$262,994. The increase reflects improperly allocated personnel costs to a federal grant at 100.0 percent when the grant required the costs to be split 50/50 with a state match.
- **Public Safety:** The Governor includes an additional \$695,345 in general revenue for the Department of Public Safety in FY2019. This net increase is inclusive of the following initiatives:
 - **Statewide Adjustment:** \$2.3 million in statewide adjustments to reflect lower medical and assessed fringe benefit rates, a medical holiday, and the redistribution of savings included in the enacted budget.
 - **Gaming Enforcement Unit:** \$1.8 million for personnel costs associated with the expansion of gaming at the new Tiverton Casino.
 - **Radios Replacement:** \$250,000 to fund the start of a six-year replacement schedule of portable and vehicle-mounted radios for the State Police, Sheriffs, and Capitol Police.
 - **Adult Use Marijuana:** \$850,000 in restricted receipt funds to support new public safety initiatives around the use of marijuana.
- **Transportation:** Relative to the FY2019 Enacted level, the Budget increases federal funds by \$24.7 million, Rhode Island Capital Plan (RICAP) Fund financing by \$8.3 million, and other funds by \$8.1 million, while decreasing restricted receipts by \$27,681. The Budget adds \$33.7 million in Highway Maintenance Account funding for various projects, including the ongoing construction of the Route 6/10 interchange. The Governor increases operating transfers to the Rhode Island Public Transit Authority (RIPTA) and the Rhode Island Turnpike and Bridge Authority (RITBA) by \$2.7 million and \$1.0 million, respectively, based on revised estimates to the per-penny gas tax yield. The Governor includes an additional \$8.1 million in RICAP funding to support ongoing statewide projects including the highway improvement program, and construction of the Pawtucket bus hub.

Articles

FY2019 SUPPLEMENTAL

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. Article 1 also makes the following changes:
- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,230.7 FTE positions reflecting an increase of 21.0 FTE positions as compared to the authorized level set in the FY2019 Budget as Enacted.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2020. In addition, the University of Rhode Island shall allocate \$350,000 to the Small Business Development Center and shall allocate \$50,000 to Special Olympics Rhode Island.
- Caps the amount the Judiciary may charge 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. It requires Judiciary to provide \$230,000 Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and requires \$90,000 be provided to the Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- Increases transfers from several quasi-public agencies and from unexpended bond proceeds by \$11.6 million to the State Controller by June 30, 2019, to support the General Fund. The following table illustrates the required transfers for FY2018 and FY2019:

Agency	FY2018 Enacted	FY2018 Revised	FY2019 Enacted	Change	FY2019 Governor	Change
Electric and Gas Distribution Company	\$12.5	\$12.5	\$0.0	(\$12.5)	\$0.0	\$0.0
Health and Educational Building	6.0	6.0	-	(6.0)	2.0	2.0
Narragansett Bay Commission	5.0	5.0	-	(5.0)	-	-
Infrastructure Bank	3.5	3.5	4.0	0.5	-	(4.0)
RI Housing	1.0	1.0	-	(1.0)	2.5	2.5
Quonset Development Corporation	1.0	1.0	-	(1.0)	2.0	2.0
Public Utilities Commission	0.3	0.3	-	(0.3)	-	-
RI Resource Recovery	-	-	-	-	5.0	5.0
RI Student Loan Authority	-	-	-	-	1.5	1.5
DEM - Oil Spill Prevention, Administration Response Fund	-	-	-	-	1.0	1.0
DEM - Underground Storage Tank Trust Fund	-	-	-	-	1.0	1.0
DEM - Government Entities - Inceptors Bond Funds	-	-	-	-	1.1	1.1
DEM - Government Water Pollution Control Bond Funds	-	-	-	-	0.1	0.1
DEM - Private Water Pollution Control Facility Bond Funds	-	-	-	-	0.0	0.0
DEM - State Recreational Facilities Development Renovation Bo	-	-	-	-	0.0	0.0
DEM - Local Recreational Facilities Distressed Bond Fund	-	-	-	-	0.0	0.0
DEM - 25 India Street (Shooter's) Bond Fund	-	-	-	-	0.2	0.2
DBR - Insurance Companies Assessment for Actuaries	-	0.8	-	-	-	-
DBR - Commercial Licensing Restricted Receipts	-	0.8	-	-	-	-
Water Resources Board Corporate Account	-	1.1	-	-	-	-
Commerce Corporation - Anchor Institution Tax Credit	-	-	0.8	0.8	-	(0.8)
Total	\$29.3	\$32.0	\$4.8	(\$24.5)	\$16.4	\$11.6

\$ in millions

Article 2: Relating to Taxes and Revenues

This article adjusts the statutory framework underpinning the obligations of remote sellers (i.e. business not located in Rhode Island) and online retail sales facilitators (such as Amazon) to collect from or otherwise notify in-state purchasers of their sales tax liabilities. The adjustments align Rhode Island sales tax laws with a 2018 U.S. Supreme Court ruling (South Dakota v. Wayfair, Ltd.) that explicitly permitted states to collect sales tax from online commerce.

Specifically, the article eliminates the option for remote sellers and retail sales facilitators to simply notify in-state purchasers of their sales/use tax liabilities on purchases made online or via catalog. The article does this by reclassifying these entities as remote sellers and marketplace facilitators and requiring the former to either register with the state, collect, and remit sales tax; or agree to let the market facilitator to do so for them.

The proposal incorporates the existing qualifying thresholds of at least \$100,000 worth of sales in Rhode Island or 200 separate transactions per year. Violations are set at \$10 per failure to collect/remit, with a minimum of 1000 (\$10,000) violations per calendar year.

The Office of Revenue Analysis (ORA) estimates that these adjustments will generate \$11.5 million in FY2020. This estimate is based on a July 1, 2019 implementation date. To meet this requirement OMB recommends an authorization timeframe beginning April 1, 2019.

Article 3: Relating to Online Sports Wagering

This article expands state-regulated sports betting to include wagering that takes place outside of lottery facilities, but within the geographic boundaries of Rhode Island via websites or mobile application.

The proposal requires all sports wagering bets be made and transacted through Rhode Island Lottery-authorized facility computer servers. Bettors would be required to establish an account with the authorized lottery facilities and all wagering would be transacted through this account.

Remote sports wagering would be subject to the same parameters as on-site betting, including the prohibition of bets on events taking place within Rhode Island or involving Rhode Island-based colleges and universities, regardless of location.

The Office of Revenue Analysis estimates that the expansion will yield approximately \$3.0 million in FY2020. This estimate is based on a January 1, 2020, implementation date.

Article 4: Relating to Transfers

Article 4 amends RIGL 35-3-7 (a)(2) by eliminating the requirement that state budget proposals that include fund transfers from public corporations (quasi-public agency transfers) also include alternatives to the transfers. The enactment of Public Law 2017, chapter 302, article 7, section 9, requires that when a state budget submitted to the General Assembly includes monetary transfers to the general fund from public corporations, it must be accompanied by alternative funding proposals that may be considered in lieu of the public corporation transfers. Passage of this article eliminates the need to provide such alternatives in future state budget submissions.

Article 5: Relating to Effective Date

This article provides that the Act would take effect upon passage.

FY2020

Article 1: Relating to Making Appropriations in Support of FY2020

- This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 1 also makes the following changes:
- Sets the airport impact aid formula at a reduced amount.
- Authorizes 15,413.7 FTE positions reflecting an increase of 204.0 FTE positions as compared to the authorized level set in the FY2019 Budget as Enacted.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2021. In addition, the University of Rhode Island shall allocate \$350,000 to the Small Business Development Center and shall allocate \$50,000 to Special Olympics Rhode Island.

- Caps the amount the Judiciary may charge 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. It requires the Judiciary to provide \$230,000 Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and requires \$90,000 be provided to the Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- Requires that Rhode Island Housing and Mortgage Finance Corporation continue to provide resources to support the Neighborhood Opportunities Program; an amount, however, is not designated. The Article requires 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.
- Requires the following transfers be made to the State Controller by June 30, 2020: \$1.5 million from the Rhode Island Housing and Mortgage Finance Corporation, \$4.0 million from the Rhode Island Infrastructure Bank, and \$1.5 million from Rhode Island Student Loan Authority.

Article 2: Relating to State Funds

This article adjusts or establishes new restricted receipt accounts as follows:

- Amends RIGL 5-20.7-15 to codify the Real Estate Appraisers Registration – CLRA restricted receipt account. The Department of Business Regulation has collected and used funds from this uncodified account.
- Amends RIGL 5-20.9-7 to codify the Appraisal Management Company – Registration restricted receipt account. The Department of Business Regulation has collected and used funds from this uncodified account.
- Amends RIGL 16-59-6 to create the State Authorization Reciprocity Agreement (SARA) restricted receipt account. All fees related interstate reciprocity agreements regarding post-secondary distance education will be deposited into this account.
- Amends RIGL 23-1-20 to codify the Health Systems Monitoring and Compliance restricted receipt account. The Department of Health has collected and used funds from this uncodified account.
- Establishes a new restricted receipt account for the Healthcare Information Technology and Infrastructure Development Fund to support the development of healthcare technologies designed to improve the quality of healthcare services and provide patient data security.
- Exempts twenty-one 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 Medical Marijuana Licensing, Adult Use Marijuana Licensing, Industrial Hemp Licensing restricted receipt accounts within the Executive Office of Health and Human Services, Department of Public Safety, Department of Health, Department of Revenue, and the Department of Business Regulation. In addition, the article exempts Health System Transformation Project, Medical Marijuana Patient Licenses, Healthcare Information Technology, the De Coppett Estate Fund, Marijuana Cash Surcharge, and the State Authorization Reciprocity Agreement (SARA) restricted receipt accounts.
- Establishes a new Health System Transformation Project restricted receipt account to record federal financial participation associated with healthcare workforce development activities at the State's institutions of higher education.

Article 3: Relating to Government Reform

Article 3 adds four new sections of statute and amends over 50 others. With a few exceptions, the changes primarily focus on regulatory issues related to businesses. These changes include:

- **Notarization/Oath/Affidavit/Bonding/Insurance Requirements:** The article adds, adjusts or eliminates bonding, insurance, notarization, oaths, and affidavit requirements across various businesses and professions. These include interpreters for the deaf, building contractors, water pump installers, and roofers.
- **Reduced Licensing Requirements/Elimination of Fees:** The article reduces or eliminates various fees paid by specific types of businesses and professions. These include garage/parking facility operators near the airport, caterers, motor carriers, and gas stations. The article also reduces licensing burdens on upholsters, amateur mixed martial arts (MMA) professionals and events exempt from licensing requirement, referee fees for professional matches are to be set by DBR.
- **Changes to Regulatory Frameworks:** The article establishes, eliminates, or enhances several regulatory frameworks. These includes the repealing of outdated systems such as regulatory oversight of hide and leather business; consolidating the administration of the Contractors' Registration Board work with the Department of Business Regulation; and the repealing of the State's Division of Municipal Finance role in overseeing the Coventry Fire District.
- **Shifts in Regulatory Responsibility:** The article moves certain regulatory responsibilities to different agencies. This includes shifting enforcement of false advertising statutes and gasoline seller regulation from DBR to DLT. The State's small business ombudsman is transferred Office of Regulatory Reform to DBR.
- **New Penalties:** The article provides for penalties against individuals engaging in constable activity without proper certification and changes penalties for violation of the Auto Wrecking/Salvage industry statutes from criminal to civil.
- **Mandatory Background Checks:** Article 3 requires all existing and potential state employees or vendors that have access to federal tax information be subjected to an official criminal background check. It does the same for all existing and potential employees seeking employment at a child caring agency, child placing agency, child day care, group family day care, or other similar providers.
- **Remediation of Air Pollution near Proposed Schools:** The article authorizes DEM to seek remediation of air pollution that may threaten the environment around a proposed school. The identification of the contamination would occur through new school building feasibility/environmental studies.
- **Taxation Administration Changes:** The article makes several technical tax filing changes involving final federal adjustments to income, withholding income around sports wagering earnings, and timely deposits for withheld taxes.
- **Injured on Duty:** The proposed budget includes a statewide savings of \$1.7 million in general revenues from amendments to RIGL 45-19-1 that apply to state and municipal employees receiving Injured on Duty (IOD) benefits. The amendment requires an IOD recipient no later than 60 days from a treating doctor or independent medical examiner (IME) may certify maximum medical improvement permanent disability from an injury, and in any event not later than 18-months after the date of the person's injury. Either finding will require such recipient to apply for accidental disability pension benefit. Any person on IOD prior to July 1, 2019, shall have 90 days to apply for ordinary or accidental disability.

Article 4: Relating to Government Reorganization

This article makes several changes to the State's general laws regarding state offices. Specifically, this article:

- Clarifies that whenever the Tax Administrator, Division of Taxation, Department of Administration, or the Department of Revenue is referenced concerning the collection of Temporary Disability Insurance, employee security taxes, or Job Development Fund it shall be construed to refer to the Director of the Department of Labor and Training.

- Amends RIGL 42-11-10.1 to allow the transfer of powers and duties of the Water Resources Board to the Division of Public Utilities and Carriers. In addition, the article transfers the administration of the Big River Reservoir from the Water Resources Board to the Department of Administration.
- Eliminates the Motor Vehicle Inspection Commission. Under current law, the Motor Vehicle Inspection Commission functions as a division within the Department of Revenue. The seven-member commission is appointed by the Governor and is subject to Senate Advice and Consent. One or more members may be a garage keeper or inspection station owner. The commission shares a role with the Director of the Department of Revenue in overseeing State's motor vehicle inspection system and may conduct hearings.
- Eliminates the Office of Federal Grants Management within the Office of Management and Budget (OMB) and transfers the responsibility for federal grants management to the State Controller under the Accounts and Control program. It also establishes the Office of Regulatory Reform in the Office of Management and Budget.
- Removes the Divisions of Elderly and Veterans' Affairs from the Department of Human Services and establishes them as offices within the Executive Office of Health and Human Services.
- Shifts the duties of licensing and monitoring day care facilities from the Department of Children, Youth, and Families to the Department of Human Services.

Article 5: Relating to Tax and Revenues

This article makes changes and adjustments to several of the State's tax laws and their enforcement.

- **Sales Tax Expansion:** Subjects digital downloads of videos, music, and electronic books to the State's sales tax.

The article also subjects the hunting, trapping, and shooting services, lobbying services, and building services to the sales tax.

The Budget Office estimates a total of \$10.2 million in new general revenue will be generated from these initiatives.

- **DBR Professional Fees:** Increases existing regulatory certifications and licensing fees administered by the Department of Business Regulation. Specifically, Article 5 increases the mortgage loan originator certification fee from \$100 to \$400 and the debt collector license fee from \$100 to \$500.
- **Cigarette Tax Increase:** Increases the excise tax on cigarettes by \$0.25 per pack, which raises the tax from \$4.25 to \$4.50 per pack of twenty. Floor stock tax is assessed at the same rate per pack of cigarettes. The additional excise, floor, and associated sales taxes from this change is estimated to generate an additional \$3.2 million in revenue.
- **E-Cigarettes and Other Tobacco Products:** Subjects electronic cigarettes to the tobacco excise tax. The article adds E-cigarettes to the definition of "other tobacco products under RIGL 44-20 and imposes on them the "other tobacco products" tax at the rate of 40.0 percent of the wholesale cost. It requires that other tobacco products be purchased from licensed manufacturers, importers, and distributors. The maximum tax per cigar is increased by \$0.30 per cigar. These initiatives combine for an estimated \$1.0 million in new general revenue.
- **Firearms and Ammunition Excise Tax:** Establishes a new 10.0 percent excise tax on the sale of firearms and ammunition. Estimated revenue on this initiative in FY2020 is \$804,306.
- **Hotel Tax Increase:** Increases the 5.0 percent state hotel tax to 6.0 percent and authorizes the additional dollar to go to the general fund. The hotel tax distribution formulas are adjusted to hold local tourism districts and the Commerce Corporation harmless, with all additional revenue from the 1.0 percent increase (\$4.0 million) going to the general fund.

- **Jobs Development Assessment Expansion:** Applies the Jobs Development Assessment to non-profit, non-governmental employers employing a minimum of 1,000 employees.
- **DOR Collections Unit:** Adjusts the interest at which the Collections Unit at the Department of Revenue may place upon a delinquent debt referred to it by a State agency. The current rate is 2.0 percent added to the prime rate in effect on October 1 of the preceding of the referral date. Article 5 establishes a new calculation that is either 13.0 percent, or the annual rate established by statute.

Analyst Note: The Budget Documents do not include a fiscal impact for the DOR Collections Unit reducing interest on outstanding debts.

- **DMV Tax Block:** Under current law, the DMV at the request of a municipality may deny registration to any individual who has an outstanding property tax liability. The Budget authorizes the DMV to charge \$5.00 per individual registration block for this service.
- **Beverage Containers and Hard to Dispose of Materials:** Doubles the taxes on hard to dispose of materials such as oil, antifreeze, and organic solvents. It also doubles the tax on beverage containers from four cents to eight cents.
- **OSPAR Fee Increase:** The Budget increases the oil spill response and prevention fee from five cents to ten cents. The fee is imposed per barrel of petroleum. Article 5 also expands its use to include brownfield remediation.

Analyst Note: The FY2019 Supplemental Budget transfers \$1.0 million from the OSPAR fund to the general fund and in FY2020 raises the OSPAR fees.

Article 6: Relating to Debt Management Act Joint Resolution (Kushner)

This article authorizes the issuance of \$80.5 million in new revenue bonds to finance three projects at the University of Rhode Island (URI) and \$45.0 million in certificates of participation for the renovation of the high security center at the Department of Corrections.

- **URI Memorial Union (\$51.5 million):** Provides for the issuance of \$51.5 million in revenue bonds issued through the Rhode Island Health and Educational Building Corporation (RIHEBC) bonds for the renovation and expansion of the Memorial Union. Total debt service is not expected to exceed \$112.3 million over 30 years, with an assumed interest rate of 6.0 percent. Debt service will be financed through auxiliary revenue.
- **URI Fraternity Circle Master Plan (\$2.1 million):** Provides for the issuance of \$2.1 million in revenue bonds issued through the Rhode Island Health and Educational Building Corporation (RIHEBC) bonds for utility and infrastructure improvements to Fraternity Circle district of URI. Total debt service is not expected to exceed \$3.7 million over 20 years, with an assumed interest rate of 6.0 percent. Debt service will be financed through the University's unrestricted general fund.
- **URI Combined Health & Counseling Center (\$26.9 million):** Provides for the issuance of \$26.9 million in revenue bonds issued through the Rhode Island Health and Educational Building Corporation (RIHEBC) bonds for the design and construction of a new Combined Health & Counseling Center. Total debt service is not expected to exceed \$58.7 million over 30 years, with an assumed interest rate of 6.0 percent. Debt service will be financed through auxiliary revenue.
- **Department of Corrections – High Security Center Renovation (\$60.0 million):** Provides for the issuance of \$45.0 million in certificates of participation (COPs) to renovate existing housing units at the Department of Corrections to achieve operational efficiencies, reduce correctional officer to inmate ratios, provide energy/maintenance efficiencies, and increase the safety of correctional officers. Total debt service is not expected to exceed \$66.2 million over 15 years, with an assumed interest rate of 5.0 percent. Debt service will be financed through general revenue appropriations within the Department

of Administration. Since total project costs are projected at \$60.0 million, the article anticipates \$15.0 million in Rhode Island Capital Plan (RICAP) funds to be dedicated.

Article 7: Relating to Motor Vehicles

Article 7 makes a number of changes affecting the Department of Motor Vehicles.

- **Technology Surcharge Fee Increased:** The DMV currently collects a \$1.50 surcharge on every fee transaction. The revenue is deposited in the State's Information Technology Investment Fund with the provision that it be used to support the DMV's computer systems. The article makes the following changes:
 - Raises the surcharge by an additional \$1.00 (\$2.50 total) per transaction.
 - The additional revenue from the fee increase will be deposited into a DMV restricted receipt account to pay for agency IT projects.
 - Beginning June 30, 2022, the entire \$2.50 will shift to the new restricted receipt.
- **License Plate Reissuance Requirement Eliminated:** The article eliminates the requirement that license plates be reissued no less than every ten years. The next reissuance is scheduled for January 2020. This proposal would have several fiscal impacts in FY2020:
 - Under current law, individuals are charged \$6 above the regular registration fee per license plate. A \$1.8 million loss in revenue from plate fees is offset by a \$1.3 million savings in operations and personal costs at DMV, resulting in a \$600,000 net reduction for FY2020.
- **Certificate of Title Required to Register Vehicles over 20 Years Old:** Under current law, once a vehicle is 20 years old a certificate of title is not required to get a registration. The article eliminates this exemption for vehicle models 2001 and higher.

Article 8: Relating to Transportation

This article makes several changes affecting the Department of Transportation (DOT) including the following:

- Increases the overweight and oversize vehicle permit (OOVP) trip fee for each non-reducible vehicle or load, under 130,000 lbs., from \$20.00 to \$40.00.
- Implements an OOVP trip fee of \$300.00 for applicants seeking a permit for a non-divisible load exceeding 130,000 lbs.
- Increases the OOVP annual fee from \$300.00 to \$400.000 for non-divisible loads less than 130,000 lbs.
- Amends RIGL 31-36-20 regarding the distribution of the Motor Fuel Tax. The change increases the Rhode Island Public Transit Authority's (RIPTA) allocation of the motor fuel tax from \$0.0975 to \$0.1025, provided that the motor fuel tax increase from \$0.33 per gallon to \$0.34 per gallon on July 1, 2019.
- Amends RIGL 39-18-1.5 to extend \$5.0 million in funding to RIPTA from the Highway Maintenance Account through FY2020. This allocation funds RIPTA's free-fare bus pass program for low-income seniors and disabled residents. RIPTA was also allocated this funding in FY2018 and FY2019.
- Amends RIGL 39-18-1.5 such that beginning on July 1, 2019, the DOT must reimburse the Division of Motor Vehicles for the cost of salaries and benefits related to customer service representatives who collect the funds designated for the DOT's Highway Maintenance Account.

Article 9: Relating to Local Aid

This article authorizes municipalities to levy property taxes on non-mission related buildings and property owned by tax-exempt entities. It also reduces the FY2020 motor vehicle excise tax phase-out funding for cities and towns.

Property Tax Expansion: Under current law, certain not-for-profit institutions such as colleges, universities, certain hospitals are exempt from paying local property taxes. Article 9 provides municipalities authority to assess the value of and levy taxes on property that is not exclusively used by non-profit institutions in support of carrying out its mission. It affirms the tax-exempt status of mission-related property and establishes December 31 of the year prior to the effective date of the article as the date of assessment.

This new authorization has no fiscal impact to the State. The Governor, however, recommends reduced funding for Payment-in-Lieu-Of-Taxes (PILOT), the state-aid program established to relieve the burden tax-exempt institutions place on cities and towns. The Budget reduces PILOT by \$5.3 million relative to the FY2019 Budget as Enacted.

Car Tax Phase-Out Reduction: Article 7 adjusts the car tax phase-out parameters resulting in net reductions in planned state-aid in each of the next four fiscal years. State aid is reduced by \$16.3 million in FY2020. The changes are shown in bold in the following table:

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Current Law							
State Assessment Ratio	95.0%	90.0%	85.0%	80.0%	75.0%	70.0%	-
Rate Cap	\$60	\$50	\$35	\$35	\$30	\$20	-
Exemption Amount	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000	\$6,000	-
Total Statewide Aid:	\$24,544,191	\$46,282,300	\$84,275,463	\$105,314,412	\$132,917,367	\$167,127,304	\$224,421,893
Additional Aid from Previous FY	\$24,544,191	\$21,738,109	\$37,993,163	\$21,038,949	\$27,602,955	\$34,209,936	\$57,294,589
Governor's Proposal							
State Assessment Ratio	95.0%	90.0%	87.5%	84.0%	79.0%	67.5%	-
Rate Cap	\$60	\$50	\$40	\$35	\$30	\$25	-
Exemption Amount	\$1,000	\$2,000	\$2,800	\$3,800	\$4,800	\$6,000	-
Total Statewide Aid:	\$24,544,191	\$46,282,300	\$67,989,394	\$93,708,856	\$122,751,500	\$161,506,088	\$224,421,893
Additional Aid from Previous FY	\$24,544,191	\$21,738,109	\$21,707,094	\$25,719,462	\$29,042,644	\$38,754,588	\$62,915,805
Statewide Aid Variance			(\$16,286,069)	(\$11,605,556)	(\$10,165,867)	(\$5,621,216)	-

Article 10: Relating to Universal Prekindergarten

This article notes that the State's prekindergarten program has been expanding since 2008 and amends the Rhode Island Prekindergarten Education Act to authorize, but not require, the Department of Elementary and Secondary Education to promulgate and adopt regulations for the implementation of high quality, universal prekindergarten. The article also requires someone to align standards, curriculum, instruction, and assessments to create a seamless pathway from prekindergarten to third grade. To help students and families transition, local education agencies (LEAs) must develop a transition plan for incoming kindergarten students and families. The proposal requires continued investment, development, and support for the Early Childhood and Education Data System (ECEDS) and increases state child care subsidies for preschool reimbursements. The article defines "universal access" as having 70.0 percent of four-year-olds enrolled in high-quality prekindergarten programs.

Article 11: Relating to Rhode Island Promise

The Governor recommends extending the Rhode Island (RI) Promise program to adults at the Community College of Rhode Island (CCRI), and first-time, full-time students at Rhode Island College (RIC) in their the junior and senior years who enrolled beginning in the fall of 2017. To qualify, students must not have already received an award under the RI Promise program.

- **Adult Students at CCRI:** The Governor extends the RI Promise program to adult students at CCRI age 25 years of age or older, who are enrolled in at least 18 credit hours annually beginning in the fall of

2019. The program will cover up to 60 credit hours of tuition and mandatory fees over a duration of no more than four years.

- **Junior and Senior Year at RIC:** The article extends the RI Promise to juniors and seniors at RIC who are residents of the State, enrolled full-time as a freshman, have declared a major, and have earned a minimum of 60 credits toward an eligible program of study. Students must maintain a grade point average of 2.5 or greater and remain on track to graduate on time as determined by RIC. Recipients must commit to live, work, or continue their education in RI after graduation pursuant to a policy developed by RIC.
- **Requirements of the Postsecondary Institutions and the Council on Postsecondary Education:** The article requires the Council on Postsecondary Education (Council) to adopt a policy, by January 1, 2020, that reduces incentive funding for CCRI and RIC for every student who completes more than 135 credit hours to achieve a bachelor's degree or more than 75 credit hours to complete an associate degree. Furthermore, CCRI and RIC are required to offer credit courses during summer and winter intersessions by January 1, 2020. The article requires the Council to revise the Transfer and Articulation policies for CCRI and RIC to strengthen the transfer process and obligates RIC and CCRI to establish a common curriculum of general education coursework. Students eligible for RI Promise may qualify for child care assistance pursuant to rules and regulation promulgated by the Department of Human Services.
- **Need-based Grants:** The article repeals the requirement that the lesser of 20.0 percent or \$2.0 million of the funds appropriated annually for need-based grants be distribute to students attending private, non-profit, higher education institutions, leaving the allocation of appropriated funds to the discretion of the Commissioner of Postsecondary Education.

Article 12: Relating to Economic Development

Article 12 introduces new or amends existing economic development incentives. The changes are outlined as follows:

New, Tiered, Quasi-Public Approach to Local Site Preparation and Development Article 12 establishes a tiered, quasi-public approach (based on the Quonset Development Corporation model) intended to support the identification and preparation of sites across the state for future development. The quasi-public entity would have considerable authority to plan, construct, rehabilitate, alter, improve, develop, maintain, operate and /or acquire/convey parcels, tracts, areas, or projects within participating municipalities.

Modified Rules for Several Economic Development Incentives: The article modifies various provisions of certain economic development incentives.

- **Rebuild RI:** The article authorizes the Commerce Corporation to develop a separate, "streamlined" application process for qualified projects under the Rebuild RI program involving historic structures.
Developers for streamlined proposals would be exempt from certain Rebuild requirements, and projects would be eligible for technical assistance, which could be paid from the Rebuild RI fund.
- **Tax Increment Financing (TIF):** Under current law, developers participating in the TIF incentive program are able to receive up to 75.0 percent of the incremental state revenue resulting from their development to offset qualified development costs. Article 12 permits the Commerce Corporation to exempt instead the equivalent amount for developers in within a TIF designated area.
- **Qualified Jobs Incentive:** Article 12 permits the Commerce Corporation, beginning in FY2020, to increase the qualified jobs tax credit per new full time job created from \$6,500 to \$7,500 if the eligible business is determined to add a certain threshold of high wage jobs.

Reduced or Modified Fiscal Controls on Rebuild RI Program: Article 12 weakens several controls originally placed on the Rebuild RI program by the General Assembly. It does so in the following ways:

- Section 4 exempts qualified projects involving historic structures from the established control that prohibits the awarding of more than 15.0 percent of the annual appropriation in any fiscal year to any one applicant.
- Replaces the per awardee limit of 15.0 percent of total annual Rebuild appropriation with 15.0 percent of total annual authorization.
- Raises the maximum aggregate credits available to award from \$150.0 million to \$250.0 million (a nearly 70.0 percent increase).
- Provides for a special exemption from \$15.0 million per project limit for I-195 Land Projects. The article allows separate buildings on the I-195 land constitute to be considered separate qualified projects and would not be subjected to the \$15.0 million limits for total a qualified project under Rebuild, even the separate buildings are technically part of one development.

Sunsets and Authorizations: Article 12 moves the sunset dates for the following incentives from June 30, 2020, to December 31, 2023: Rebuild RI, Tax Increment Financing; Tax Stabilization Incentive; First Wave Closing Fund, I-195 Redevelopment Fund, Small Business Assistance Program; Wavemaker Fellowship; Main Street Rhode Island Streetscape Improvement Fund; Innovation Initiative; Industry Cluster Grants; High School, College, and Employer Partnerships, and the Air Service Development Fund.

Tax Incentives: The article makes several changes to the application of state business and income taxes relative to economic development. These include:

- **Business Corporations Tax:** Accelerated application of capital gains deductions against the business corporations' tax.
- **Personal Income Tax:** Capital gains tax deductions may be claimed for at least seven years; qualified research expenses may be used as a credit against personal income tax liability and, to the extent that a credit is less than the tax year liability, the credit may be carried forward up to 15 years; and a modification to personal income is created for investments made in designated Rhode Island opportunity zones.
- **New, Transferrable Qualified Research Tax Credits:** A new credit against personal income is created for early stage companies or those substantially increasing investment in R&D within Rhode Island. The credit may be up to 22.5 percent of all qualified research expenses.

Article 13: Relating to Minimum Wages

This article increases the minimum wage from \$10.50 to \$11.10 per hour effective January 1, 2020.

Article 14: Relating to Healthcare Market Stability

This article proposes modifications to the individual health insurance market through the establishment of a Shared Responsibility Payment Penalty and a reinsurance program to stabilize health insurance rates and premiums. The penalty set is equal to the taxpayer's federal shared responsibility payment as of December 15th, 2017. Individuals who fail to maintain monthly coverage will be subject to the assessed tax.

- **Exceptions:** Taxpayers with a gross income below the state filing threshold (earnings of less than \$12,000 for a single filer as of 2018) are not subject to the penalty. Determinations of hardship and religious exemptions are to be made by the state's health insurance exchange (Healthsource RI.) If federal premium tax credits become unavailable or if the federal penalty is imposed in a comparable amount to the state's penalty, the state will not enforce the penalty.
- **Health Insurance Market Integrity Fund:** The article proposes that funds collected from penalty be placed into the Health Insurance Market Integrity Fund. The fund will provide reinsurance to health insurance carriers and support the expenditures related to the implementation of the fund.

- **Special Enrollment Period:** Qualified individuals who have been assessed a penalty are eligible to enroll in a qualified health plan through Healthsource RI in a special enrollment period lasting sixty days from the date that the penalty is assessed.
- **Short-Term Limited Duration Plans:** The article proposes that short-term limited duration plans meet the same requirements as other health insurance plans sold in the state.

Article 15: Relating to Children and Families

This article modifies a number of programs and services available to children and families.

- **Mandatory School Meal Programs:** Requires certain eligible public schools to implement the Community Eligibility Provision (CEP) of the federal Healthy, Hunger-Free Kids Act beginning in the 2020-2021 school year. The CEP allows the nation's highest poverty schools and districts to serve breakfast and lunch at no cost to all enrolled students without collecting household applications. Schools that adopt CEP are reimbursed using a formula based on the percentage of students categorically eligible for free meals due to their participation in other specific means-tested programs, such as the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF).
- **Education of Youth at the Rhode Island Training School:** Expands contributions of local education authorities (LEAs) towards the educational costs of youth in the care of the Department of Children, Youth and Families (DCYF). Current law requires LEAs to cover these expenses for children placed in group homes. The article expands this responsibility to include youth detained at the Rhode Island Training School.
- **Lead Inspection of Foster Homes:** Eliminates the requirement for certain foster homes to undergo a comprehensive lead inspection as a condition of licensure. Instead, the article requires the director of DCYF to promulgate regulations which subject foster homes to a visual lead inspection.
- **RI Works:** Defines the RI Works lifetime limit as 48 months, calculated in accordance with RIGL 40-5.2-10(h).
- **Child Care Assistance:** Expands child care supports to include families with parents enrolled at a Rhode Island institution of higher education or in a qualified training program relating to employment and who need child care assistance in order to attend.
- **Child Care Rates:** Implements tiered reimbursement rates for licensed family child care providers for infants, toddlers, and preschool-aged children. Tiers are established based on the quality rating the provider has achieved within the State's Quality Rating system.

Article 16: Relating to Medical Assistance

This article modifies the financing and delivery of the Medicaid program. Specifically, the article:

- Freezes inpatient and outpatient hospital payment rates at FY2019 levels.
- Provides nursing homes with a 1.0 percent cost-of-living adjustment (COLA) rate increase.
- Eliminates inpatient upper payment limit (UPL) payments.
- Creates an employer public assistance assessment, which would impose a fee on large, for-profit companies for each non-disabled employee enrolled in Medicaid. The article authorizes the state to assess employers on a quarterly basis, effective October 1, 2019, at a rate of 10.0 percent of wages, up to a maximum amount of \$1,500 per employee per year. Applicable employers may appeal the determination with the Department of Labor and Training. The assessment is expected to generate \$15.6 million in new revenues FY2020 and would require collaboration between the Departments of

Administration, Revenue, Labor and Training, and Human Services as well as the Executive Office of Health and Human Services (EOHHS).

- Limits the FY2019 rate increase for hospice providers delivering care in skilled nursing facilities.
- Authorizes the Secretary of EOHHS to transition payments for patient-centered medical homes from fee-for-service to an alternative methodology, such as partial or full capitation.
- Eliminates the Graduate Medical Education (GME) program.

Article 17: Relating to Medicaid Reform Act of 2008 Resolution

This article establishes the legal authority for the Executive Office of Health and Human Services (EOHHS) to implement formal amendments to the section 1115 demonstration waiver and Medicaid state plan. These amendments require approval by the General Assembly. The resolution allows EOHHS to do the following:

- Freeze inpatient and outpatient hospital payment rates at FY2019 levels.
- Provide nursing homes with a 1.0 percent cost-of-living adjustment (COLA) rate increase.
- Limit the FY2019 rate increase for hospice providers delivering care in skilled nursing facilities.
- Reduce rates for managed care plans in order to achieve the full federally qualified health center (FQHC) payment in-plan, eliminate the performance goal program, and reduce C-section births.
- Utilize a single fiscal intermediary for all self-direction programs currently operated through Medicaid.
- Expand eligibility for the home and community care co-pay program for seniors by increasing the income limit from 200.0 to 250.0 percent of the federal poverty level (FPL).
- Increase wages for direct support professionals who serve individuals with intellectual and developmental disabilities in the private, community-based system.
- Review Medicaid requirements and opportunities under the U.S. Patient Protection and Affordable Care Act of 2010 in order to pursue any changes in the Medicaid program which may offset state costs or improve access, quality, or effectiveness.

Article 18: Relating to Hospital Uncompensated Care

This article authorizes the disbursement of Disproportionate Share Hospital (DSH) payments to community hospitals, excluding Eleanor Slater Hospital, in FFY2020. The article limits the aggregate amount of the payments to \$139.7 million.

Article 19: Relating to Licensing of Hospital Facilities

This article allows the state to collect the hospital license fee in FY2020, which will generate \$180.8 million in revenues. The license fee is maintained at the FY2019 rates of 3.78 percent for hospitals located in Washington County and 6.0 percent for all other non-psychiatric community hospitals.

Article 20: Relating to Marijuana

This article proposes the legalization of marijuana for adult-use. The proposed changes are estimated to generate an additional \$6.5 million in net revenue in FY2020. The article makes the following changes:

- **Medical Marijuana Changes:** The article proposes that in order to lawfully possess and grow marijuana plants, an individual must be issued a caregiver registration card and plant tags, which would require the individual to demonstrate hardship as defined by the Department of Business Regulation (DBR). The article also proposes changing the number of allowed plants to decrease from twelve to six.
- **Establishment of the Office of Cannabis Regulation:** The article proposes the creation of the Office of Cannabis Regulation (OCR) within DBR. OCR is to be responsible for overseeing the new adult use

market and the medical marijuana program. The article proposes that OCR have authority to limit the potency of products.

- **Marijuana Trust Fund Allocation:** The article establishes a fund from taxes and fees collected from the adult-use marijuana program. Any amounts deposited into the fund are exempt from the indirect cost recovery provisions. **The Marijuana Trust Fund will be distributed as detailed:**
 - 25.0 percent is proposed to be distributed to the Departments of Health, Revenue, and Public Safety, and the Executive Office of Health and Human Services to fund regulatory activities.
 - 15.0 percent is proposed to be distributed to cities and towns.
 - 60.0 percent is proposed to be distributed to the general fund and used to fund programs and activities related to revenue collection and enforcement, substance use disorder prevention, education and public awareness campaigns, treatment and recovery support services, public health research, law enforcement support, and related technology improvements.
- **Tax Revenue:** The article proposes an overall tax rate of approximately 20.0 percent. This includes a 7.0 percent sales tax rate, a 10.0 percent retail marijuana excise tax and a weight-based excise tax). This structure estimates \$6.5 million in revenue for FY2020, and \$21.9 million in revenue for FY2021.
- **Activities Limited:** The proposed adult-use program only applies to those aged twenty-one or older. The article proposes the ban of any consumption of cannabis in any public spaces and a violation penalty of \$150. The article proposes a limit of one ounce per transaction and/or per day and an individual possession limit of five ounces.
- **Marijuana Advisory Board:** The article establishes a marijuana advisory board to make recommendations on the regulation of marijuana and marijuana products, consisting of seven members appointed by the Speaker of the House, and seven members appointed by the President of the Senate.

Article 21: Relating to Effective Date

This article provides that the Act would take effect on July 1, 2019, except as otherwise provided therein.

Summary Tables

GENERAL REVENUE BUDGET SURPLUS

	FY2017 Audited	FY2018 Audited	FY2019 Enacted	FY2019 Governor	FY2020 Governor
Opening Surplus					
Free Surplus	\$167,818,206	\$61,660,230	\$31,264,778	\$52,525,379	\$2,948,779
Reappropriated Surplus	7,848,853	10,338,899	-	10,057,409	-
Subtotal	\$175,667,059	\$71,999,129	\$31,264,778	\$62,582,788	\$2,948,779
Total Revenues					
	\$3,684,357,619	3,908,384,435	3,998,485,298	\$4,009,272,170	\$4,198,887,451
To Cash Stabilization Fund	(115,565,275)	(119,101,340)	(120,892,502)	(121,853,926)	(126,055,087)
From Cash Stabilization Fund					
Total Available Resources	\$3,744,459,404	\$3,861,282,224	\$3,908,857,574	\$3,950,001,032	\$4,075,781,143
Total Expenditures					
	\$3,672,460,275	3,798,699,436	\$3,908,207,061	\$3,947,052,253	4,075,093,139
Total Surplus	71,999,129	62,582,788	650,513	2,948,779	688,004
Free Surplus	\$71,999,129	\$62,582,788	\$650,513	\$2,948,779	\$688,004
Rainy Day Fund	\$192,608,792	\$198,502,233	\$201,487,504	\$203,089,877	\$210,157,877

ALL FUNDS EXPENDITURES

General Government	FY2018 Final	FY2019 Enacted	FY2019 Governor	Change from		
				Enacted	Enacted	
Administration	\$314,552,373	\$284,663,464	\$318,517,310	\$33,853,846	\$323,951,978	\$39,288,514
Business Regulation	14,702,783	24,509,397	25,145,467	636,070	30,770,515	6,261,118
Executive Office of Commerce	49,869,458	56,449,152	58,883,044	2,433,892	68,180,523	11,731,371
Labor and Training	425,495,185	458,214,237	446,278,250	(11,935,987)	454,282,965	(3,931,272)
Revenue	512,595,161	584,033,516	602,700,646	18,667,130	623,720,496	39,686,980
Legislature	39,282,079	45,412,322	50,769,941	5,357,619	46,586,115	1,173,793
Lieutenant Governor	1,001,557	1,114,597	1,107,847	(6,750)	1,147,816	33,219
Secretary of State	9,385,527	12,300,162	12,253,563	(46,599)	10,701,157	(1,599,005)
General Treasurer	43,076,635	43,122,580	42,417,814	(704,766)	42,218,385	(904,195)
Board of Elections	1,505,698	5,252,516	4,654,527	(597,989)	2,462,583	(2,789,933)
Ethics Commission	1,637,934	1,812,237	1,748,039	(64,198)	1,845,298	33,061
Office of the Governor	5,481,059	5,633,047	6,407,071	774,024	6,493,211	860,164
Commission for Human Rights	1,683,010	1,833,011	1,803,028	(29,983)	1,917,005	83,994
Public Utilities Commission	9,014,227	9,934,831	10,623,497	688,666	12,212,583	2,277,752
Total	\$1,429,282,686	\$1,534,285,069	\$1,583,310,044	\$49,024,975	\$1,626,490,630	\$92,205,561
Human Services						
Office of Health and Human Services	\$2,519,428,247	\$2,606,962,740	\$2,677,833,816	\$70,871,076	\$2,745,096,336	\$138,133,596
Children, Youth, and Families	237,549,998	227,918,654	239,020,038	11,101,384	228,591,189	672,535
Health	159,561,445	174,111,689	188,059,767	13,948,078	188,616,584	14,504,895
Human Services	599,252,725	632,830,659	624,925,300	(7,905,359)	585,698,686	(47,131,973)
BHDDH	415,736,505	422,451,955	442,121,201	19,669,246	448,470,696	26,018,741
Governor's Commission on Disabilities	710,175	1,387,275	1,389,808	2,533	1,558,659	171,384
Governor's Commission on the Deaf	500,346	603,178	636,745	33,567	693,338	90,160
Office of the Child Advocate	947,705	1,195,963	1,087,060	(108,903)	1,234,057	38,094
Office of the Mental Health Advocate	629,731	653,260	567,389	(85,871)	602,411	(50,849)
Total	\$3,934,316,877	\$4,068,115,373	\$4,175,641,124	\$107,525,751	\$4,200,561,956	\$132,446,583
Education						
Elementary and Secondary Education	\$1,379,739,520	\$1,444,249,758	\$1,451,383,884	\$7,134,126	\$1,488,768,125	\$44,518,367
Public Higher Education	1,173,310,319	1,207,574,517	1,214,691,385	7,116,868	1,250,299,534	42,725,017
Council on the Arts	2,912,159	3,132,046	3,922,316	790,270	3,478,248	346,202
Atomic Energy Commission	1,356,380	1,496,787	1,374,254	(122,533)	1,495,094	(1,693)
Higher Education Assistance Authority	-	-	-	-	-	-
Historical Preservation & Heritage Comm.	1,984,028	2,454,026	2,792,590	338,564	2,595,330	141,304
Total	\$2,559,302,406	\$2,658,907,134	\$2,674,164,429	\$15,257,295	\$2,746,636,331	\$87,729,197
Public Safety						
Attorney General	\$47,731,960	\$41,602,976	\$44,403,159	\$2,800,183	\$33,287,718	(\$8,315,258)
Corrections	236,737,230	251,419,419	251,565,521	146,102	252,805,290	1,385,871
Judiciary	116,192,558	124,433,984	125,531,201	1,097,217	126,730,281	2,296,297
Military Staff	26,801,747	30,292,314	44,294,074	14,001,760	40,129,489	9,837,175
Emergency Management Agency	14,217,508	20,325,241	24,321,268	3,996,027	13,697,589	(6,627,652)
Public Safety	116,848,270	124,504,718	133,588,625	9,083,907	139,092,198	14,587,480
Public Defender	11,646,848	12,676,516	12,311,977	(364,539)	12,923,936	247,420
Total	\$570,176,121	\$605,255,168	\$636,015,825	\$30,760,657	\$618,666,501	\$13,411,333
Natural Resources						
Environmental Management	\$80,400,399	\$108,689,507	\$98,881,402	(\$9,808,105)	\$102,890,607	(\$5,798,900)
Coastal Resources Management Council	5,297,030	6,468,424	8,387,732	1,919,308	5,310,930	(1,157,494)
Total	\$85,697,429	\$115,157,931	\$107,269,134	(\$7,888,797)	\$108,201,537	(\$6,956,394)
Transportation						
Transportation	\$453,459,721	\$591,021,131	\$632,373,698	\$41,352,567	\$629,480,461	\$38,459,330
Grand Total	\$ 9,032,235,240	\$ 9,572,741,806	\$ 9,808,774,254	\$236,032,448	\$ 9,930,037,416	\$357,295,610

GENERAL REVENUE EXPENDITURES

General Government	FY2018 Final	FY2019 Enacted	FY2019 Governor	Change from		
				Enacted	FY2020 Governor	
Administration	\$189,889,755	\$177,080,380	\$174,283,385	(\$2,796,995)	\$199,464,434	\$22,384,054
Business Regulation	10,534,356	17,430,457	16,864,098	(566,359)	18,508,156	1,077,699
Executive Office of Commerce	32,403,452	30,289,375	30,226,612	(62,763)	35,365,201	5,075,826
Labor and Training	12,876,544	14,464,955	15,848,041	1,383,086	15,813,787	1,348,832
Revenue	148,430,073	178,831,507	178,266,494	(565,013)	193,770,950	14,939,443
Legislature	37,831,305	43,691,627	49,000,993	5,309,366	44,754,101	1,062,474
Lieutenant Governor	1,001,557	1,114,597	1,107,847	(6,750)	1,147,816	33,219
Secretary of State	8,832,367	9,875,734	9,800,081	(75,653)	9,233,255	(642,479)
General Treasurer	2,819,265	2,973,776	2,953,922	(19,854)	3,037,551	63,775
Board of Elections	1,505,698	5,252,516	4,654,527	(597,989)	2,462,528	(2,789,933)
Ethics Commission	1,637,934	1,812,237	1,748,039	(64,198)	1,845,293	33,061
Office of the Governor	5,481,059	5,633,047	6,407,071	774,024	6,493,211	860,164
Commission for Human Rights	1,273,387	1,335,441	1,335,441	-	1,353,591	18,150
Total	\$454,516,752	\$489,785,649	\$492,496,551	\$2,710,902	\$533,249,934	\$43,464,285
Human Services						
Office of Health and Human Services	\$950,301,335	\$982,916,072	\$989,336,794	\$6,420,722	\$1,033,465,709	\$50,549,637
Children, Youth, and Families	173,652,189	161,614,041	173,630,931	12,016,890	167,263,422	5,649,381
Health	26,323,503	28,963,829	30,094,507	1,130,678	32,240,040	3,276,211
Human Services	100,775,120	97,999,785	107,333,790	9,334,005	74,895,242	(23,104,543)
BHDDH	190,690,753	188,091,966	194,621,346	6,529,380	195,293,312	7,201,346
Governor's Commission on Disabilities	444,657	1,002,537	951,910	(50,627)	1,055,069	52,532
Governor's Commission on the Deaf	428,285	523,178	525,902	2,724	563,338	40,160
Office of the Child Advocate	703,984	969,922	896,811	(73,111)	986,701	16,779
Office of the Mental Health Advocate	629,731	653,260	567,389	(85,871)	602,411	(50,849)
Total	\$1,443,949,557	\$1,462,734,590	\$1,497,959,380	\$35,224,790	\$1,506,365,244	\$43,630,654
Education						
Elementary and Secondary Education	\$1,161,321,686	\$1,188,639,908	\$1,187,465,595	(\$1,174,313)	\$1,235,838,953	\$47,199,045
Public Higher Education	220,928,014	230,093,700	233,869,330	3,775,630	244,302,858	14,209,158
Council on the Arts	1,919,769	2,007,993	1,977,819	(30,174)	2,084,748	76,755
Atomic Energy Commission	982,299	1,078,908	1,018,455	(60,453)	1,059,094	(19,814)
Higher Education Assistance Authority	-	-	-	-	-	-
Historical Preservation & Heritage Comm.	1,031,076	1,210,054	1,381,551	171,497	1,488,293	278,239
Total	\$1,386,182,844	\$1,423,030,563	\$1,425,712,750	\$2,682,187	\$1,484,773,946	\$61,743,383
Public Safety						
Attorney General	\$25,296,491	\$27,959,192	\$27,745,213	(\$213,979)	\$28,675,203	\$716,011
Corrections	231,528,875	237,063,223	235,649,651	(1,413,572)	238,105,210	1,041,987
Judiciary	97,037,829	101,994,888	102,049,154	54,266	106,127,755	4,132,867
Military Staff	2,976,112	3,081,090	3,097,681	16,591	3,219,493	138,403
Emergency Management Agency	1,881,904	2,043,945	2,283,219	239,274	2,439,647	395,702
Public Safety	100,929,838	103,337,018	104,032,363	695,345	111,196,673	7,859,655
Public Defender	11,583,210	12,575,531	12,236,312	(339,219)	12,848,271	272,740
Total	\$471,234,259	\$488,054,887	\$487,093,593	(\$961,294)	\$502,612,252	\$14,557,365
Natural Resources						
Environmental Management	\$40,345,594	\$41,841,215	\$41,032,676	(\$808,539)	\$45,178,568	\$3,337,353
Coastal Resources Management Council	2,470,459	2,760,157	2,757,303	(2,854)	2,913,195	153,038
Total	\$42,816,053	\$44,601,372	\$43,789,979	(\$811,393)	\$48,091,763	\$3,490,391
Grand Total	\$3,798,699,465	\$3,908,207,061	\$3,947,052,253	\$38,845,192	\$4,075,093,139	\$166,886,078

PERSONNEL

	FY2018	FY2019	FY2019	Change	FY2020	Change
	Actual	Enacted	Governor	from	Governor	from
				Enacted		Enacted
General Government						
Administration	697.7	655.7	657.7	2.0	670.7	15.0
Business Regulation	106.0	161.0	162.0	1.0	187.0	26.0
Executive Office of Commerce	17.0	16.0	16.0	-	18.0	2.0
Labor and Training	428.7	409.7	409.7	-	451.7	42.0
Revenue	529.5	604.5	604.5	-	587.5	(17.0)
Legislature	298.5	298.5	298.5	-	298.5	-
Lieutenant Governor	8.0	8.0	8.0	-	8.0	-
Secretary of State	59.0	59.0	59.0	-	59.0	-
General Treasurer	89.0	89.0	89.0	-	89.0	-
Board of Elections	12.0	13.0	13.0	-	13.0	-
Ethics Commission	12.0	12.0	12.0	-	12.0	-
Office of the Governor	45.0	45.0	45.0	-	45.0	-
Commission for Human Rights	14.5	14.5	14.5	-	14.5	-
Public Utilities Commission	51.0	53.0	53.0	-	60.0	7.0
Total	2,367.9	2,438.9	2,441.9	3.0	2,513.9	75.0
Human Services						
Office of Health and Human Services	285.0	192.0	195.0	3.0	479.1	287.1
Children, Youth, and Families	616.5	631.5	629.5	(2.0)	629.5	(2.0)
Health	506.6	514.6	517.6	3.0	520.6	6.0
Human Services	981.1	1,020.1	1,030.1	10.0	755.0	(265.1)
BHDDH	1,319.4	1,302.4	1,304.4	2.0	1,305.4	3.0
Office of the Child Advocate	8.0	10.0	10.0	-	10.0	-
Governor's Commission on the Deaf	4.0	4.0	4.0	-	4.0	-
Governor's Commission on Disabilities	4.0	4.0	4.0	-	4.0	-
Office of the Mental Health Advocate	4.0	4.0	4.0	-	4.0	-
Total	3,728.6	3,682.6	3,698.6	16.0	3,711.6	29.0
Education						
Elementary and Secondary Education	325.1	321.1	323.1	2.0	328.1	7.0
Public Higher Education	3,568.0	3,605.5	3,343.3	(262.2)	3,345.3	(260.2)
Council on the Arts	8.6	8.6	8.6	-	8.6	-
Atomic Energy Commission	8.6	8.6	8.6	-	8.6	-
Historical Preservation and Heritage Commission	15.6	15.6	15.6	-	15.6	-
Total	3,925.9	3,959.4	3,699.2	(260.2)	3,706.2	(253.2)
Public Safety						
Attorney General	235.1	237.1	237.1	-	239.1	2.0
Corrections	1,435.0	1,416.0	1,416.0	-	1,426.0	10.0
Judiciary	723.3	723.3	723.3	-	723.3	-
Military Staff	92.0	92.0	92.0	-	98.0	6.0
Emergency Management	32.0	32.0	32.0	-	32.0	-
Public Safety	610.6	564.6	564.6	-	595.6	31.0
Public Defender	93.0	95.0	95.0	-	96.0	1.0
Total	3,221.0	3,160.0	3,160.0	-	3,210.0	50.0
Natural Resources						
Environmental Management	400.0	395.0	395.0	-	406.0	11.0
Coastal Resources Management Council	29.0	30.0	30.0	-	30.0	-
Total	429.0	425.0	425.0	-	436.0	11.0
Transportation						
Transportation	775.0	755.0	755.0	-	785.0	30.0
Higher Education Sponsored Research						
Office of Higher Education	1.0	1.0	1.0	-	1.0	-
CCRI	89.0	89.0	89.0	-	89.0	-
RIC	76.0	76.0	76.0	-	76.0	-
URI	573.8	622.8	440.0	(182.8)	440.0	(182.8)
Total	739.8	788.8	606.0	(182.8)	606.0	(182.8)
Auxiliary Enterprise						
	-	-	445.0	445.0	445.0	445.0
Grand Total	15,187.2	15,209.7	15,230.7	21.0	15,413.7	204.0

MUNICIPAL AID: DIRECT AID

Municipality	FY2019 Enacted	Payment In Lieu of Taxes	Distressed		Motor Vehicle Excise Tax	Library Grant-in-Aid	Total FY2020 Municipal Aid	Change from FY2020
			Communities Relief Fund					
Barrington	1,377,953	14,447			\$1,393,446	\$373,393	\$1,781,286	\$403,333
Bristol	2,325,010	1,330,772			760,420	190,040	2,281,232	(43,778)
Burrillville	1,637,087	88,867			1,418,525	169,792	1,677,184	40,097
Central Falls	804,817	687	201,648		910,126	31,384	1,143,845	339,028
Charlestown	294,798				296,996	51,294	348,290	53,492
Coventry	1,681,211				1,853,555	226,403	2,079,958	398,747
Cranston	13,262,326	4,771,444	2,547,805		8,176,804	608,335	16,104,388	2,842,062
Cumberland	1,864,308				1,753,921	276,601	2,030,522	166,214
East Greenwich	1,227,166	572,247			448,824	126,645	1,147,716	(79,450)
East Providence	2,376,690	217,998			3,065,776	411,056	3,694,830	1,318,140
Exeter	660,074				671,816	51,067	722,883	62,809
Foster	501,870				527,773	32,632	560,406	58,536
Glocester	661,265				709,347	77,756	787,103	125,838
Hopkinton	473,878				529,210	35,868	565,078	91,200
Jamestown	222,893				107,578	104,748	212,326	(10,567)
Johnston	3,758,235		532,972		3,407,574	116,724	4,057,270	299,035
Lincoln	1,045,460				929,616	204,936	1,134,552	89,092
Little Compton	97,257				68,672	34,958	103,630	6,373
Middletown	492,496				304,650	141,336	445,985	(46,511)
Narragansett	464,868				311,670	181,959	493,629	28,761
Newport	2,401,871	1,408,819			393,148	400,306	2,202,273	(199,598)
New Shoreham	189,620				59,257	89,742	148,999	(40,621)
North Kingstown	1,126,512	1,006			750,345	290,338	1,041,689	(84,823)
North Providence	3,763,835		914,169		3,596,326	193,727	4,704,222	940,387
North Smithfield	1,048,126				1,196,840	77,263	1,274,102	225,976
Pawtucket	7,491,237	513,532	1,400,733		8,257,768	406,135	10,578,169	3,086,932
Portsmouth	490,934				492,441	113,429	605,870	114,936
Providence	51,907,493	29,400,443	5,155,694		17,901,898	1,296,609	53,754,643	1,847,150
Richmond	385,257				442,459	24,428	466,888	81,631
Scituate	429,981				295,623	103,534	399,157	(30,824)
Smithfield	2,130,802	666,009			1,360,064	297,671	2,323,743	192,941
South Kingstown	1,043,579	184,978			667,813	219,988	1,072,780	29,201
Tiverton	732,860				312,900	122,228	435,128	(297,732)
Warren	591,467				658,021	56,214	714,235	122,768
Warwick	6,292,482	1,510,326			5,684,875	754,730	7,949,931	1,657,449
Westerly	1,990,079	148,835			1,595,754	309,803	2,054,392	64,313
West Greenwich	348,215				351,431	38,140	389,571	41,356
West Warwick	2,305,487		859,102		1,687,468	158,885	2,705,456	399,969
Woonsocket	4,028,796		772,334		4,537,013	198,313	5,507,659	1,478,863
Total	\$123,928,295	\$40,830,409	\$12,384,458		\$77,887,741	\$8,598,411	\$139,701,019	\$15,772,724

FY2020 Library Construction Aid = \$1.9 million

MUNICIPAL AID: INDIRECT AID

Municipality	FY2019 Enacted Indirect Aid	Public Service Corp. Tax	Meals and Beverage Tax	Hotel Tax	FY2020 Total Indirect Aid	Change from FY2019 Enacted
Barrington	\$406,984	\$205,777	\$190,758	\$2,975	\$399,509	(\$7,475)
Bristol	897,428	282,413	466,280	64,150	812,842	(84,586)
Burrillville	422,920	204,641	221,429	67	426,136	3,216
Central Falls	381,363	244,423	147,641	130	392,194	10,831
Charlestown	368,230	98,143	193,354	69,478	360,975	(7,255)
Coventry	1,048,412	441,150	481,581	112,054	1,034,785	(13,627)
Cranston	3,086,547	1,020,830	2,039,852	25,981	3,086,663	116
Cumberland	970,719	432,719	557,466	834	991,019	20,300
East Greenwich	1,078,832	165,389	717,004	1,162	883,554	(195,278)
East Providence	1,778,082	596,479	1,111,312	49,189	1,756,981	(21,101)
Exeter	202,778	84,777	120,260	-	205,037	2,259
Foster	78,607	59,029	24,144	664	83,837	5,230
Glocester	210,752	125,379	77,911	3,192	206,482	(4,270)
Hopkinton	164,922	102,396	55,266	1,712	159,374	(5,548)
Jamestown	200,175	68,937	93,415	28,314	190,666	(9,509)
Johnston	1,078,219	367,606	732,276	7,740	1,107,621	29,402
Lincoln	1,290,300	271,180	838,279	116,886	1,226,345	(63,955)
Little Compton	146,196	44,099	67,232	20,193	131,523	(14,673)
Middletown	2,075,068	202,470	836,740	1,120,912	2,160,122	85,054
Narragansett	1,202,623	197,800	720,522	276,401	1,194,723	(7,900)
Newport	5,654,687	310,104	2,727,113	2,671,881	5,709,098	54,411
New Shoreham	1,019,590	11,170	388,621	662,610	1,062,400	42,810
North Kingstown	1,062,991	331,080	644,697	117,024	1,092,801	29,810
North Providence	800,924	408,082	410,047	551	818,680	17,756
North Smithfield	499,472	154,320	312,393	3,369	470,081	(29,391)
Pawtucket	1,873,524	901,017	976,310	94,076	1,971,403	97,879
Portsmouth	529,557	218,991	288,927	17,628	525,546	(4,011)
Providence	10,859,755	2,257,319	6,450,502	2,318,537	11,026,358	166,603
Richmond	260,779	96,149	150,304	6,848	253,301	(7,478)
Scituate	201,519	132,283	69,843	7,311	209,437	7,918
Smithfield	1,305,004	272,126	822,814	173,471	1,268,411	(36,593)
South Kingstown	1,555,940	386,853	941,492	203,608	1,531,953	(23,987)
Tiverton	452,812	199,352	261,415	3,667	464,435	11,623
Warren	471,216	133,129	329,920	832	463,880	(7,336)
Warwick	5,717,466	1,033,439	3,292,250	1,305,077	5,630,766	(86,700)
Westerly	2,053,052	285,934	961,234	714,619	1,961,787	(91,265)
West Greenwich	356,910	77,141	126,452	128,912	332,505	(24,405)
West Warwick	918,259	363,946	404,779	160,444	929,169	10,910
Woonsocket	1,149,153	520,903	586,388	54,410	1,161,701	12,548
Total	\$53,831,768	\$13,308,972	\$29,838,224	\$10,546,907	\$53,694,103	(\$137,665)

EDUCATION AID

Governor's FY2020 Education Aid -First Look - Change to FY2019 Budget as Enacted¹

Districts	FY2019 Enacted (includes group home and categorical)	FY2020 (Year 9) Formula Change	Transportation	High-cost Special Education	Group Home ²	English Learners	Public School Choice Density	Stabilization Funding ⁴	Total Change	FY2020 Education Aid
Barrington	\$5,481,235	\$443,088	(\$6,100)	(\$6,605)	\$0	\$1,503	\$0	\$0	\$431,886	\$5,913,122
Burrillville	12,467,771	335,121	17,872	64,874	(1,826)	119	-	-	416,161	12,883,931
Charlestown	1,602,489	8,683	-	-	-	320	-	-	9,003	1,611,493
Coventry	22,790,523	1,861,676	1,152	(17,477)	(3,985)	3,449	-	-	1,844,815	24,635,339
Cranston	61,904,927	3,566,469	(12,860)	(42,932)	(1,773)	53,728	-	-	3,562,632	65,467,559
Cumberland	20,796,259	391,521	(29,822)	23,956	-	8,712	(25,400)	-	368,966	21,165,225
East Greenwich	3,167,384	(462,822)	(10,134)	(13,520)	-	(163)	-	-	(486,640)	2,680,744
East Providence	35,710,483	1,616,575	374	49,208	(13,943)	21,566	-	-	1,673,780	37,384,263
Foster	1,164,308	122,933	(1,966)	4,089	-	-	-	-	125,056	1,289,364
Glocester	2,323,353	(113,667)	12,099	67,009	-	-	-	-	(34,559)	2,288,794
Hopkinton	5,222,840	(85,053)	-	-	-	250	-	-	(84,803)	5,138,037
Jamestown	522,234	(43,977)	-	(17,851)	-	(146)	-	-	(61,974)	460,260
Johnston	18,398,579	(226,155)	(42,316)	19,143	-	5,349	-	-	(243,979)	18,154,600
Lincoln	12,325,264	1,887,457	-	(116,358)	(18,448)	4,334	(14,400)	-	1,742,586	14,067,850
Little Compton	355,525	64,376	-	-	-	27	-	-	64,403	419,928
Middletown	7,979,348	(142,034)	-	(26,636)	(183,909)	8,729	-	-	(343,850)	7,635,498
Narragansett	2,313,575	22,319	-	4,208	-	498	-	-	27,025	2,340,600
Newport	12,433,122	545,198	-	(21,466)	(3,945)	30,074	-	-	549,862	12,982,984
New Shoreham	156,925	(39,522)	-	1,875	-	99	-	-	(37,547)	119,378
North Kingstown	10,127,666	(73,613)	-	(11,494)	-	3,788	-	-	(81,320)	10,046,347
North Providence	23,428,293	201,090	(21,480)	(66,817)	(1,608)	10,733	-	-	121,918	23,550,211
North Smithfield	6,219,135	(224,048)	(4,308)	(3,558)	(3,774)	1,235	-	-	(234,453)	5,984,682
Pawtucket	88,331,184	2,313,096	43,163	774,869	(118,239)	218,384	(94,200)	-	3,137,074	91,468,258
Portsmouth	4,178,680	(222,006)	-	(12,097)	91,311	(32)	-	-	(142,824)	4,035,857
Providence	253,712,258	6,381,035	24,854	(57,092)	(127,937)	1,353,182	(242,700)	-	7,331,342	261,043,600
Richmond	4,596,348	(2,442)	-	-	-	226	-	-	(2,215)	4,594,133
Scituate	3,369,504	(474,543)	(9,189)	(64,963)	-	-	-	-	(548,695)	2,820,809
Smithfield	7,854,976	(1,574,061)	10,638	34,189	13,953	151	-	-	(1,515,130)	6,339,845
South Kingstown	6,293,429	(660,899)	(26,075)	(99,930)	2,344	1,914	-	-	(782,647)	5,510,782
Tiverton	6,779,517	772,747	-	(38,957)	-	127	-	-	733,917	7,513,434
Warwick	37,379,213	1,963,017	(772)	(72,937)	(6,604)	8,795	-	-	1,891,499	39,270,712
Westerly	8,766,881	194,366	-	(97,248)	-	3,320	-	-	100,438	8,867,319
West Warwick	26,186,039	912,703	22,289	(21,705)	-	7,318	-	-	920,605	27,106,644
Woonsocket	62,454,133	220,014	(2,232)	(74,622)	(999)	111,662	(21,550)	-	232,274	62,686,407
Bristol-Warren ³	14,912,239	(223,412)	49,037	12,444	(10,442)	2,487	-	-	(169,886)	14,742,353
Exeter-West Greenwich ³	6,071,142	362,025	68,752	(101,528)	12,151	434	-	-	341,835	6,412,977
Chariho	2,126,721	(38,321)	(36,425)	3,147	-	(511)	(3,900)	-	(76,010)	2,050,712
Foster-Glocester	5,199,952	186,319	(25,960)	(34,183)	-	(381)	-	-	125,795	5,325,747
Central Falls	41,173,119	234,712	(20,590)	(42,546)	-	241,034	(76,200)	100,000	436,410	41,609,528
District Total	\$846,276,574	\$19,999,968	\$0	(\$3,511)	(\$377,673)	\$2,102,315	(\$478,350)	\$100,000	\$21,342,750	\$867,619,324
Charter School Total	90,741,597	10,907,680	-	3,511	-	164,896	-	-	11,076,087	101,817,684
Davies	13,667,655	(599,432)	-	-	-	(6,714)	-	636,326	30,180	13,697,835
Met School	9,355,134	(495,276)	-	-	-	(2,034)	-	495,276	(2,034)	9,353,100
Urban Collaborative	1,432,046	111,066	-	-	-	(3,402)	-	-	107,664	1,539,710
Total	\$961,473,006	\$29,924,007	\$0	\$0	(\$377,673)	\$2,255,061	(\$478,350)	\$1,231,602	\$32,554,647	\$994,027,653

¹ Based on March 2018 data updates. Subject to change based on March 2019 student data updates.² Based on final 12/31/2018 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.⁴ Stabilization funds based on text in Governor's Executive Summary. Subject to change upon further analysis.

Source: Rhode Island Department of Education

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