



SENATE FISCAL OFFICE
REPORT

**GOVERNOR'S FY2017 AND
FY2016 SUPPLEMENTAL BUDGET**

2016-H-7454

FIRST LOOK

FEBRUARY 10, 2016

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Overview

The Governor's FY2017 Budget recommendation totals \$3,676.8 million in general revenue; \$124.8 million greater than the FY2016 Budget as Enacted. The recommendation includes \$8,964.8 million in all funds; an increase of \$299.3 million above the FY2016 Budget as Enacted.

Expenditures by Source	FY2015 Final	FY2016 Enacted	FY2016 Governor	Change to		
				Enacted	FY2017 Governor	
General Revenue	\$3,453.9	\$3,552.0	\$3,576.5	\$24.5	\$3,676.8	\$124.8
Federal Funds	2,895.2	2,947.3	3,114.2	166.9	2,967.2	20.0
Restricted Receipts	236.0	245.5	288.8	43.3	261.9	16.4
Other Funds	1,807.4	1,920.7	1,995.7	75.0	2,058.9	138.2
Total	\$8,392.5	\$8,665.4	\$8,975.1	\$309.7	\$8,964.8	\$299.3

Expenditures by Function

General Government	\$1,411.9	\$1,432.5	\$1,526.0	\$93.5	\$1,533.9	\$101.4
Human Services	3,667.3	3,721.4	3,853.6	132.2	3,763.5	42.1
Education	2,303.8	2,408.0	2,449.6	41.6	2,520.7	112.7
Public Safety	500.3	534.7	553.1	18.4	560.0	25.3
Natural Resources	93.6	105.0	110.0	5.0	107.1	2.1
Transportation	415.6	463.8	482.9	19.1	479.5	15.7
Total	\$8,392.5	\$8,665.4	\$8,975.2	\$309.8	\$8,964.7	\$299.3

FTE Authorization **15,100.7** **15,118.4** **15,139.3** **20.9** **15,227.3** **108.9**

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

The Governor's FY2017 Budget closes the anticipated \$49.5 million current services operating deficit through a combination of revenue increases and expenditure reductions. The proposed budget relies upon state debt restructuring and refinancing, reserve transfers from several quasi-public agencies, and assumptions of streamlined efficiencies and savings in state government operations and personnel to close this deficit.

FY2017 Deficit Solution

Projected deficit (July)	(\$198.6)
Nov REC/CEC	72.1
FY2016 Carry Forward	81.7
Rainy Day Fund	(4.6)
Projected Deficit (January)	(\$49.5)

Budget Initiatives

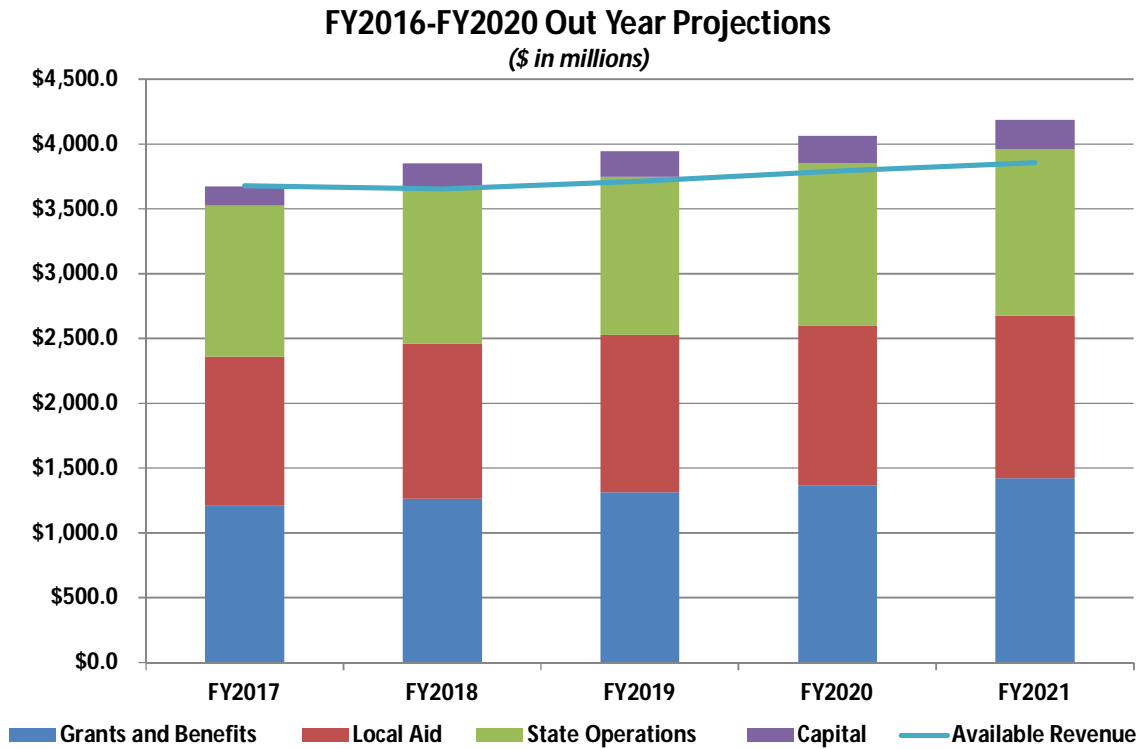
Expenditure Reductions	(4.2)
Transfers and Other Operational Changes	26.0
Tax and Fee Changes	19.9
Projected Ending Balance	\$0.5

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

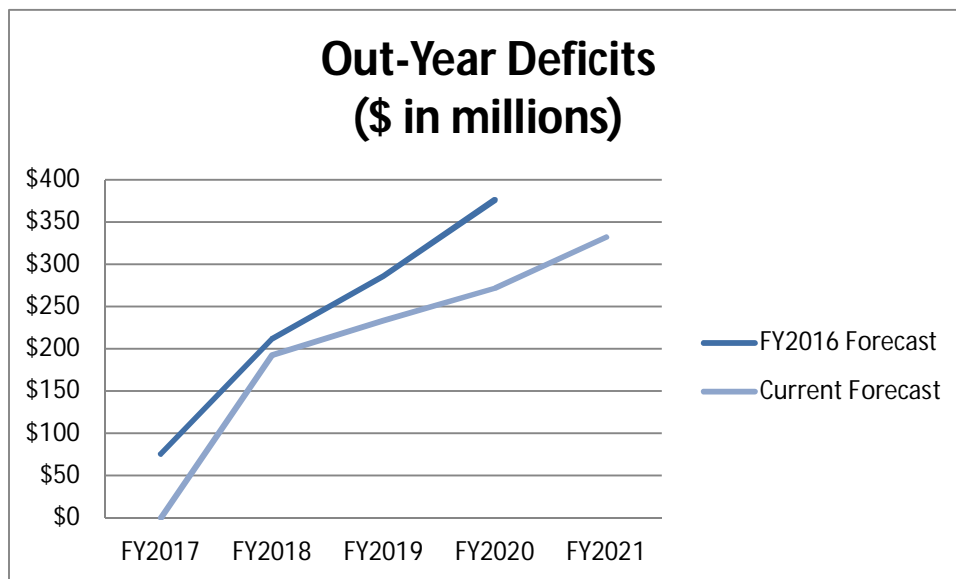
FIVE-YEAR FORECAST

The Budget projects out-year deficits increasing from \$192.6 million in FY2018 (5.0 percent of spending) to \$332.6 million in FY2021 (7.9 percent of spending). Projected average annual revenue growth of 2.0 percent, coupled with a projected average annual increase in expenditures of 3.3 percent, contributes to the State's projected deficit. Specific drivers include the expansion of Massachusetts gaming facilities in FY2019, which is estimated to negatively impact the State's general revenue receipts by more than \$50.0 million annually, and continued implementation of the education aid funding formula which is expected to

increase local aid in FY2021 by more than \$100.0 million above FY2017 levels recommended by the Governor.



Out-year deficit projections are lower than what was forecast one year ago. Increasing base revenue collections and assumed implementation of FY2017 expenditure reductions combine to reduce the FY2020 projected deficit by \$105.0 million.



Revenue Changes

The Governor's FY2017 Budget proposal increases general revenue collections by an estimated \$47.3 million (1.4 percent) above the November 2015 revenue estimate, excluding the annually-enacted hospital license fee. The Governor includes \$169.1 million for the fee. New revenue initiatives include shifting reserve funds from quasi-public agencies to general revenue, new fee and tax base expansions, and enhanced tax compliance programs.

Governor's Recommended Revenue Changes	FY2017
Transfers from Quasi-Public Agencies	\$16.2
Medical Marijuana Plant Tag Fees	9.8
Increase Excise Tax on Cigarettes	7.1
Transfer Pricing Audit Project	6.7
Fraud Initiative	5.0
New Revenue Officer FTEs	3.4
Earned Income Tax Credit Changes	(2.7)
Delay License Plate Reissuance	(2.0)
Increase Enforcement of Retaliatory Assessments on Foreign Insurers	1.1
Nexus Program	1.0
Sale of State Fleet Motor Vehicles	1.0
Bank and Insurance Examination Fees	0.4
Public Finance Management Fees	0.3
Transfer Submerged Land Rental Fees to DEM Restricted Receipts	(0.2)
Forward Capacity Market Revenue	0.1
Total	\$47.3

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

Transfers from Quasi-Public Agencies

\$16.2 million

The Governor transfers approximately \$16.2 million in reserves from five quasi-public agencies to support the General Fund and to offset debt service issued by the State on the agencies' behalf.

Agency	Amount
Infrastructure Bank	\$8.0
Health and Educational Building Corporation	5.0
Resource Recovery Corporation	1.5
Narragansett Bay Commission	1.5
Airport Corporation	0.3
Total	\$16.2

\$ in millions

Medical Marijuana Plant Tag Fees

\$9.8 million

The Governor proposes a number of changes to the regulation of medical marijuana, which have the following impacts on general revenues:

Medical Marijuana Regulatory Fees and Changes

Governor's Recommended Changes	Rate	Revenue
<i>Plant Tag Fees</i>		
Patients Who Self-Grow Marijuana	\$150	1,440,000
Caregivers Who Grow for Non-Medicaid Patients	350	8,253,228
Caregivers Who Grow Medical Marijuana for Medicaid Patients	150	611,902
Co-op Growers	350	399,000
Growers with Cultivator Licenses	350	31,500
<i>Other Changes</i>		
Transfer Patient and Caregiver Registration Fees to Restricted Receipts		(901,647)
Decrease Compassion Center Surcharge from 4.0 to 3.0 Percent		(172,405)
Indirect Cost Recovery Fees		90,315
Total		\$9,751,893

- **Plant Tag Fees:** This initiative creates a tagging system and fee for each medical marijuana plant to monitor grower inventory and ensure compliance with growing limits. Revenue from tagging fees is estimated at \$10.7 million.
- **General Revenue Transfer:** The Governor transfers \$901,647 in general revenue from medical marijuana patient and caregiver registration fees to a restricted receipt account in the Department of Health (DOH). The account will be funded through currently established fees to support personnel performing patient registrations.
- **Decrease Compassion Center Surcharge:** The Governor reduces the compassion center surcharge from 4.0 percent to 3.0 percent. This surcharge is imposed on the net patient revenue received each month by every compassion center. The Budget includes a \$172,405 reduction in general revenue.
- **Indirect Cost Recovery Fees:** The Governor includes \$90,315 resulting from indirect cost recovery fees on several departmental receipt accounts.

The Governor's proposal establishes the Department of Business Regulation (DBR) as the licensing agency of compassion centers, compassion center staff, cultivators, and caregivers, selling plant tags and maintaining a tag database; however, the Department of Health will continue to have licensing authority over patients and authorized purchasers. The Governor includes \$1.6 million within the DBR to support the necessary software and personnel costs to set up the tracking system.

Increase Excise Tax on Cigarettes

\$7.1 million

The Governor includes an increase of \$0.25 on the excise tax levied per pack of cigarettes, which raises the tax from \$3.75 to \$4.00 per pack of twenty, or the equivalent of \$0.20 per cigarette. According to Budget documents, total retail price will increase by \$0.29, from \$9.46 to \$9.78 per individual pack. This amount is \$0.40 less than the total retail price in Massachusetts. The additional excise tax would generate an additional \$7.1 million in general revenue above the projections from the November 2015 Revenue Estimating Conference.

Transfer Pricing Audit Project

\$6.7 million

This initiative allows the Division of Taxation to contract with a third-party vendor to identify candidates for audits of companies that have intercompany transactions between related companies. Prior to the State's implementation of combined reporting, companies could shift revenues between related entities to avoid taxation in certain states. The audit program will have a three-year look-back period and is estimated to capture \$6.7 million in underpaid taxes.

Fraud Initiative**\$5.0 million**

The Governor includes \$5.0 million for a Fraud Detection and Prevention initiative to consolidate audit functions which are currently housed in multiple state agencies. The Governor proposes standardizing departmental audit responsibilities by investing in a \$1.5 million fraud detection system. The initiative is also expected to yield \$290,000 in personnel savings by eliminating redundant functions.

New Revenue Officer FTEs**\$3.4 million**

The Governor includes \$3.4 million for enhanced collection of owed taxes, fines, and penalties. The proposal allows the Division of Taxation to hire 6.0 new Revenue Officer I positions, which assist in collecting taxes on delinquent accounts and the securing of delinquent tax returns. This initiative is anticipated to increase personal income, general business, and sales and use taxes by \$2.8 million and increase collections of fines and penalties by \$645,110.

Increase Allowable Earned Income Tax Credit**(\$2.7 million)**

The Governor decreases general revenue by \$2.7 million for modifications to the calculation of the earned income tax credit (EITC). The changes will allow eligible taxpayers to claim 12.5 percent in TY2016 and 15.0 percent in TY2017 of the allowable federal EITC amount.

Changes to Earned Income Tax Credit

	TY2015 (Current)	TY2016 (Current)	TY2017 (Proposed)
Income*	\$39,131	\$39,296	\$39,296
Maximum EITC (\$)	3,359	3,359	3,359
Allowable Federal Credit Amount	10.0%	12.5%	15.0%
Deduction Allowable from RI Tax Owed (\$)	336	420	504
Refundable Amount	100%	100%	100%
Total Refunded to Taxpayer	\$336	\$420	\$504

*Single filer, one qualifying child.

Note: TY2017 income amount reflects TY2016 limit as this income level is set annually by the IRS.

The EITC is a refundable tax credit for low and moderate income working individuals whereby the credit can go beyond reducing an individual's tax liability to zero to producing a credit that is greater than the amount of tax owed, thus representing a cash payment to the filer.

Delay License Plate Reissuance**(\$2.0 million)**

The Governor delays license plate reissuance until April 1, 2017. Under current law, registrants are charged \$6.00 for each set of license plates above the regular registration fee. The delay in implementing the issuance results in a loss of \$2.0 million in general revenue.

Under RIGL 31-3-33, the DMV is required to issue new reflective license plates for all registered vehicles every 10 years. Current law requires the Division to reissue license plates by July 1, 2016.

Increase Enforcement of Retaliatory Assessments on Foreign Insurers**\$1.1 million**

The Governor includes \$1.1 million for increased enforcement of retaliatory assessments on foreign insurers. A retaliatory tax is owed when an insurance company domiciled in another state imposes higher taxes and fees on a Rhode Island-domiciled policy holder for the same business. Under this structure, policies issued to Rhode Island residents by out-of-state insurance companies are subject to the higher of the domestic tax rate or the foreign tax rate of state in which the issuing insurance company is domiciled. It is intended to level the playing field by deterring a state from imposing excessive tax on non-domiciled insurance companies and is a nationwide standard within the insurance industry.

Nexus Program**\$1.0 million**

The Governor includes \$1.0 million for increased compliance with tax laws required for out-of-state entities that do business in Rhode Island. The Division of Taxation expects to identify and register entities that have not paid appropriate corporate, withholding, and/or sales and use taxes, and identify and collect back taxes owed.

Sale of State Fleet Motor Vehicles**\$1.0 million**

The Governor includes \$1.0 million in one-time revenue from the sale of over 250 passenger vehicles designated for employee use. Although Departments own these passenger vehicles, a Department of Administration review indicated there are inconsistencies in preventative maintenance processes. The Governor recommends leasing vehicles through a third-party manager responsible for upkeep and replacement of the fleet. The State Fleet Office will manage the contract and continue to manage the remainder of the fleet of over 2,000 vehicles. The Governor assumes leasing costs will be offset by operational efficiencies.

Increase Bank and Insurance Examination Fees**\$400,000**

The Governor includes \$400,000 from increased bank and insurance examination fee collections. The proposal restores turnover in both the Banking and Insurance programs at the Department of Business Regulation. Staff in these programs bill firms to reimburse the state for examination time at an hourly rate of 150.0 percent of the cost of the state FTE.

Public Finance Management Fees**\$295,000**

The Governor imposes public finance management fee assessments on re-financings and other tax-exempt debt issuances through the Public Finance Management Board, resulting in \$295,000 for new license and fee revenues within the Office of the General Treasurer.

Transfer Submerged Land Rental Fees to DEM Restricted Receipts**(\$150,000)**

The Governor transfers \$150,000 from submerged land rental fees from Deepwater Wind at the Coastal Resources Management Council (CRMC) to a restricted receipt account in the Department of Environmental Management (DEM). DEM will use the additional funding to support the local agriculture and seafood grant program.

Forward Capacity Market Revenue**\$108,864**

The Governor includes \$108,864 resulting from a negotiated agreement to manage utility services in the event of excess demand.

FY2016 SUPPLEMENTAL CHANGES**Professional Development Grant****\$5,000**

The Governor includes \$5,000 in general revenue to reflect a grant from the Rhode Island Foundation to the Rhode Island State Council on the Arts. The grant will be used to provide grants to Expansion Arts alumni and administrators to attend professional development workshops.

Expenditure Changes by Agency

Unless otherwise specified, dollar amounts refer to general revenue.

Administration: The Governor proposes standardizing audit functions across executive agencies by consolidating the Bureau of Audits with similar units from the Departments of Transportation, Human Services, and Higher Education into the Office of Internal Audit within the Office of Management and Budget. The consolidation merges 30.0 FTE positions and \$2.3 million into the new office. The Governor adds \$1.5 million to invest in a fraud detection system that is expected to generate \$5.0 million in savings during FY2017.

Personnel changes also include an increase of 3.0 FTE positions for performance management functions in the Office of Management and Budget, and an increase of 1.0 FTE position to enhance cyber security protection.

FY2016 restructured debt service resulted in savings of \$64.0 million, and savings of \$36.0 million in FY2017 as compared to where debt service would have been with no restructuring. The Governor includes \$9.3 million for debt service for the projected new General Obligation Bond issuances.

The budget includes \$2.5 million in general revenue for the 38 Studios Capital Reserve Fund in FY2017. The remaining balance needed to fully fund the 38 Studios Capital Reserve Fund is derived from \$9.9 million in various court settlements approved during the past year.

Executive Office of Commerce: The Governor maintains several economic initiatives that were previously appropriated under the Department of Administration. These include: \$1.2 million for the Executive Office personnel and operating expenses; \$1.2 million to the Experimental Program to Stimulate Competitive Research (EPScore); \$1.0 million to fund the Airport Impact Aid; \$872,200 to administer the I-195 Redevelopment District Commission; \$589,492 to fund several community service objectives; \$1.0 million to continue the innovative technology and bioscience and engineering internship program administered by the Rhode Island Science and Technology Advisory Council; \$617,205 for administrative costs of the Housing and Community Development Program; and, \$376,200 to support the RI Export Assistance/Chafee Center at Bryant University.

The Governor includes \$21.5 million in general revenue to support new and existing initiatives designed to spur economic development. This includes another \$7.5 million to maintain the base support for the RI Commerce Corporation, and \$14.0 million for new initiatives, including:

- | <ul style="list-style-type: none"> ▪ \$5.0 million to continue the Wavemaker Fellowship Program. ▪ \$5.0 million for a new Research and Development Tax Credit. ▪ \$1.5 million to develop new air service at T. F. Green Airport. ▪ \$1.3 million for an Impact Faculty Program to hire university faculty with track records of commercializing their research. ▪ \$1.0 million for continuation of the Small Business Innovation Research Program. ▪ \$165,000 for a Rhode Island College and University Research Collaborative. | <table border="0"> <thead> <tr> <th style="text-align: left;">Economic Development Initiatives Fund</th> <th style="text-align: right;">FY2017</th> </tr> </thead> <tbody> <tr> <td>Rebuild RI Tax Credit</td> <td style="text-align: right;">\$20.6</td> </tr> <tr> <td>First Wave Closing Fund</td> <td style="text-align: right;">5.0</td> </tr> <tr> <td>Impact Faculty</td> <td style="text-align: right;">1.5</td> </tr> <tr> <td>Rhody Rail Commuter Pass</td> <td style="text-align: right;">1.5</td> </tr> <tr> <td>Innovation Vouchers</td> <td style="text-align: right;">1.5</td> </tr> <tr> <td>P-TECH</td> <td style="text-align: right;">1.4</td> </tr> <tr> <td>Industry Competitive Cluster Grants</td> <td style="text-align: right;">1.3</td> </tr> <tr> <td>Housing Opportunity Fund</td> <td style="text-align: right;">1.0</td> </tr> <tr> <td>Main Street RI Streetscape Improvements</td> <td style="text-align: right;">1.0</td> </tr> <tr> <td>Building and Fire Code Permitting</td> <td style="text-align: right;">0.3</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">\$35.0</td> </tr> <tr> <td colspan="2"><i>\$ in millions</i></td> </tr> </tbody> </table> | Economic Development Initiatives Fund | FY2017 | Rebuild RI Tax Credit | \$20.6 | First Wave Closing Fund | 5.0 | Impact Faculty | 1.5 | Rhody Rail Commuter Pass | 1.5 | Innovation Vouchers | 1.5 | P-TECH | 1.4 | Industry Competitive Cluster Grants | 1.3 | Housing Opportunity Fund | 1.0 | Main Street RI Streetscape Improvements | 1.0 | Building and Fire Code Permitting | 0.3 | Total | \$35.0 | <i>\$ in millions</i> | |
|---|--|--|---------------|-----------------------|--------|-------------------------|-----|----------------|-----|--------------------------|-----|---------------------|-----|--------|-----|-------------------------------------|-----|--------------------------|-----|---|-----|-----------------------------------|-----|--------------|---------------|-----------------------|--|
| Economic Development Initiatives Fund | FY2017 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rebuild RI Tax Credit | \$20.6 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| First Wave Closing Fund | 5.0 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Impact Faculty | 1.5 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rhody Rail Commuter Pass | 1.5 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Innovation Vouchers | 1.5 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| P-TECH | 1.4 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Industry Competitive Cluster Grants | 1.3 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Housing Opportunity Fund | 1.0 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Main Street RI Streetscape Improvements | 1.0 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Building and Fire Code Permitting | 0.3 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | \$35.0 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>\$ in millions</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | |

The Governor includes \$35.0 million in general revenue derived from the State's restructured general obligation debt service to fund Economic Development Initiatives in the Executive Office of Commerce.

Labor and Training: The Governor includes \$704,517 in general revenue for funding the Statewide Work Immersion program and the Non-trade Apprenticeship program, and adds \$2.0 million in general revenue for the job training TechHire Initiative. Additionally, the Governor reduces other funds by \$26.5 million for projected lower Unemployment Insurance benefit payments and Temporary Caregiver Insurance benefits. The budget adds 6.5 FTE positions to bolster monitoring and workforce development initiatives.

Business Regulation: The Department of Business Regulation (DBR) will become the licensing agency of compassion centers, compassion center staff, cultivators, and caregivers, under the Governor's proposal to enhance regulation of the state's medical marijuana program. While the Department of Health will have licensing authority over patients and authorized purchasers, patients choosing to grow for themselves and licensed caregivers will be required to purchase plant tags from the Commercial Licensing, Racing, and Athletics division of DBR. The Governor includes \$1.7 million to fund one-time costs for software (\$1.2 million in general revenue) and on-going personnel costs (\$481,836 in restricted receipts).

Additionally, the Governor includes \$1.6 million in general revenue to fund 9.0 FTE positions within the Office of the Health Insurance Commissioner and operating costs previously financed by federal Rate Review grants due to expire September 2016. The activities funded by the grants are intended to establish an effective health insurance rate review program and to develop data centers that provide pricing data to consumers.

Revenue: The Governor increases personnel costs by \$594,370 for 6.0 Revenue Officer I positions in the Division of Taxation to provide analytical and operational support for the proposed nexus program, which will identify and register entities that have not paid appropriate corporate, withholding, and/or sales and use taxes, and identify and collect back taxes owed.

An increase of \$107,526 in the Division of Motor Vehicles is added to support personnel costs for a pilot expansion of service to weekend hours beginning March 1, 2016.

The Payment in Lieu of Taxes (PILOT) program in the Division of Municipal Finance is fully funded at 27.0 percent of assessed property taxes on eligible tax exempt properties, with an increase of \$1.9 million in FY2017.

Secretary of State: In July 2015, legislation was enacted giving authority to the Secretary of State to procure new voting machines, replacing the current machines which are almost 20 years old. The Budget includes \$1.4 million for this purchase.

Operating expenses increase by almost \$1.0 million to support significant IT investments including: an upgrade for the State Regulations database, hardware for eGovernment backup systems, funding for an online voter registration portal, and preserving the State's archived digital data and records.

General Treasury: The budget adds 4.0 FTE positions, including 2.0 FTE positions to implement the new retirement computer system, and 1.0 FTE to become the Program Director for the CollegeBoundfund Program. The Governor also adds 1.0 FTE to monitor and manage the new Office of Debt Management within Treasury and proposes to fund this new office through enhanced fees assessed by the Public Finance Management Board on debt issuances (Article 2).

Additionally, the Governor reduces restricted receipts by \$2.9 million due to lower legal and defined contribution expenses as a result of the pension settlement in 2015 and projected lower costs to implement the new computer system in the State Retirement System.

UHIP: Funding for the Unified Health Infrastructure Project (UHIP) totals \$11.0 million in FY2017 (general revenue only), across EOHHS and DHS. The total cost of the project has risen from over \$229.0 million to \$363.7 million due to a variety of new system enhancements such as the integrated citizen portal and worker portal (“RI Bridges”). Contributions from HealthSource RI are currently anticipated to total \$7.2 million in FY2017, and there are no planned UHIP allocations (irrespective of potential carry-forward amounts) from the IT Investment Fund in FY2017.

The Governor’s Budget also recognizes FY2017 program savings of \$19.1 million (\$42.6 million all funds) resulting from the implementation of new (Phase II) UHIP-based protocols ensuring that federal matching rates, fraud prevention, and program integrity are maximized. Savings are currently programmed across the various (managed care) expenditure categories of the Medical Assistance program.

Health and Human Services: The November 2015 Caseload Estimating Conference (CEC) adopted total financing of \$919.6 million in general revenue for the Medical Assistance program. Through a series of recommended initiatives, the Governor reduces funding by a net of \$38.2 million (\$81.5 million all funds), yielding recommended general revenues of \$881.4 million. These expenditure adjustments are generally considered continuations of the “Reinventing Medicaid” process begun with the FY2016 enacted budget, and are summarized as follows:

Hospitals and Nursing Facilities Incentive Programs and the Repurposing of DSH and UPL Payments

- Establishes a performance-based incentive program for hospitals and nursing facilities that achieve certain benchmarks regarding quality of treatment, high-level health outcomes, the transition toward value-based payment structures, and other goals set forth by the Secretary of Health and Human Services. The Governor recommends general revenue appropriations totaling \$21.3 million for this purpose (\$43.4 million all funds). The majority of this financing, or 61.2 percent, is earmarked for the hospital incentive program.
- Redirects all financing for both the inpatient and outpatient Upper Payment Limit payments to hospitals that reimburses the difference between Medicaid payment rates and the prevailing Medicare rate (\$13.7 million general revenue, \$27.9 million all funds) in support of the performance-based incentive programs for both hospitals and nursing homes.
- Redirects a portion of Disproportionate Share Hospital (DSH) payments (\$7.6 million general revenues, \$15.5 million all funds) in support of the performance-based incentive programs for hospitals and nursing homes.

Analyst Note: The Governor’s funding recommendation for the two incentive programs is thus “budget neutral” in aggregate, but since DSH and UPL payments are traditionally disbursed to community hospitals rather than nursing facilities, Rhode Island hospitals will incur an overall net loss of approximately \$16.8 million under the proposed “repurposing” scenario, with nursing facilities realizing a lump sum transfer in that amount.

Hospitals

- Eliminates the \$2.0 million (\$4.0 million all funds) funding pool in support of Graduate Medical Education (GME) at Rhode Island’s academic Level I trauma center hospitals.

Medicaid Managed Care Organizations

- Re-procures the Medicaid Managed Care contracts for Rite Care, Rhody Health Partners, and (ACA-based) Medicaid Expansion by September 1, 2016. The renegotiated contracts will include new provisions pertinent to the delivery system reforms undertaken through Reinventing Medicaid. Savings taken in the Governor’s FY2017 Budget total \$2.0 million (\$6.8 million all funds).
- Saves \$2.0 million in general revenue (\$6.8 million all funds) from an increase in the number of Medicaid beneficiaries enrolled in Accountable and Coordinated Care entities, the pilot program begun in FY2016. The Executive Office of Health and Human Services (EOHHS) estimates that approximately 30,000 new members will have their care coordinated through one or more of these certified provider organizations in FY2017.
- Reduces the administrative component of managed care capitation (PMPM, or monthly price per member) rates and converts to a fixed (rather than a percentage) administrative PMPM, yielding savings of \$3.3 million (\$8.8 million all funds).
- Saves \$1.0 million (\$5.4 million all funds) for the incorporation of Neonatal Intensive Care Unit (NICU) services into the current bundled payment for labor and maternity services (SOBRA). Currently, NICU expenses are reimbursed as a stand-alone fee-for-service.
- Maximizes the Federal Individuals with Disabilities Education Act (IDEA) Part C grant to generate savings of \$500,000 in general revenue within the early intervention costs not otherwise matchable (CNOM). This measure represents a zero-sum substitution of federal funds for general revenues.
- Improves pharmaceutical utilization management and review by Medicaid Managed Care Organizations, generating savings of \$2.0 million (\$4.1 million all funds).
- Strengthens Medicaid Expansion claiming for current Rite Share recipients to leverage a significantly higher federal match on the premium assistance offered through this program. The Governor’s budget assumes a shift of \$200,000 from general revenue to federal funds from this initiative.

Long Term Services and Supports

- Eliminates the FY2017 nursing facility rate increase (or “COLA”), scheduled for October 1, 2016, representing fifth year in recent history that Medicaid-financed nursing facilities would not receive an annual increase in reimbursement on the statutorily scheduled date of October 1, due either to delay or outright cancellation. The Governor recommends corresponding general revenue savings of \$2.0 million (\$4.1 million all funds).
- Saves \$1.5 million (\$3.1 million all funds) for the improved management and automation of patient liability collections within both the traditional fee-for-service and the managed care (Rhody Health Options) segments of RI Medicaid’s long-term services and supports program.
- Proposes a 7.0 percent increase to the wage payments of personal care attendants and home health aides, requiring an additional \$2.0 million in general revenue (\$4.1 million all funds).

Other Services and Adjustments

- Increases the “attachment point” for the Children’s Health Account (CHA) from \$7,500 per child per service per year to \$12,500, generating increased CHA collections of \$4.0 million and saving an equivalent amount of general revenue. *NOTE: The Children’s Health Account (a restricted receipt) recognizes revenues from a special assessment on commercial insurers designed to recoup state expenditures for Medicaid-financed services to eligible Children with Special Healthcare Needs*

(CSHCN) who maintain some form of third-party coverage. Planned expenditures of Children's Health Account receipts serve to offset general revenue appropriations in the Medical Assistance (Medicaid) program on a dollar-for-dollar basis.

- Saves \$500,000 (\$1.0 million all funds) by maximizing pharmaceutical rebates through more aggressive formulary management, particularly with respect to Medicaid Managed Care Organizations.
- Proposes that the current risk-based contract for non-emergency medical transportation be renegotiated to generate projected savings of \$1.0 million in general revenue.

Adds \$740,000 (\$1.5 million all funds) to support the findings and recommendations of the Overdose Task Force, including the establishment of substance abuse standards of excellence and increased use of "peer recovery coaches".

Children, Youth, and Families: Despite a net decrease in general revenue of \$603,711 compared to the FY2016 enacted levels, there are significant cost increases in the Child Welfare and Children's Behavioral Health programs. Costs within the System of Care (residential services, foster care, and group homes) increase \$1.2 million based on current caseload trends and continuation of network administrative services, foster subsidies increase from \$16.05 per day to \$18.59 per day (\$1.0 million), day care provider rates increase 3.0 percent due to a negotiated agreement by the Department of Human Services with the State Employees International Union (SEIU), which represents state-subsidized daycare providers (\$1.2 million). Funding for behavioral health contracts are restored due to unachieved savings (\$933,452).

The Governor proposes to offset these increases by utilizing \$2.1 million in federal funds for Medicaid-eligible community based services within the System of Care that had not been previously claimed, and through a re-procurement of service contracts intended to ensure efficient delivery of community-based services. Additional savings are achieved through contracted services with Bradley and Rhode Island Hospitals and department-wide turnover.

Health: The Governor proposes a new organizational structure designed to maximize effectiveness and better respond to the Governor's priorities. The new programs include Community Health and Equity; Environmental Health; Customer Service; Policy, Information and Communications; and, Preparedness, Response, Infectious Disease, and Emergency Services. The budget merges the State Medical Examiner program and the Health Laboratories program into a new State laboratories and Medical Examiner program.

The budget transfers the Women, Infants, and Children (WIC) Program into the Department of Health, from the Department of Human Services, to comply with federal statutes and regulations requiring that the WIC program be administered by a state agency with direct responsibility for maternal and child health, immunization, and other public health programs.

The Governor provides \$187,000 for the Lead Poisoning Prevention Program including support for certified lead centers to provide non-medical case management to lead poisoned children, a Lead Elimination Surveillance System, and contracted data analysis and GIS services.

The Governor proposes changes to the Medical Marijuana program. Currently, patients not growing their own may purchase medical marijuana from registered caregivers and compassion centers; however, the lack of transparency and oversight in the caregiver market makes it difficult to enforce limits on how much medical marijuana is grown and dispensed. The budget includes a new tagging and fee system for each plant to monitor supply and compliance with growing limits, and to reduce the number of plants that may be grown by caregivers and patients. The system will encourage greater price parity between caregivers and patients by charging for plant tags while reducing the compassion center surcharge. The Department of Health will continue to license medical marijuana patients; however, the responsibility for licensing

caregivers, compassion centers, and cultivators will shift to the Department of Business Regulation. Patient and authorized purchaser licensing fees will be deposited into a new Department of Health restricted receipt account to support personnel costs associated with program operations. The new restricted receipt account will be subject to the 10.0 percent indirect cost recovery fee.

Human Services: The November 2015 Caseload Estimating Conference increased costs for RI Works and childcare assistance by \$4.6 million based on revised estimates of caseload volumes and cost mix. Additionally, \$2.2 million is added for a cost-shift from federal funds to general revenue due to program caps, and \$1.1 million is included to continue to fund Race to the Top Early Childhood Learning Challenge, as federal funding for the program expires.

The budget also includes \$600,000 in additional funding for senior centers, and \$250,597 for 3.0 additional support positions at the RI Veterans Home.

The increases are partially offset by an estimated \$2.5 million in savings associated with full implementation of the Unified Health Infrastructure Project (UHIP), and \$283,161 from a shift of the WIC program to the Department of Health.

Behavioral Healthcare, Developmental Disabilities and Hospitals: The budget reflects \$7.6 million in general revenue savings by phasing out group home placements for developmentally disabled (DD) and transitioning residents to shared living arrangements. The estimated savings is reflective of 300 individuals moving to shared living settings between FY2016 and FY2017.

The Governor saves \$2.2 million by reallocating DD professional supports to Medicaid managed care programming, and \$697,556 by reviewing and amending Supports Intensity Scale (SIS) tiers for program participants.

Increases for BHDDH include \$4.5 million for DD provider services that are underfunded based on current utilization, and \$2.9 million for DD caseload growth. Costs related to Consent Decree compliance increase by \$918,964, and the budget includes \$2.5 million to fund an estimated \$0.45/hour wage increase for direct service professionals servicing DD clients.

Under the Hospital and Community Rehabilitative Services program, the budget reduces general revenues by \$4.1 million for anticipated savings from a proposed reorganization of the Eleanor Slater Hospital.

Elementary and Secondary Education: The Governor increases general revenue funding in the Administration of the Comprehensive Strategy (ACES) program. The major changes include the following:

- **Innovation and Empowerment Fund:** The Governor includes \$1.0 million to provide both planning and implementation grants directly to schools to help fund the establishment of a statewide cohort of innovation and empowerment schools. The program will also incentivize break-through educational models, innovation, enhanced building-level empowerment, and education practices that promote equity and increased efficiency.
- **Principal Empowerment & Training Fund:** \$1.0 million is included to support an emerging leaders program designed to build a pipeline of instructional leaders and principals, support the growth of sitting principals, and strengthen principal preparation programs.
- **Race to the Top – Early Learning Challenge Sustainability:** The Governor includes \$219,629 to sustain 3.25 FTE positions for six months due to the expiration of the federal grant funds on December 31, 2016, and \$350,000 to fund the Kindergarten Entry Profile Survey initiative.
- **Computer Science Education:** The Governor provides \$260,000 to expand access to computer science courses across the State.

- **Free SAT and PSAT Test Taking:** The Governor includes \$500,000 to make the SAT and PSAT free for all students in Rhode Island. This initiative is intended to encourage 100.0 percent of high school students to take the test and also permit the schools to administer the test during the school day to encourage participation.
- **Fellowship for Instructional Excellence:** The Governor includes \$750,000 for the first year of a proposed two-year fellowship program. The program would bring approximately 7 master teachers from district schools to the Department of Education where the teachers will participate in high-quality professional development programs, and serve on and lead statewide educational projects.
- **Performance Management and Educator Performance Support (2.0 FTE positions):** The Governor includes \$284,824 to support 2.0 FTE positions: one position to support the Department's performance management system, and the second to support the Rhode Island evaluation model by developing and implementing professional practice and foundations training for the evaluators.
- **Model Evaluation System:** The Governor provides \$290,000 for Rhode Island's model evaluation system to support assessments training as well as support for the Rhode Island Instructional Management System, which combines curriculum, assessment, instructional practice tools, and student data for use by educators and administrators.
- **Channel 36 Transition Grant:** The Governor eliminates the \$200,000 Channel 36 transition grant.
- **U.S. Department of Justice Consent Decree:** The Governor eliminates \$125,000 in funding for the Department of Justice Consent Decree Monitoring resulting from the investigation of the Training Thru Placement program at the Harold H. Birch Vocational Program at Mount Pleasant High School. The Governor includes the costs of monitoring in the BHDDH budget for FY2016 and FY2017.

The Governor fully funds the sixth year of the education funding formula with an increase of \$33.6 million in general revenue and adds two new aid categories: English Language Learners (\$2.5 million) and Density Aid for districts with greater than 5.0 percent public school of choice enrollment (\$2.6 million). Funding for the High-Cost Special Education fund is increased by \$2.0 million and the Early Childhood fund is increased by \$1.2 million. The Transportation fund and Career and Technology fund are level funded at FY2016 levels. In addition to the Central Falls Stabilization (\$912,961 increase), the Governor establishes a Davies Stabilization fund (\$2.0 million) and Met School Stabilization fund (\$297,135) to alleviate the impact of the phase-in of the funding formula. The budget also provides an additional \$500,000 in state funding for the E-Rate Program. Group Home Aid decreases by \$1.1 million to reflect a reduction in beds and an adjustment to accommodate RIGL 16-7-22(1)(ii), which requires the average daily membership of a district to be decreased by the number of group home beds used in the group home calculation.

The Governor fully funds the school housing aid program, based on updated project completion projections, at \$70.9 million, and recommends \$9.1 million for the School Building Authority Capital Fund, a reduction of \$10.1 million from the FY2016 Budget as Enacted.

Additionally, through CommerceRI, the Governor includes \$1.4 million, an increase of \$500,000 from debt refinancing, for the Pathways in Technology Program (P-Tech) connecting high schools, community colleges, and business. The program enables high school students to pursue a five or six-year path to a high school diploma, an associate's degree, or a job. Through partnerships with industry, the program provides skills development, access to mentors, internship opportunities, and employment. The funds would be used to expand the program from three schools to five.

Higher Education: The Governor increases general revenue and RICAP support for Public Higher Education to avoid tuition increases in FY2017; however, there is no statutory language mandating that tuitions be frozen at FY2016 levels. Changes in general revenue funding include the following:

The Governor recommends \$1.4 million for administrative personnel, operating expenses, lease obligations, and parking for eight months to accommodate a November 2016 occupancy date at the Rhode Island Nursing Education Center. Classes are expected to begin in the 2017 winter semester. Operating expenses will be shared by the University of Rhode Island (URI) and Rhode Island College (RIC), as outlined in the Memorandum of Agreement; however, each institution will utilize its own faculty for instruction.

Recent refinancing of state debt provides general revenue savings across the system including \$5.0 million at the University of Rhode Island (URI) and \$2.6 million at Rhode Island College (RIC).

The Governor provides for increased general revenue funding to be used in combination with tuition and other resources at the institutions to finance new positions including professors and academic advisors. The increase includes \$3.1 million at the University of Rhode Island (URI) and \$1.2 million at Rhode Island College (RIC).

- **Cost of Living Increase:** The Governor provides additional funding for a 3.0 percent cost of living adjustment for several bargaining units, including \$1.0 million at URI, \$559,279 at RIC, and \$769,367 at the Community College of Rhode Island (CCRI).
- **Institution-Based Student Aid:** The Governor includes an additional \$200,473 in general revenue funding at each institution to be used in combination with tuition revenue for grants, loans, and other financial assistance to attract and retain students, and encourage inclusion of underserved and underrepresented populations.
- **National Oceanic and Atmospheric Administration (NOAA) Institute of Coastal Adaptation and Resilience:** The Governor recommends \$100,000 in state support to leverage federal funding for establishing, in partnership with NOAA, an Institute at the Graduate School of Oceanography to assist shoreline communities manage and prepare for sea-level rise, extreme weather events, and fishery changes.

Attorney General: The Governor includes \$6.0 million in restricted receipts from Google forfeiture funds for continued renovations on the offices at 180 South Main Street in Providence.

Corrections: The Governor includes \$1.3 million for 5.0 new FTE probation officer positions and operating costs related to the Justice Reinvestment initiative. The Justice Reinvestment working group identified changes needed in the management of the pre-trial population, including diversion tools that could reduce the length of stay for certain defendants, thus reducing the awaiting trial population.

Medical expenditures increase by \$2.5 million as part of the Governor's recommendation to initiate a medication-assisted treatment program for opioid users in the Adult Correctional Institution. The funding will support inmate need assessments to determine treatment options and to begin medication-assisted treatment prior to release.

Public Safety: The Governor includes \$4.2 million to fund hiring 35.0 FTE troopers following the July 2016 graduation from the 56th State Police Training Academy.

Environmental Management: The Governor increases general revenue by \$207,868 to provide funding for 2.0 new FTE positions, and environmental scientist and a senior legal counsel. Through Article 20, the Governor restricts all fees collected for any renewable energy project exceeding \$5.0 million in project costs for deposit into the local agriculture and seafood grants fund. Of the \$150,000 in projected collections for FY2017, up to \$50,000 may be used to allow the fishing community to participate in the development of fisheries management and policies.

Transportation: The Governor recommends the continued transfer of certain motor vehicle related fees into the Rhode Island Highway Maintenance Account (RIHMA) for FY2017, per RIGL 39-18.1-4. Fees

assessed pursuant to 31-47.1-11, and chapters 3, 6, 10, and 10.1 of title 31 are to be deposited into the RIHMA, as follows: 25.0 percent in FY2016, 75.0 percent in FY2017, and 100.0 percent in FY2018. The FY2017 estimate for RIHMA receipts totals \$79.8 million.

The Governor dedicates \$5.0 million in funds from the RIHMA for the Drainage Repair and Improvement Program (DRIP) in FY2017. The State is responsible for the cleaning and maintenance of the State's 25,000 catch basins.

The Governor adds \$4.6 million for winter maintenance, including private vendors conducting snow plowing operations, materials such as liquid deicers, sand and salt, and vehicle repairs, maintenance and fuel costs incurred during winter storm operations. The FY2017 budget for winter maintenance totals \$21.7 million.

The Governor transfers \$1.8 million in Rhode Island Public Transit Authority debt service to the Department of Administration in FY2017.

State Aid and Education Aid

State Aid to Cities and Towns

Distressed Community Relief Fund: The Distressed Community Relief Fund is maintained at the FY2016 level of \$10.4 million. The City of Cranston is newly qualified as a distressed community and will receive a 50.0 percent appropriation of \$1.2 million. In a year that a newly qualified community enters the program, it receives 50.0 percent of the current law requirement for the first year it qualifies. The remaining 50.0 percent of Cranston's appropriation will be divided among the remaining 6 distressed communities. Although East Providence will exit the program in FY2017, it will receive a one-time payment of \$685,142, pursuant to current law. The Governor's FY2017 Budget proposes that any community classified as "distressed" be required to participate in the Division of Taxation's income tax refund offset program, allowing the Division to recover unpaid state taxes and/or fines through an intercept of an individual's income tax refund.

Payment in Lieu of Taxes (PILOT): PILOT is funded at \$42.0 million, a \$1.9 million increase above the FY2016 revised 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 FY2017 represents full reimbursement at the rate of 27.0 percent.

Motor Vehicle Excise Tax Reimbursement: Motor Vehicle Reimbursement funding is maintained at \$10.0 million, with a minimum vehicle exemption value of \$500.

Municipal Incentive Aid: Funding for this program is not included in the Governor's FY2017 Budget, as the statutory authority for these funds lapsed in FY2016.

Library Grant-in-Aid: The Governor level funds State Aid to Libraries at \$8.8 million. Current law requires reimbursement at 25.0 percent of second prior year expenses, but allows for a ratable reduction if the appropriation is less than this amount. An additional appropriation of \$1.5 million would be required to fund library grant-in-aid at the 25.0 percent level.

Library Construction Aid: The Governor recommends \$2.2 million in FY2017 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 FY2017 Budget provides \$13.0 million be distributed to municipalities on July 31, 2016. This estimate is subject to change upon the receipt of final (December 2015) data in the spring of 2016.

Meals & Beverage Tax: The 1.0 percent tax on gross receipts from the sale of food and beverages is estimated to generate \$25.2 million in FY2016 and \$26.0 million in FY2017 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 \$9.7 million in FY2016 and \$9.9 million in FY2017 for distribution to cities and towns. These amounts include the recent expansion of the hotel tax to hotel room resellers and unlicensed lodging rentals (such as those listed on the Airbnb.com website) enacted by the 2015 General Assembly.

Airport Impact Aid: Airport impact aid payments to municipalities that have airports are level funded at approximately \$1.0 million for FY2017. 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 \$559,901 to reimburse municipalities for a portion of the cost of conducting statistical property revaluations.

Other Municipal Aid

Main Street RI Fund: The Governor adds \$1.0 million in FY2017 for a 50.0 percent matching grant for municipalities to upgrade streetscapes in business districts (lighting, street furniture, medians). Funding will flow through the Executive Office of Commerce.

Education Aid

The Governor includes an additional \$42.8 million in education aid, including an increase of \$33.6 million to fully fund the sixth year of the funding formula.

Full-Day Kindergarten Formula Aid: Through Article 11, the Governor repeals statutory language requiring that districts receive the fully-transitioned value of formula for student FTE positions transitioned to full-time kindergarten in the 2014-2015 school year or after. The Governor repeals RIGL 16-7.2-7c to realize \$2.5 million in cost avoidance in FY2017, and is \$1.2 million less than FY2016.

Group Homes: The Governor's FY2017 budget includes \$4.0 million to fund group home beds, or \$1.1 million less than the FY2016 Budget as Enacted. This decrease reflects a reduction of beds as well as the adjustment to accommodate RIGL 16-7-22(1)(ii) which requires the average daily membership of a district be decreased by the number of group home beds used in the group home calculation.

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 \$4.4 million in FY2017.

High-Cost Special Education: The Act includes a program for high-cost special education students. The Governor funds this category at \$4.5 million in FY2017, an increase of \$2.0 million over the FY2016 Budget as Enacted. The Governor also reduces the threshold for qualifying for high-cost special education aid in FY2018 from five times the core instruction amount plus the student success factor to four times. Based on the FY2017 values, this change would reduce the threshold from \$62,853 to \$50,282.

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 \$3.5 million in FY2017.

English Learners: 10.0 percent weight on the per-pupil core instruction amount for English learners. Total funding is \$2.5 million in FY2017.

Categorical	FY2017 Governor's Education Aid	
	Change from Enacted	Total Funding
Sixth year of Formula	\$33.6	\$809.3
Full-Day K Formula Aid	(1.2)	-
Group Home Aid	(1.1)	4.0
Transportation	-	4.4
High-Cost Special Education	2.0	4.5
Career & Tech. Schools	-	3.5
English Learner	2.5	2.5
Density Fund - Choice Schools	2.6	2.6
Early Childhood	1.2	5.2
Central Falls Stabilization	0.9	4.6
Davies Transition	2.0	2.0
Met School Transition	0.3	0.3
Regionalization Bonus	-	-
Total	\$42.8	\$842.9

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

School Choice Density Aid: Districts where 5.0 percent or more of the average daily membership attend charter schools, open enrollment schools, Davies, or the Met School will receive an additional \$355 per public school of choice student. Total funding is \$2.6 million.

Early Childhood Education: This category includes a program for early childhood education programs. The Governor funds this category at \$5.2 million in FY2017, an increase of \$1.2 million over the FY2016 Budget as Enacted.

Central Falls Stabilization: Central Falls schools are currently 100.0 percent state funded with the State providing both the local and state contributions, as determined by the education funding formula. For FY2017, Central Falls' local share is set to increase by \$912,961. The budget provides a total of \$4.6 million to fund this category, the third year this category has been funded.

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 FY2017, consistent with FY2016, as no new regional districts have been formed.

Telecommunications Education Access Fund (E-Rate): The Governor recommends an increase of \$500,000 over FY2016 for the Telecommunication Education Access Fund (E-Rate), providing total state funding of \$900,000. 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 FY2016 Budget as Enacted. 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 \$70.9 million, and recommends \$9.1 million for the School Building Authority Capital Fund, a reduction of \$10.1 million from the FY2016 Budget as Enacted.

Teacher Retirement: The Governor recommends \$99.1 million for the state's share of teacher retirement, an increase of \$6.3 million over the FY2016 Budget as Enacted.

Consolidations, Transfers, and Other Statewide Issues

Unless otherwise specified, dollar amounts refer to general revenue.

Administration: The Governor proposes standardizing audit functions across executive agencies by consolidating the Bureau of Audits (12.0 FTE positions) and personnel from similar units in the Department of Transportation External Audit (7.0 FTE positions), Department of Human Services Fraud Unit (9.0 FTE positions), and Higher Education (2.0 FTE positions) into a newly established Office of Internal Audit within the Office of Management and Budget. The consolidation abolishes two vacant positions (Department of Transportation and Department of Human Services) resulting in \$165,798 savings. The Governor includes \$1.5 million to invest in a fraud detection system that is expected to generate \$5.0 million in savings during FY2017.

The Governor establishes a centralized Division of Enterprise, Technology, Strategy, and Service (DETSS) within the Department of Administration. The Division will oversee the Office of Digital Excellence, the Division of Information Technology, and the Office of Library and Information Services. There is no direct fiscal impact.

The Governor establishes, by statute, the Division of Capital Asset Management and Maintenance (DCAMM) to centralize the management of the capital assets of the state including state property and state facilities. There is no direct fiscal impact.

Lastly, the Governor establishes by statute the Office of Diversity, Equity, and Opportunity which was originally established by Executive Order 13-05 in 2013.

Treasury: Article 2 strengthens the Public Finance Management Board's oversight of debt issuance in the State, including debt issued by municipalities and quasi-public agencies. The article allows an issuance fee which the Board can use to fund the proposed Office of Debt Management within the Office of the General Treasurer.

Health: The Governor transfers the administrative responsibilities associated with the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) from the Department of Human Services to the Department of Health.

Veterans: The Governor establishes an Office of Veterans Affairs by elevating the Division of Veterans Affairs under the Department of Human Services to an autonomous office reporting directly to the Governor. The Director of Veterans Affairs will be appointed by the Governor, but for administrative purposes the new Office will remain under the Department of Human Services.

FY2016 Supplemental

FY2016 opened with \$49.4 million in additional surplus funds above the budgeted surplus of approximately \$118.6 million. The November 2015 Revenue Estimating Conference identified \$52.4 million in additional anticipated general revenue collections for FY2016. Increases in revenue were offset by an additional \$14.9 million in projected human services costs from the Caseload Estimating Conference.

The Governor's budget recommends a \$24.5 million increase in general revenue expenditures compared to the FY2016 Budget as Enacted.

Following are items of note in the Supplemental proposal:

- **Administration:** The budget increases general revenue debt service by \$13.5 million. The FY2016 Budget as Enacted included \$64.5 million in new general revenue from the restructuring and refinancing of existing state general obligation bonds. The refinancing resulted in the savings, but a portion of the savings was attributable to Transportation debt which is funded with other funds, and some of the savings was attributable to debt with Higher Education, which is reflected in the budgets of the three institutions.
- **Revenue:** The Governor includes general revenue savings of \$3.0 million due to the delay of license plate reissuance from July 1, 2016, to April 1, 2017. Increases expenditures associated with legal costs associated with the Central Coventry Fire District and Central Falls bankruptcy by \$321,388.
- **Commerce:** The Governor shifts \$1.0 million from the Anchor Tax Credit program, and increases the Innovation Network Grant Program and the Innovation Voucher Program by \$500,000 each.
- **Health and Human Services:** The Unified Health Infrastructure Project (UHIP) is funded with IT Investment Funds and general revenue totaling \$20.6 million in FY2016 (an increase of \$14.9 million over the Enacted Budget), across EOHHS and DHS. Planned allotments from the Information Technology Investment Fund (ITIF) total \$4.9 million in FY2016, while contributions to the project from HealthSource RI (excluded from the above figures) are expected to total \$17.2 million.

The Governor proposes the withdrawal of \$8.0 million (\$16.1 million all funds) from the FY2016 November CEC Consensus Estimate related to Reinvent Medicaid Initiatives. Budget information received to date fails to clarify how the reduction would be achieved.

The budget eliminates the \$2.0 million (\$4.0 million all funds) funding pool in support of Graduate Medical Education (GME) at Rhode Island's academic Level I trauma center hospitals.

- **Children, Youth, and Families:** The Governor includes a net increase in general revenue by \$2.2 million, primarily due to increased costs within the System of Care (residential services, foster care, and group homes) based on current caseload trends and continuation of network administrative services (\$5.5 million), a rate increase for foster subsidies from \$16.05 per day to \$18.59 per day (\$1.0 million), and a 3.0 percent rate increase for day care providers negotiated by the Department of Human Services (\$1.2 million). General revenue increases are partially offset by utilizing \$3.4 million in federal funds for Medicaid-eligible community based services within the System of Care that had not been previously claimed and department-wide turnover savings.
- **Behavioral Health, Developmental Disabilities, and Hospitals:** The budget includes \$2.5 million more for programming for services for the developmentally disabled (DD). The increase includes \$5.2 million more for DD service provider payments, partially offset by \$1.5 million in savings by transitioning residents from group homes to community-based placements, and \$1.1 million from the reallocation of professional supports to Medicaid managed care.

- **Elementary and Secondary Education:** The Administration of Comprehensive Education System (ACES) is reduced by \$131,553 primarily to reflect savings from eliminating funding for the Department of Justice Consent Decree Monitoring resulting from the investigation of the Training Thru Placement program at the Harold H. Birch Vocational Program at Mount Pleasant High School. The costs of monitoring will be included in the BHDDH budget for FY2016 and FY2017.
- **Higher Education:** General revenue is decreased by \$15.3 million primarily due to the elimination of \$14.6 million in general revenue financed debt service through the recent refinancing of state debt. Statewide savings on medical premiums, telecom, and energy costs provide an additional \$689,966.
- **Corrections:** The Governor increases overtime costs by \$4.4 million due to the opening of closed modules, increased use of double overtime, and the delay in the correctional officer training class due to the continued uncertainty regarding the litigation brought by the U.S. Department of Justice concerning the fairness of the correctional officer training process.
- **Public Safety:** The Governor includes \$2.7 million in personnel costs due to an arbitration award of 10.0 percent cost of living adjustments for all sworn members of the State Police. To help offset this wage increase, the Governor uses \$2.5 million in Google forfeiture funds as a one-time appropriation toward the cost of overtime for the State Police budget.
- **Transportation:** The Governor adds \$3.5 million for winter maintenance, including private vendors conducting snow plowing operations, materials such as liquid deicers, sand and salt, and vehicle repairs, maintenance and fuel costs incurred during winter storm operations. The Governor also allocates \$350,000 in gas tax revenues to a statewide transportation study aimed at restructuring current internal procedures and managerial policies at the Department of Transportation. Gas tax revenues totaling \$850,000 are recommended in support of public relations, engineering, and legal services surrounding the RhodeWorks proposal.

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Articles

Article 1: Relating to Making Appropriations in Support of FY2017

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:

- Authorizes debt payments for the I-195 Redevelopment District Commission loan.
- Sets the airport impact aid formula.
- Allows all unexpended balances associated with license plate reissuance to be reappropriated to FY2018.
- Requires that internal student financial aid not be reduced below the FY2016 levels. The President of each institution is required to report to the chair of the Council of Postsecondary Education that student aid levels have been maintained, prior to the commencement of the 2016-2017 academic year. The article does *not* require that tuitions be frozen.
- Caps the amount the Judiciary may charge to five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.1 million.
- Requires that Rhode Island Housing continue to provide resources to support the Neighborhood Opportunities Program; an amount, however, is not designated. The Article requires a report on the number of housing units produced and funding 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.
- Requires the following transfers be made to the State Controller by June 30, 2017: \$1.5 million from Resource Recovery Corporation; \$8.0 million from the Rhode Island Infrastructure Bank; \$1.5 million from Narragansett Bay Commission; \$5.0 million from Rhode Island Health and Educational Building Corporation; and, \$275,000 from the Rhode Island Airport Corporation.

Article 2: Relating to Public Finance Management Board

This article strengthens the Public Finance Management Board's oversight of debt issuance in the State, including debt issued by municipalities and quasi-public agencies. The article allows an issuance fee which the Board can use to fund the proposed Office of Debt Management within the Office of the General Treasurer.

Article 3: Relating to Public Officers and Employees

This article makes several changes to the State personnel system. Specifically, this article:

- Adds 1.0 FTE position of Assistant Executive Officer in the Rhode Island Emergency Management Agency to the State's unclassified service.
- Adds a standard by which the Personnel Appeal Board may apply when reviewing certain actions made by appointing authority on an employee.
- Makes changes to the Merit System, including adding various employees into the State's unclassified service; extends the probationary period under the merit system from 6 months to 12 months; and, permits the Governor to delegate authority to the Director of the Department of Administration to approve changes to the pay plan for unclassified employees.

- Permits the salaries of directors of state departments to be set in the same manner as employees of the Office of the Governor.
- Eliminates the requirement that non-Medicare eligible retiree health insurance be equivalent to semi-private hospital care, surgical/medical care, and major medical.
- Permits retired employees receiving state health insurance coverage to opt to receive a cash payment in lieu of the state health insurance, providing the retiree has other non-state health insurance coverage.

Article 4: Relating to Government Reorganization

This article makes the following changes to the organization of state government:

- Establishes by statute the Office of Diversity, Equity, and Opportunity which was established by Executive Order 13-05 in 2013.
- Repeals the existing Bureau of Audits statutes, and establishes an Office of Internal Audit to standardize audit functions across executive agencies by consolidating the functions and merging personnel from the Bureau of Audits and from similar units in the Departments of Transportation, Human Services, and Higher Education into the Office of Internal Audit within the Office of Management and Budget.
- Establishes the Independent Office of Veterans Affairs by elevating the Division of Veterans Affairs under the Department of Human Services to an autonomous office reporting directly to the Governor.
- Establishes by statute a centralized Division of Enterprise, Technology, Strategy, and Service (DETSS) within the Department of Administration to oversee the Office of Digital Excellence, the Division of Information Technology, and the Office of Library and Information Services.
- Establishes by statute the Division of Capital Asset Management and Maintenance (DCAMM) to centralize the management of the capital assets of the state including state property and state facilities.
- Transfers administrative responsibilities associated with the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) from the Department of Human Services to the Department of Health.

Article 5: Relating to Capital Development Program

This article submits a total of \$257.5 million in ballot referenda to Rhode Island voters for their approval. Proposed as six questions on the in November ballot, the following projects are included.

Question 1: Leveraging Higher Education to Create 21st Century Jobs (\$45.5 million): Provides funds to renovate and construct an addition to Bliss Hall on the Kingston Campus, and to build one or more innovation campuses through a university-business collaboration for research, product, service and business development.

Question 2: Port of Davisville at Quonset (\$70.0 million): Provides funding for infrastructure modernization and repairs at the Port, including work on Pier 2.

Question 3: Environmental and Recreational (\$35.0 million): Provides funding for capital improvements at State parks, open space, the design and construction of bikeways, brownfields remediation, stormwater pollution remediation, local recreation grants, and land acquisition.

Question 4: Housing Opportunities (\$40.0 million): Provides funding to promote affordable housing programs through redevelopment of existing structures, new construction, and/or foreclosure assistance.

Question 5: School Construction (\$40.0 million): Provides funding to the School Building Authority Capital Fund to repair, upgrade and modernize public schools with a focus on high priority projects that demonstrate immediate need due to urgent health and safety issues.

Question 6: Veterans Home (\$27.0 million): Provides funding for construction of a new Veterans Home and renovation of existing facilities. Although this is in addition to the ballot approved in 2012, the final state cost of the project is expected to decrease by \$33.5 million due to additional federal funding.

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

This article authorizes the Rhode Island Commerce Corporation to borrow \$20.0 million in General Assembly approved debt to finance pier and port improvements to Pier 2 at the Quonset Davisville Port in the Town of North Kingstown. The article requires the Quonset Development Corporation to make payments equal to the debt service.

Article 7: Related to Medicaid Reform Act of 2008 Resolution

This article contains a joint resolution authorizing the Executive Office of Health and Human Services to undertake various reforms within the Medical Assistance (Medicaid) program in FY2017. Included in the joint resolution are measures requiring changes to the Medicaid State Plan, a Category II or III change under the terms and conditions of Rhode Island's Section 1115 Waiver, and/or changes to state rules and regulations. For FY2017, these include:

- Suspension of the payment rate increase to nursing facilities scheduled for October 1, 2016
- Implementation of more efficient methods of long-term care beneficiary liability collections
- Conversion to a fixed (rather than a percentage-based) administrative rate for Medicaid managed care plans

November 2016 Bond Referenda	Amount
Leveraging Higher Education to Create 21 st Century Jobs	\$45.5
<i>University of Rhode Island College of Engineering</i>	25.5
<i>Innovation Campus</i>	20.0
<hr/>	
Port of Davisville at Quonset	70.0
<hr/>	
Environmental and Recreational	35.0
<i>Historic State Park Development Program</i>	7.0
<i>State Land Acquisition - Open Space</i>	4.0
<i>State Bikeway Development Program</i>	10.0
<i>Brownfield Remediation and Economic Development</i>	5.0
<i>Stormwater Pollution</i>	3.0
<i>Local Recreation Development Matching Grant Program</i>	2.0
<i>Local Land Acquisition Matching Grant Program</i>	4.0
<hr/>	
Housing Opportunities	40.0
<hr/>	
School Construction	40.0
<hr/>	
Veterans Home	27.0
Total	\$257.5

\$ in millions.

- Re-procurement of certain managed care contracts by September 1, 2016
- Establishment of a wage pass-through program for certain home health professionals
- Mandatory enrollment in the Integrated Care Initiative
- Repurposing of savings to finance value-based performance incentives
- Expedited eligibility procedures for community-based long term services and supports
- The establishment of care management models promoting the “health home” concept and the advent of nonmedical services such as peer navigation and housing stabilization

The joint resolution also authorizes the Division of Elderly Affairs to provide dementia care services through its co-pay program to beneficiaries with incomes up to 250 percent of the Federal Poverty Level (FPL). Documentation received to date does not indicate whether this program expansion is fully funded in the Governor’s Budget.

Lastly, as in prior Medicaid Reform Act resolutions, Article 7 allows the Executive Office of Health and Human Services to pursue opportunities under the Affordable Care Act (ACA) that leverage additional federal financial participation or otherwise improve the quality, access, and cost-effectiveness of the Medicaid program.

Article 8: Relating to Licensing of Hospital Facilities

This article authorizes the collection from hospitals of a licensing fee of 5.862 percent of net patient revenue. This rate is discounted to 3.693 percent for hospitals in Washington County. The budget includes \$169.1 million associated with this fee, unchanged from the FY2016 Budget as Enacted.

Article 9: Relating to Medical Assistance and Uncompensated Care

This article contains revisions and additions to the statutes governing the Medical Assistance (Medicaid) program, implementing certain initiatives set forth in the Governor’s FY2017 Budget and better aligning the General Laws with the stated goals of the Reinventing Medicaid process. More specifically, the article:

- Restores former statutory language guaranteeing that providers of Early Intervention services receive reimbursement greater or equal to the integrated Medicaid rate.
- Restricts future annual increases in fee-for-service outpatient hospital rates to no greater than the CMS Outpatient Prospective Payment System (OPPS) Hospital Price Index for the applicable period. Similar provisions are currently operative for hospital payment rates established via managed care contracts and for fee-for-service inpatient (DRG) rates.
- Eliminates the FY2017 nursing facility rate increase (or “COLA”), scheduled for October 1, 2016, generating savings of \$2.0 million (\$4.1 million all funds) in FY2017.
- Reduces the state statutory ceiling on Disproportionate Share Payments to Community Hospitals in FFY2016 (SFY2017) by \$13.5 million, with associated savings redirected to a performance-based incentive program for hospitals and nursing homes.
- Repeals the legal authority for both the inpatient and outpatient Upper Payment Limit (UPL) payments to community hospitals, yielding FY2017 savings of \$13.7 million (general revenue). In the Governor’s Budget, this funding is intended to be repurposed for a performance-based incentive program for hospitals and nursing homes.
- Makes substantive revisions to the RIte Share premium assistance program, expanding the coverage groups subject to the RIte Share condition of eligibility to include adults 19 and over eligible for

Medicaid as low-income disabled or through the Medicaid Expansion. Amending language sets forth the MAGI-based income levels determining the rules under which RIte share participation occurs, and establishes a “buy-in” provision for beneficiaries with family income above 150 percent FPL.

- Expands the definition of Medicaid managed care to include community health teams and clarifies language regarding mandatory managed care enrollment.
- Establishes a wage pass-through program for Medicaid-financed personal care attendants and home health aides. The Governor’s Budget includes an additional \$2.0 million in general revenue for this purpose, and proposes a 7.0 percent wage increase.
- Removes the explicit prohibition on mandatory enrollment in long-term managed care for eligible beneficiaries, substituting a requirement for “options counseling” to foster an informed choice regarding care delivery.
- Grants the Secretary of Health and Human Services authority to institute fiscal controls within the overall budget of the Executive Office in order to achieve the full amount of FY2016 savings attributable to the Reinventing Medicaid initiative. It is not clear if “overall” pertains specifically to the budget of the Executive Office itself or to that of all agencies under the EOHHS umbrella (combined).
- Increases the “attachment point” for the Children’s Health Account (CHA) from \$7,500 per child per service per year to \$12,500, generating increased CHA collections of \$4.0 million and saving an equivalent amount of general revenue.
- Repeals the section of Public Law establishing the funding pool for Graduate Medical Education at Rhode Island’s academic Level I trauma center hospitals, yielding savings of \$2.0 million (general revenue) in both FY2016 and FY2017.

Article 10: Relating to Making Revised Appropriations in Support of FY2016

This article makes revised appropriations for general revenues, and includes revisions to authorized expenditures from federal, restricted and other funds as well as authorized FTE levels for each agency and department for FY2016. The Governor’s budget includes \$24.5 million in additional general revenue spending compared to the FY2016 Budget as Enacted.

Article 11: Strengthening Neighborhood Schools

This article creates a “performance dashboard” for greater local and state school budget transparency, and amends local maintenance of effort requirements for funding schools. The article also repeals statutory language requiring that districts receive the fully-transitioned value of formula aid for student FTE positions transitioned to full-time kindergarten in the 2014-2015 school year, or after. The education funding formula statute is amended to provide a five-year review period for the funding formula, and to change the definition of poverty status of students for the purpose of calculating education aid. New aid categories are established for English Language Learners as well as communities that send large numbers of students to public schools of choice, and traditional district tuition rates for charter and state schools are reduced on a per-pupil basis. The article reduces the threshold to qualify for High-Cost Special Education from five times the core and student success amount to four times. In addition, this article creates stabilization categorical funds for Davies and the Met School and eliminates obsolete language regarding the funding of charter schools.

Article 12: Relating to Revenue – Cigarette Taxes

This article increases the excise tax on cigarettes by \$0.25, which raises the tax from \$3.75 to \$4.00 per pack of twenty, or to the equivalent of \$0.20 per cigarette. According to the Department of Revenue, total retail price will increase by \$0.29, from \$9.49 to \$9.78 per individual pack. Floor stock tax will also be assessed at the same rate of \$0.25 per pack of cigarettes. The additional excise tax and associated sales taxes would generate an additional \$7.1 million in revenue above the projections from the November 2015 Revenue Estimating Conference.

Article 13: Making Work Pay

This article increases the minimum wage from \$9.60 to \$10.10 per hour effective January 1, 2017. Additionally, the rate of the allowable earned income tax credit (EITC) is increased from 12.5 percent for tax year 2016 to 15.0 percent for tax year 2017. The EITC is a refundable tax credit for low and moderate income working individuals whereby the credit may reduce an individual's tax liability to below zero.

Article 14: Relating to Caregivers/Compassion Centers (Medical Marijuana)

This article proposes a number of changes to the regulation of medical marijuana, which have the following impacts on general revenues:

- **Plant Tag Fees:** This initiative creates a tagging system and fee for each medical marijuana plant to monitor grower inventory and ensure compliance with growing limits. Revenue from tagging fees is estimated at \$10.7 million.
- **General Revenue Transfer:** The Governor transfers \$901,647 in general revenue from medical marijuana patient and caregiver registration fees to a restricted receipt account in the Department of Health (DOH) to support personnel performing patient certifications.
- **Decrease Compassion Center Surcharge:** The Governor reduces the compassion center surcharge from 4.0 percent to 3.0 percent. This surcharge is imposed on the net patient revenue received each month by every compassion center. The Governor includes a \$172,405 reduction in general revenue.
- **Indirect Cost Recovery Fees:** The Governor includes \$90,315 resulting from indirect cost recovery fees on several departmental receipt accounts.

Medical Marijuana Regulatory Fees and Changes

Governor's Recommended Changes	Rate	Revenue
<i>Plant Tag Fees</i>		
		<i>\$10,735,630</i>
Patients Who Self-Grow Marijuana	\$150	1,440,000
Caregivers Who Grow for Non-Medicaid Patients	350	8,253,228
Caregivers Who Grow Medical Marijuana for Medicaid Patients	150	611,902
Co-op Growers	350	399,000
Growers with Cultivator Licenses	350	31,500
<i>Other Changes</i>		
		<i>(983,737)</i>
Transfer Patient and Caregiver Registration Fees to Restricted Receipts		(901,647)
Decrease Compassion Center Surcharge from 4.0 to 3.0 Percent		(172,405)
Indirect Cost Recovery Fees		90,315
Total		\$9,751,893

The Governor's proposal establishes the Department of Business Regulation (DBR) as the licensing agency of compassion centers, compassion center staff, cultivators, and caregivers, selling plant tags and maintaining a tag database; however, the Department of Health will continue to have licensing authority

over patients and authorized purchasers. The Governor includes \$1.6 million within the DBR to support the necessary software and personnel costs to set up the tracking system.

Article 15: Relating to Municipalities

This article encourages electronic exchange of municipal financial information, streamlines financial reporting by municipalities, requires distressed communities to participate in a debt recovery program, and modifies the current property valuation schedule.

Specifically, this article:

- Establishes a transparency portal which will allow municipalities to post required financial data to the Division of Municipal Finance website. The initiative is intended to streamline preparation and submission of required financial data and make this information available in a searchable, electronic format.
- Modifies the program description of the Division of Municipal Finance, requiring the program to encourage the exchange of information using web based tools, including posting of municipal contracts. This change is intended to promote the use of shared services.
- Requires distressed communities to participate in the Income Tax Refund Offset program, which authorizes the Division of Taxation to collect debts owed other government agencies and entities in the state, including cities and towns.
- Amends the current property revaluation schedule, which requires municipalities to update their property values every third and sixth year, and to complete a full physical revaluation every ninth year (a 3–6–9 schedule) to a fifth, tenth, and fifteenth (5–10–15) year schedule.

Article 16: Making it Easier to do Business in Rhode Island

This article outlines various tax and benefit proposals to the Unemployment Insurance (UI) and Temporary Disability Insurance (TDI) programs to provide employers with tax relief earlier than what would occur under current law. The proposed legislation would change the reserve ratios used in calculating the UI tax rate on employers for the following calendar year. The changes are projected to reduce the UI cost on employers by \$30.0 million a year beginning in calendar year 2017. The savings are projected to increase to \$40.0 million a year starting in calendar year 2019.

Other proposed changes include:

- Establish a TDI Fraud and Program Integrity Task Force to educate the State’s workforce about TDI and to reduce fraud.
- Reduce the time allowable for an employee to file a TDI claim from 1 year to 90 days.

Article 17: Relating to Commerce

This article makes several changes to existing tax credits managed by the Commerce Corporation. Specifically, the article:

- Awards a tax credit to all Stay Invested in RI Wavemaker Fellowship applicants provided eligibility requirements are met, including a B+ average in one of the following fields: life, natural, or earth sciences; computer, information, or software technology; advanced mathematics or finance; engineering; or industrial design or commercially related design field. Maximum credit amounts previously allowed according to level of college degree have been removed up to a maximum of 100.0 percent of the total debt. Additionally, businesses may apply to reserve Wavemaker tax credits for employees of that business. Commerce Corporation may reserve tax credits for the business providing

the positions are new to the state and with regard to the nature of the positions. Commerce Corporation may allocate up to 15.0 percent of available Wavemaker credits per business.

- Modifies the Tax Stabilization Agreement (TSA) incentive program to allow the Commerce Corporation to reimburse municipalities up to 50.0 percent of foregone revenue for up to five projects in any given year. The current reimbursement rate is 10.0 percent. The city or town council of any qualifying community must pass a resolution designating the qualifying project as the most important project to the municipality's economic development for that fiscal year.
- Eliminates the \$7,500 tax credit cap for each full time job created under the Qualified Jobs Incentive Act. Requirements that a business create at least 10 new full-time jobs in the state or increase 10.0 percent of the businesses existing number of full-time employee, depending on the size of the business, are scaled down to 5 new employees or 5.0 percent of the current full time staff.
- Allows amounts deposited in the Rebuild Rhode Island Tax Credit fund to be used to reimburse municipalities participating in the tax stabilization agreement program.
- Allows the Executive Office of Commerce to authorize the Commerce Corporation to transfer amounts deposited in the Anchor Institution Tax Credit fund to the Rebuild Rhode Island Tax Credit fund.
- Creates the Refundable Research and Development Tax Credit to incentivize businesses to make multi-year commitments to conduct research and development activities in the state and invest in plant, equipment, or personnel in order to accomplish these research activities. The Commerce Corporation may award a refundable tax credit up to \$200,000 for an eligibility period of not longer than 5 years up to 5.0 percent for the first \$25,000 worth of credit or 16.9 percent for the amount of credit above \$25,000. Allows the refundable research and development tax credit to be used against personal income tax liability. The Governor includes \$5.0 million for this tax credit in FY2017.

Article 18: Relating to Renewable Energy Programs

This article extends the Renewable Energy Fund and updates the state's net metering program to enable third-party financing and additional net metering arrangements for homeowners, businesses, and public and private institutions. The article also exempts renewable energy resources and associated equipment installed after December 31, 2015, from property taxes, and allows city or town councils to pass ordinances taxing renewable energy resources after consulting with the Office of Energy Resources and the Division of Taxation.

Article 19: Relating to Division of Motor Vehicles

This article delays license plate reissuance until April 1, 2017. Current law requires the Division to reissue license plates by July 1, 2016. Under RIGL 31-3-33, the DMV is required to issue new reflective license plates for all registered vehicles every 10 years.

Under current law, registrants are charged \$6.00 for each set of license plates above the regular registration fee. The delay in implementing the issuance results in a loss of \$2.0 million in general revenue.

Article 20: Relating to Local Agriculture and Seafood Act

This article requires that fees collected for the lease of submerged tidal lands for renewable projects exceeding \$5.0 million in costs be deposited into the Rhode Island Local Agriculture and Seafood grant program. The fee is estimated to generate \$150,000 annually. The article also updates legislative findings and intent for the Rhode Island Local Agriculture and Seafood Act, and establishes grant funding up to \$50,000 for the fishing community.

Article 21: Relating to Department of Behavioral Healthcare, Developmental Disabilities and Hospitals

This article co-designates the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) and the Executive Office of Health and Human Services (EOHHS) as the single state authority for the purposes of calculating the Maintenance of Effort (MOE) for the Substance Abuse Block Grant. The Substance Abuse and Mental Health Services Administration (SAMHSA) requires BHDDH to maintain aggregate state expenditures for authorized substance abuse activities at a level that is greater than or equal to the average level of such expenditures maintained by the state for the two-year period preceding the year for which the state is applying for a grant. This change will allow EOHHS expenditures on substance abuse activities to be counted toward maintenance of effort.

Article 22: Relating to State Budget

This article makes a number of changes to the state budget and revenue and caseload estimating processes, including:

- Extends the Governor’s budget submission dates to the second Thursday in February, and the second Thursday in March for a newly-inaugurated Governor;
- Moves the November Revenue and Caseload Estimating Conferences from the first ten days in November to within the last ten days in January;
- Removes cash or public assistance caseloads from the caseload estimating process. The conference would be restricted to medical assistance expenditures;
- Allows caseload conference staff to meet with OHHS (privately) prior to adoption of estimates, and then reach and present (publicly) a provisional consensus estimate to conference principals;
- The article has no fiscal impact.

Article 23: Relating to Safe Harbor for Sexually Exploited Children

This article creates a Safe Harbor for Sexually Exploited Children by treating children under age 17, who are victims of sex trafficking as victims rather than criminals by shielding the minor from prosecution. Minors would be referred to the appropriate state services for proper assessment of their needs, and the article adds sex trafficking of a minor to the list of offenses for which victims may receive compensation from the Crime Victims Compensation Fund.

Article 24: Relating to Restricted Receipt Accounts

This article exempts three new restricted receipt accounts from the 10.0 percent indirect cost recovery charge provisions under RIGL 35-4-27. The proposed exemption would impact the “DMV Modernization Project” account within the Department of Revenue; the “Local Agriculture and Seafood Fund” account in the Department of Environmental Management; and the “Rhode Island Statewide Communications Network (RISCON) Infrastructure Repairs/Equipment Replacement (Google)” account within the Emergency Management Agency.

Article 25: Relating to Effective Date

This article provides that the Act would take effect on July 1, 2016, except as otherwise provided therein.

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ALL FUNDS EXPENDITURES

All Funds Expenditures

General Government	FY2015 Final	FY2016 Enacted	FY2016 Governor	Change from Enacted	FY2017 Governor	Change from Enacted
Administration	\$415,448,655	\$368,031,640	\$396,014,187	\$27,982,547	\$397,694,673	\$29,663,033
Business Regulation	12,676,052	14,620,512	14,393,095	(227,417)	17,005,533	2,385,021
Executive Office of Commerce	203,145	74,924,345	76,378,826	1,454,481	83,622,348	8,698,003
Labor and Training	429,213,620	443,730,008	449,441,053	5,711,045	422,079,133	(21,650,875)
Revenue	449,017,632	423,207,249	478,228,453	55,021,204	502,599,539	79,392,290
Legislature	36,190,422	41,154,944	44,105,835	2,950,891	43,049,302	1,894,358
Lieutenant Governor	971,873	1,192,621	1,043,068	(149,553)	1,109,576	(83,045)
Secretary of State	7,691,503	7,986,884	7,764,433	(222,451)	10,749,205	2,762,321
General Treasurer	41,532,194	39,094,693	39,892,444	797,751	36,771,155	(2,323,538)
Board of Elections	4,656,136	1,818,305	1,797,868	(20,437)	1,982,707	164,402
Ethics Commission	1,579,038	1,644,876	1,611,119	(33,757)	1,653,383	8,507
Office of the Governor	4,401,893	4,903,467	5,139,589	236,122	5,091,069	187,602
Commission for Human Rights	1,556,738	1,548,010	1,554,766	6,756	1,581,423	33,413
Public Utilities Commission	6,762,365	8,684,685	8,672,349	(12,336)	8,926,973	242,288
Total	\$1,411,901,266	\$1,432,542,239	\$1,526,037,085	\$93,494,846	\$1,533,916,019	\$101,373,780
Human Services						
Office of Health and Human Services	\$2,334,650,460	\$2,387,903,953	\$2,463,562,045	\$75,658,092	\$2,409,316,489	\$21,412,536
Children, Youth, and Families	221,570,379	216,592,410	222,764,039	6,171,629	216,110,079	(482,331)
Health	111,422,584	121,401,905	131,108,001	9,706,096	163,332,529	41,930,624
Human Services	621,643,199	622,403,505	654,079,623	31,676,118	597,518,025	(24,885,480)
BHDDH	375,214,014	370,945,694	379,842,987	8,897,293	375,005,876	4,060,182
Governor's Commission on Disabilities	1,215,102	428,524	435,961	7,437	440,570	12,046
Governor's Commission on the Deaf	430,792	491,883	539,040	47,157	587,746	95,863
Office of the Child Advocate	660,641	717,273	714,417	(2,856)	695,582	(21,691)
Office of the Mental Health Advocate	504,149	508,251	549,419	41,168	542,009	33,758
Total	\$3,667,311,320	\$3,721,393,398	\$3,853,595,532	\$132,202,134	\$3,763,548,905	\$42,155,507
Education						
Elementary and Secondary Education	\$1,232,188,487	\$1,308,490,695	\$1,317,358,312	\$8,867,617	\$1,350,379,573	\$41,888,878
Public Higher Education	1,047,360,269	1,090,159,436	1,123,009,185	32,849,749	1,163,417,439	73,258,003
Council on the Arts	2,387,241	4,036,698	3,539,374	(497,324)	2,618,274	(1,418,424)
Atomic Energy Commission	1,187,852	1,337,169	1,604,090	266,921	1,350,935	13,766
Higher Education Assistance Authority	15,190,541	-	-	-	-	-
Historical Preservation & Heritage Comm.	5,446,730	3,956,703	4,064,257	107,554	2,974,999	(981,704)
Total	\$2,303,761,120	\$2,407,980,701	\$2,449,575,218	\$41,594,517	\$2,520,741,220	\$112,760,519
Public Safety						
Attorney General	\$30,936,848	\$34,035,317	\$35,724,802	\$1,689,485	\$34,882,783	\$847,466
Corrections	201,390,140	211,025,689	217,726,101	6,700,412	226,119,650	15,093,961
Judiciary	109,785,453	116,299,126	115,972,127	(326,999)	116,664,962	365,836
Military Staff	15,544,752	19,408,098	19,623,374	215,276	24,677,316	5,269,218
Emergency Management Agency	14,535,853	18,537,918	28,530,116	9,992,198	23,994,138	5,456,220
Public Safety	117,204,896	123,725,416	123,876,829	151,413	121,809,215	(1,916,201)
Public Defender	10,902,222	11,700,347	11,616,528	(83,819)	11,897,202	196,855
Total	\$500,300,164	\$534,731,911	\$553,069,877	\$18,337,966	\$560,045,266	\$25,313,355
Natural Resources						
Environmental Management	\$88,968,734	\$99,304,621	\$102,794,367	\$3,489,746	\$99,851,715	\$547,094
Coastal Resources Management Council	4,669,180	5,669,383	7,215,410	1,546,027	7,211,407	1,542,024
Total	\$93,637,914	\$104,974,004	\$110,009,777	\$5,035,773	\$107,063,122	\$2,089,118
Transportation						
Transportation	\$415,640,470	\$463,816,478	\$482,858,909	\$19,042,431	\$479,457,845	\$15,641,367
Grand Total	\$8,392,552,254	\$8,665,438,731	\$8,975,146,398	\$309,707,667	\$8,964,772,377	\$299,333,646

GENERAL REVENUE EXPENDITURES

General Government	FY2015 Final	FY2016 Enacted	FY2016 Governor	Change from Enacted	FY2017 Governor	Change from Enacted
Administration	\$244,775,881	\$197,494,291	\$216,525,887	\$19,031,596	\$243,008,631	\$45,514,340
Business Regulation	8,556,174	9,236,495	9,135,640	(100,855)	12,750,654	3,514,159
Executive Office of Commerce	203,145	60,840,542	61,014,948	174,406	63,281,421	2,440,879
Labor and Training	8,553,272	8,324,769	8,472,717	147,948	10,322,779	1,998,010
Revenue	106,969,845	113,198,446	110,571,771	(2,626,675)	111,231,248	(1,967,198)
Legislature	34,865,422	39,474,071	42,490,012	3,015,941	41,352,730	1,878,659
Lieutenant Governor	959,864	1,127,621	1,043,068	(84,553)	1,109,576	(18,045)
Secretary of State	7,164,977	6,951,530	6,747,368	(204,162)	10,092,686	3,141,156
General Treasurer	2,400,368	2,420,250	2,407,642	(12,608)	2,856,231	435,981
Board of Elections	4,656,136	1,818,305	1,797,868	(20,437)	1,982,707	164,402
Ethics Commission	1,579,038	1,644,876	1,611,119	(33,757)	1,653,383	8,507
Office of the Governor	4,401,947	4,903,467	5,139,589	236,122	5,091,069	187,602
Commission for Human Rights	1,225,335	1,252,174	1,243,892	(8,282)	1,258,128	5,954
Total	\$426,311,404	\$448,686,837	\$468,201,521	\$19,514,684	\$505,991,243	\$57,304,406
Human Services						
Office of Health and Human Services	\$915,652,909	\$909,934,065	\$926,021,780	\$16,087,715	\$914,720,115	\$4,786,050
Children, Youth, and Families	158,285,858	152,587,731	154,782,322	2,194,591	151,984,020	(603,711)
Health	22,821,939	25,835,956	25,719,200	(116,756)	26,501,994	666,038
Human Services	94,560,297	98,271,683	97,728,070	(543,613)	103,282,109	5,010,426
BHDDH	173,264,827	172,488,711	174,461,291	1,972,580	168,143,778	(4,344,933)
Governor's Commission on Disabilities	355,439	383,056	381,890	(1,166)	386,147	3,091
Governor's Commission on the Deaf	387,625	411,883	409,040	(2,843)	477,746	65,863
Office of the Child Advocate	613,552	672,273	669,417	(2,856)	650,582	(21,691)
Office of the Mental Health Advocate	504,149	508,251	549,419	41,168	542,009	33,758
Total	\$1,366,446,595	\$1,361,093,609	\$1,380,722,429	\$19,628,820	\$1,366,688,500	\$5,594,891
Education						
Elementary and Secondary Education	\$1,002,464,660	\$1,067,719,085	\$1,067,544,042	(\$175,043)	\$1,109,259,026	\$41,539,941
Public Higher Education	188,223,129	196,304,956	180,983,077	(15,321,879)	199,498,689	3,193,733
Council on the Arts	1,490,966	1,863,052	1,859,778	(3,274)	1,539,620	(323,432)
Atomic Energy Commission	872,139	957,170	936,450	(20,720)	981,100	23,930
Higher Education Assistance Authority	147,000	-	-	-	-	-
Historical Preservation & Heritage Comm.	1,138,182	1,380,972	1,430,963	49,991	1,373,860	(7,112)
Total	\$1,194,336,076	\$1,268,225,235	\$1,252,754,310	(\$15,470,925)	\$1,312,652,295	\$44,427,060
Public Safety						
Attorney General	\$23,949,930	\$25,193,210	\$25,122,410	(\$70,800)	\$25,595,982	\$402,772
Corrections	196,162,110	200,225,250	204,394,923	4,169,673	212,679,501	12,454,251
Judiciary	94,371,203	96,031,046	95,581,117	(449,929)	96,341,410	310,364
Military Staff	2,144,129	2,065,434	2,363,408	297,974	2,659,719	594,285
Emergency Management Agency	1,796,019	1,766,002	1,762,453	(3,549)	1,848,876	82,874
Public Safety	99,121,734	97,060,493	93,257,274	(3,803,219)	99,825,776	2,765,283
Public Defender	10,829,860	11,621,977	11,503,708	(118,269)	11,784,382	162,405
Total	\$428,374,985	\$433,963,412	\$433,985,293	\$21,881	\$450,735,646	\$16,772,234
Natural Resources						
Environmental Management	\$36,110,396	\$37,586,385	\$38,425,074	\$838,689	\$38,240,878	\$654,493
Coastal Resources Management Council	2,313,282	2,433,260	2,421,855	(11,405)	2,452,438	19,178
Total	\$38,423,678	\$40,019,645	\$40,846,929	\$827,284	\$40,693,316	\$673,671
Grand Total	\$3,453,892,738	\$3,551,988,738	\$3,576,510,482	\$24,521,744	\$3,676,761,000	\$124,772,262

FTE POSITIONS

	FY2015 Actual	FY2016 Enacted	FY2016 Governor	Change from Enacted	FY2017 Governor	Change from Enacted
General Government						
Administration	710.7	711.7	723.7	12.0	743.7	32.0
Business Regulation	98.0	98.0	98.0	-	104.0	6.0
Executive Office of Commerce	5.0	16.0	16.0	-	16.0	-
Labor and Training	410.0	410.0	416.5	6.5	416.5	6.5
Revenue	505.0	514.5	514.5	-	523.5	9.0
Legislature	298.5	298.5	298.5	-	298.5	-
Lieutenant Governor	8.0	8.0	8.0	-	8.0	-
Secretary of State	57.0	57.0	57.0	-	59.0	2.0
General Treasurer	83.0	84.0	87.0	3.0	88.0	4.0
Board of Elections	11.0	11.0	11.0	-	12.0	1.0
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	50.0	50.0	50.0	-	51.0	1.0
Total	2,307.7	2,330.2	2,351.7	21.5	2,391.7	61.5
Human Services						
Office of Health and Human Services	184.0	187.0	187.0	-	187.0	-
Children, Youth, and Families	672.5	672.5	672.5	-	672.5	-
Health	491.3	490.6	490.6	-	503.6	13.0
Human Services	959.1	959.1	959.1	-	955.1	(4.0)
BHDDH	1,420.4	1,421.4	1,419.4	(2.0)	1,417.4	(4.0)
Office of the Child Advocate	6.0	6.0	6.0	-	6.0	-
Governor's Commission on the Deaf	3.0	3.0	3.0	-	4.0	1.0
Governor's Commission on Disabilities	4.0	4.0	4.0	-	4.0	-
Office of the Mental Health Advocate	3.7	4.0	4.0	-	4.0	-
Total	3,744.0	3,747.6	3,745.6	(2.0)	3,753.6	6.0
Education						
Elementary and Secondary Education	344.4	337.4	339.4	2.0	339.4	2.0
Public Higher Education	3,498.4	3,513.4	3,513.4	-	3,548.0	34.6
Council on the Arts	6.0	8.6	8.6	-	6.0	(2.6)
Atomic Energy Commission	8.6	8.6	8.6	-	8.6	-
Higher Education Assistance Authority	22.0	-	-	-	-	-
Historical Preservation and Heritage Commission	16.6	16.6	16.6	-	16.6	-
Total	3,896.0	3,884.6	3,886.6	2.0	3,918.6	34.0
Public Safety						
Attorney General	236.1	236.1	236.1	-	236.1	-
Corrections	1,419.0	1,419.0	1,419.0	-	1,432.0	13.0
Judiciary	723.3	724.3	724.3	-	724.3	-
Military Staff	85.0	92.0	92.0	-	96.0	4.0
Emergency Management	32.0	32.0	32.0	-	32.0	-
Public Safety	633.2	633.2	633.2	-	633.2	-
Public Defender	93.0	93.0	93.0	-	93.0	-
Total	3,221.6	3,229.6	3,229.6	-	3,246.6	17.0
Natural Resources						
Environmental Management	399.0	399.0	399.0	-	401.0	2.0
Coastal Resources Management Council	29.0	29.0	29.0	-	29.0	-
Total	428.0	428.0	428.0	-	430.0	2.0
Transportation						
Transportation	752.6	752.6	752.0	(0.6)	741.0	(11.6)
Higher Education Sponsored Research						
Office of Higher Education	1.0	1.0	1.0	-	1.0	-
CCRI	94.0	89.0	89.0	-	89.0	-
RIC	82.0	82.0	82.0	-	82.0	-
URI	573.8	573.8	573.8	-	573.8	-
Total	750.8	745.8	745.8	-	745.8	-
Grand Total	15,100.7	15,118.4	15,139.3	20.9	15,227.3	108.9

MUNICIPAL AID

Municipality	FY2017 Direct Municipal Aid to Cities and Towns					Library Construction Aid	Total FY2017 Municipal Aid	Change from FY2016
	FY2016 Enacted	Payment In Lieu of Taxes	Distressed Communities Relief Fund	Motor Vehicle Excise Tax	Library Grant- in-Aid ¹			
Barrington	\$726,243	\$15,995		\$217,477	\$335,108		\$568,580	(\$157,663)
Bristol	1,431,232	954,792		94,294	166,405	276,731	1,492,222	60,990
Burrillville	826,712	145,198		200,798	148,100	269,202	763,298	(63,414)
Central Falls	444,816	24,507	187,737	96,208	27,329		335,780	(109,036)
Charlestown	128,198			44,097	45,860		89,958	(38,240)
Coventry	629,593			244,791	218,795		463,586	(166,007)
Cranston	7,588,074	5,322,139	1,124,439	1,005,084	532,966		7,984,629	396,555
Cumberland	885,871	135		247,485	257,539	211,083	716,243	(169,628)
East Greenwich	667,742	434,980		81,417	120,238	59,252	695,887	28,145
East Providence	2,052,600	248,601	685,142	501,297	378,230	63,549	1,876,819	(175,781)
Exeter	245,661			92,110	46,635	75,968	214,713	(30,948)
Foster	110,398			72,955	30,855		103,809	(6,588)
Glocester	220,344			102,420	70,519		172,939	(47,405)
Hopkinton	139,475			69,295	32,498		101,793	(37,682)
Jamestown	135,226			22,042	103,012		125,054	(10,172)
Johnston	677,047			422,637	109,419		532,055	(144,992)
Lincoln	493,880			198,583	188,503		387,086	(106,794)
Little Compton	59,925			12,896	32,587		45,483	(14,442)
Middletown	335,637			63,006	132,148	53,254	248,408	(87,229)
Narragansett	255,761			60,810	137,056		197,866	(57,895)
Newport	2,041,511	1,357,719		77,989	373,835	210,435	2,019,978	(21,532)
New Shoreham	153,269			6,714	79,074	63,446	149,234	(4,035)
North Kingstown	609,720	1,737		185,691	262,939	30,461	480,828	(128,892)
North Providence	2,425,051		866,171	389,770	172,113		1,428,054	(996,997)
North Smithfield	304,392			177,990	70,542		248,533	(55,859)
Pawtucket	3,406,361	554,958	1,277,831	794,500	344,226		2,971,515	(434,846)
Portsmouth	262,433			84,669	104,692		189,361	(73,072)
Providence	38,560,096	30,137,743	4,699,234	1,882,415	1,149,685		37,869,078	(691,018)
Richmond	129,364			65,687	24,414		90,101	(39,263)
Scituate	213,522			68,633	93,578		162,211	(51,311)
Smithfield	1,225,720	710,097		255,759	267,699		1,233,555	7,835
South Kingstown	659,577	198,218		139,730	202,034		539,982	(119,595)
Tiverton	640,500			59,170	103,934	327,699	490,803	(149,697)
Warren	196,425			92,183	51,736		143,919	(52,506)
Warwick	3,648,095	1,712,951		964,536	662,405	163,644	3,503,536	(144,559)
Westerly	982,776	159,333		216,507	284,845	253,767	914,452	(68,324)
West Greenwich	117,421			54,390	28,930		83,320	(34,101)
West Warwick	1,359,293		747,878	231,779	145,607		1,125,264	(234,029)
Woonsocket	1,848,251		796,025	402,183	162,323	164,730	1,525,262	(322,989)
Total	\$76,838,212	\$41,979,103	\$10,384,458	\$10,000,000	\$7,698,411	\$2,223,221	\$72,285,193	(\$4,553,019)

FY2017 Indirect Local Aid to Cities and Towns

Municipality	FY2016 Indirect Aid	Public Service Corp. Tax	Meals and Beverage Tax	Hotel Tax	FY2017 Total Indirect Aid	Change from FY2016
Barrington	\$368,638	\$201,686	\$175,404	\$4,950	\$382,040	\$13,403
Bristol	712,571	278,819	428,388	59,062	766,269	53,698
Burrillville	402,803	198,184	215,655	1,578	415,417	12,614
Central Falls	358,071	239,912	128,948	1,052	369,913	11,841
Charlestown	328,483	96,784	159,334	92,870	348,988	20,505
Coventry	921,481	432,985	427,647	107,608	968,241	46,760
Cranston	2,701,114	995,808	1,865,108	17,576	2,878,492	177,378
Cumberland	846,739	417,096	489,657	-	906,753	60,014
East Greenwich	751,966	162,408	657,936	4,552	824,897	72,931
East Providence	1,550,467	582,845	981,081	56,682	1,620,608	70,141
Exeter	172,452	82,701	99,510	526	182,737	10,285
Foster	74,313	57,271	17,275	242	74,788	475
Glocester	204,274	121,286	78,274	3,853	203,413	(861)
Hopkinton	154,439	100,831	52,494	974	154,299	(140)
Jamestown	211,345	67,109	101,816	58,767	227,692	16,346
Johnston	880,958	357,486	592,518	11,234	961,238	80,280
Lincoln	1,184,276	262,063	879,436	121,715	1,263,215	78,939
Little Compton	127,682	43,188	48,288	41,539	133,016	5,334
Middletown	1,669,946	199,830	709,058	890,104	1,798,993	129,046
Narragansett	1,119,113	195,635	635,682	370,975	1,202,292	83,178
Newport	4,527,643	301,205	2,254,385	2,399,358	4,954,947	427,305
New Shoreham	694,977	10,345	345,185	377,570	733,101	38,124
North Kingstown	941,110	326,128	552,949	116,559	995,636	54,526
North Providence	738,071	397,667	355,358	1,052	754,078	16,007
North Smithfield	399,834	148,734	264,137	4,252	417,122	17,288
Pawtucket	1,703,086	880,635	823,370	63,352	1,767,357	64,271
Portsmouth	434,055	214,568	195,200	39,606	449,375	15,320
Providence	9,503,458	2,203,425	5,369,499	2,424,283	9,997,207	493,749
Richmond	229,949	94,755	150,115	4,994	249,864	19,915
Scituate	202,356	128,192	74,511	7,246	209,949	7,593
Smithfield	1,134,286	265,491	739,019	178,866	1,183,376	49,090
South Kingstown	1,357,082	378,660	831,052	231,501	1,441,212	84,130
Tiverton	420,196	195,585	230,338	9,959	435,883	15,687
Warren	406,282	131,137	294,546	6,528	432,211	25,929
Warwick	4,817,494	1,019,420	2,895,806	1,227,539	5,142,765	325,271
Westerly	1,647,526	281,158	868,175	650,475	1,799,808	152,282
West Greenwich	312,560	75,512	149,100	106,772	331,384	18,824
West Warwick	812,086	359,305	368,175	129,286	856,766	44,680
Woonsocket	1,071,556	508,769	538,787	61,755	1,109,312	37,755
Total	\$46,094,738	\$13,014,620	\$26,043,218	\$9,886,814	\$48,944,652	\$2,849,915

EDUCATION AID

FY2017 Enacted Education Aid - Change to FY2016 Budget as Enacted¹

Districts	FY2016 Enacted (includes group home and categorical)	FY2017 (Year 6) Formula Change	Transporta tion (change from FY2016)	High-cost Special Education (change from FY2016)	Group Home ² (change from FY2016)	English Learners	Public School Choice Density	FY2017 Education Aid
Barrington	\$5,157,096	\$120,669	\$9,218	\$47,191	\$0	\$1,339	-	\$5,335,514
Burrillville	13,301,213	39,103	9,590	(9,235)	(217,234)	721	-	13,124,159
Charlestown	1,706,421	11	-	-	-	-	-	1,706,432
Coventry	21,919,203	811,059	(7,598)	9,688	(12,360)	1,099	-	22,721,091
Cranston	51,129,520	3,398,467	(70,682)	249,318	(6,652)	59,195	-	54,759,166
Cumberland	16,689,944	895,843	5,939	40,414	-	2,123	159,600	17,793,862
East Greenwich	2,911,566	(165,623)	(4,148)	34,258	-	274	-	2,776,327
East Providence	31,094,816	1,662,771	11,701	27,843	(64,598)	25,391	-	32,757,924
Foster	1,206,855	(11,068)	(1,440)	8,378	-	-	-	1,202,724
Glocester	2,546,606	(124,282)	(4,442)	11,010	-	-	-	2,428,893
Hopkinton	5,470,735	(87,117)	-	-	-	613	-	5,384,230
Jamestown	456,252	2,291	-	17,166	-	33	-	475,742
Johnston	14,241,390	1,459,698	(26,725)	(41,757)	-	14,412	-	15,647,017
Lincoln	10,434,249	753,314	-	20,911	(11,703)	1,438	92,700	11,290,909
Little Compton	398,464	13,724	-	-	-	-	-	412,187
Middletown	8,723,282	(233,859)	-	91,466	(11,628)	9,787	-	8,579,048
Narragansett	2,154,808	(8,503)	-	15,085	-	218	-	2,161,608
Newport	10,597,219	31,557	-	5,683	(27,207)	16,406	-	10,623,658
New Shoreham	103,748	27,940	-	1,639	-	455	-	133,782
North Kingstown	10,693,934	24,102	-	17,420	-	2,268	-	10,737,725
North Providence	18,350,725	1,567,044	13,839	128,371	(28,690)	14,368	-	20,045,659
North Smithfield	5,824,567	329,343	7,301	49,645	(9,713)	1,007	-	6,202,150
Pawtucket	78,877,331	3,730,760	32,989	69,995	(132,446)	188,827	497,700	83,265,157
Portsmouth	4,797,771	(172,318)	-	117,528	(9,665)	389	-	4,733,704
Providence	223,060,894	7,007,942	(24,311)	359,791	(464,052)	1,540,593	1,306,800	232,787,656
Richmond	5,063,630	(208,667)	-	-	-	163	-	4,855,126
Scituate	3,974,845	(194,851)	(13,319)	15,982	-	-	-	3,782,657
Smithfield	5,348,196	390,101	12,532	114,093	(15,680)	467	-	5,849,710
South Kingstown	7,757,160	(264,806)	(27,275)	49,920	(79,669)	-	-	7,435,330
Tiverton	6,068,532	121,185	-	11,629	-	304	-	6,201,650
Warwick	36,764,895	812,148	20,876	274,164	99,940	6,548	-	37,978,571
Westerly	8,418,818	639,963	-	31,316	-	1,898	-	9,091,995
West Warwick	21,881,242	993,637	(8,306)	-	-	8,433	-	22,875,006
Woonsocket	53,233,700	2,501,286	(27,138)	24,237	4,747	122,647	86,700	55,946,180
Bristol-Warren ³	16,207,316	(542,715)	(3,255)	66,638	(8,314)	8,814	-	15,728,484
Exeter-West Greenwich ³	6,230,076	(221,472)	91,575	68,511	(151,177)	727	-	6,018,240
Chariho	1,322,689	(38,320)	(3,916)	22,932	-	-	-	1,303,385
Foster-Glocester	5,113,855	(130,105)	-	41,633	-	-	-	5,025,383
Central Falls ⁴	39,597,254	(657,769)	6,995	3,679	-	211,465	444,300	39,605,923
District Total	\$758,830,815	\$24,272,482	\$0	\$1,996,544	(\$1,146,100)	\$2,242,422	\$2,587,800	\$788,783,962
Charter School Total	67,513,058	8,380,629	-	3,459	-	129,264	-	76,026,410
Davies ⁵	11,640,152	(611,226)	-	-	-	1,566	-	13,000,366
Met School ⁵	9,864,425	(631,672)	-	-	-	-	-	9,529,888
Urban Collaborative	856,203	285,505	-	-	-	-	-	1,141,708
Total	\$848,704,653	\$31,695,718	\$0	\$2,000,000	(\$1,146,100)	\$2,373,252	\$2,587,800	\$888,482,333

¹ Subject to change based on March 2016 data updates.² Based on final 12/31/2015 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 Includes Central Falls Stabilization fund: \$3.7 million in FY2016 Enacted column and \$912,961 for FY2017 in formula change column.⁵ Includes Stabilization funds for Davies (\$2.0 million) and the Met School (\$297,135).

Source: Rhode Island Department of Education

Senate Fiscal Office

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