



SENATE FISCAL OFFICE
ISSUE BRIEF

**FY2019 Budget as Passed by the House of Representatives
(2018-H-7200 Substitute A as amended)**

JUNE 18, 2019

The following report provides a summary of the floor amendments to 2018-H-7200 Substitute A, as passed by the House of Representatives. The table below summarizes the FY2019 appropriations as included in the amended legislation.

Expenditures by Source	FY2018 Enacted	FY2018 Governor	FY2018 Budget	Change to Governor	FY2019 Governor	FY2019 Budget	Change to Governor
General Revenue	\$3,767.7	\$3,806.7	\$3,832.0	\$25.3	\$3,829.3	\$3,908.2	\$78.9
Federal Funds	3,134.1	3,222.0	3,231.3	9.3	3,091.9	3,208.2	116.3
Restricted Receipts	261.7	275.8	277.6	1.8	285.5	281.8	(3.7)
Other Funds	2,079.2	2,157.7	2,124.1	(33.6)	2,171.1	2,174.2	3.1
Total	\$9,242.8	\$9,462.3	\$9,465.0	\$2.8	\$9,377.7	\$9,572.4	\$194.7
FTE Authorization	15,160.2	15,186.2	15,187.2	1.0	15,426.3	15,209.7	(216.6)

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

H-5700 Substitute A as amended on the House floor reduces total general revenue expenditures by \$3.5 million and \$913,062 for FY2019 and FY2018, respectively, as compared to H-5700 Substitute A. All funds were reduced by \$13.3 million for FY2019 and increased \$193,062 in FY2018.

GENERAL REVENUE BUDGET SURPLUS STATEMENT

	FY2017	FY2018	FY 2019
Opening Surplus			
Free Surplus	\$167,818,206	\$61,660,230	\$31,264,778
Reappropriated Surplus	7,848,853	10,338,899	-
Subtotal	\$175,667,059	\$71,999,129	\$31,264,778
Revenues			
Enacted/Actual/Estimated	3,675,827,389	3,834,722,506	3,681,600,000
Closing	8,530,230		
Nov. Revenue Estimating Conference		(10,322,506)	
Governor		28,013,132	266,758,008
Assembly		58,050,000	50,127,288
Total Revenues	\$3,684,357,619	\$3,910,463,132	\$3,998,485,296
To Cash Stabilization Fund	(115,565,275)	(119,163,701)	(120,892,502)
From Cash Stabilization Fund			
Total Available Resources	\$3,744,459,403	\$3,863,298,560	\$3,908,857,572
Expenditures			
Actual/Enacted/Current Svcs.	3,686,469,015	3,767,715,656	3,829,280,172
Closing	(14,008,740)		
Reappropriations		10,338,899	
Governor		28,667,043	
Assembly		25,312,184	78,926,889
Total Expenditures	\$3,672,460,275	3,832,033,782	\$3,908,207,061
Total Surplus	71,999,128	31,264,778	650,511
Free Surplus	\$71,999,128	\$31,264,778	\$650,511
<i>Operating Surplus/(Deficit)</i>	<i>(95,819,078)</i>	<i>(30,395,452)</i>	<i>(30,614,267)</i>
Rainy Day Fund	\$192,608,791	\$198,606,168	\$201,487,504

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ARTICLE 1: RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY2019 (LC003978/6)

The Budget includes changes to the FY2019 appropriation to the following departments:

Department of Administration

The Budget includes \$300,000 in general revenue to support a data analytics pilot to demonstrate the value of merged data across multiple agency systems to further the mission of the Department of Children, Youth, and Families.

Governor

The Budget restores \$100,000 in general revenue for a total appropriation of \$200,000 in the Governor's Contingency Fund. The Governor's Office is annually appropriated general revenue for a contingency fund for unforeseen expenses.

Office of Health and Human Services

The Budget reverses the proposed hospital rate freeze, increasing payments by \$5.0 million general revenue (\$14.3 million all funds). The Graduate Medical Education program increases by \$285,000 in general revenue above the Governor's budget, to \$1.0 million overall. This is \$4.0 million less than the House Finance Committee recommendation.

Nursing home payments increase by \$2.8 million in general revenue funding (\$5.9 million all funds), and reflect the settlement of the court case. The settlement eliminates any retroactive payments or obligations to nursing homes. Going forward, the Budget funds a 1.5 percent base rate increase effective July 1, 2018, and rates will increase another 1.0 percent on October 1, 2018.

The Budget adds \$250,000 for the Liveable Home Modification Grant Program; however, a floor amendment moves the program from the Executive Office to the Governor's Commission on Disabilities. Article 1 contains language directing that the program be run in consultation with the Executive Office.

Governor's Commission on Disabilities

The Budget shifts \$500,000 in general revenue to the Governor's Commission on Disabilities (GCD) from the Executive Office of Health and Human Services (EOHHS) to support the Livable Home Modification Grant Program. In addition, the amendment to Article 1 adds the following proviso language; "provided that this will be used for home modification and accessibility enhancements to construct, retrofit, and/or renovate residences to allow individuals to remain in community settings. This will be in consultation with the Executive Office of Health and Human Services."

Elementary and Secondary Education Aid

The Budget adds \$100,000 for regional transportation, for a total increase of \$600,000 over both the Governor's FY2019 recommendation and the FY2018 Budget as Enacted.

Regional Transportation

	HFC	House Floor Amend.	Total change
Bristol-Warren	\$134,784	\$26,957	\$161,740
Exeter-West Greenwich	113,718	22,744	136,462
Chariho	190,793	38,159	228,952
Foster-Glocester	60,705	12,141	72,846
Total	\$500,000	\$100,000	\$600,000

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Public Higher Education

In FY2019, the Budget limits guaranty agency administration costs to 10.0 percent of the amount of the guaranty operating fund appropriated for scholarships and grants (\$400,000), but allows for the use of any residual revenues from guaranty agency activities collected during the fiscal year.

Judiciary

The Budget eliminates the magistrate positions added by the House Finance Committee, and reduces general revenue funding for personnel by \$75,000. The Budget includes \$525,000 in additional personnel funding above the Governor.

Department of Environmental Management

The Budget shifts \$300,000 in proposed general obligation bond proceeds for the Fort Adams Rehabilitation project to Rhode Island Capital Plan (RICAP) funding, where it has been historically.

FY2019 FTE CHANGES TO THE GOVERNOR

The Budget includes total of 15,209.7 FTE positions, 216.6 FTE position less than proposed by the Governor.

FTE POSITION CAP AND APPROVAL

Government Function	FY2018 Enacted	FY2018 Revised	Change to Enacted	FY2019 Governor	FY2019 Budget	% of Total	Change to Governor	Change to Enacted
General Government	2,365.9	2,367.9	2.0	2,490.9	2,438.9	16.0%	(52.0)	73.0
Human Services	3,715.6	3,728.6	13.0	3,740.2	3,682.6	24.2%	(57.6)	(33.0)
Education	3,924.9	3,925.9	1.0	3,970.4	3,959.4	26.0%	(11.0)	34.5
Public Safety	3,210.0	3,221.0	11.0	3,212.0	3,160.0	20.8%	(52.0)	(50.0)
Natural Resources	429.0	429.0	-	429.0	425.0	2.8%	(4.0)	(4.0)
Transportation	775.0	775.0	-	795.0	755.0	5.0%	(40.0)	(20.0)
Subtotal	14,420.4	14,447.4	27.0	14,637.5	14,420.9	94.8%	(216.6)	0.5
Sponsored Research	739.8	739.8	-	788.8	788.8	5.2%	-	49.0
Total FTE Positions	15,160.2	15,187.2	27.0	15,426.3	15,209.7	100.0%	(216.6)	49.5

Office of the Attorney General

2.0 FTE

The Budget adds 2.0 FTE positions to the Civil Division within the Department of the Attorney General. These positions include 1.0 Paralegal and 1.0 Staff Attorney.

ARTICLE 2: RELATING TO STATE FUNDS (LC003979/3)

The Budget strikes language pertaining to scholarship reserve funds under the Rhode Island Higher Education Assistance Act. The language is moved to Article 1.

The language struck would have amended RIGL 16-57-10 that beginning in FY2019 and in subsequent years, limits the use of scholarship reserve funds under the Rhode Island Higher Education Assistance Act to costs associated with the management of the scholarship and grant programs funded with reserve funds, and sets a limit of no more than 5.0 percent of the reserve funds appropriated for scholarships and grants in the previous fiscal year may be set aside to fund personnel and operating costs.

ARTICLE 4: RELATING TO TAXES AND REVENUES (LC003981/6)

The Budget includes a number of changes to the framework for sports wagering. These include:

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Sports Wagering

Sports Wagering Revenue: The definition of sports wagering revenue is amended to reflect the deduction of the amount an annual flat fee to host communities, the marketing expenses related to sports wagering (as agreed to by the Lottery Division, the sports wagering vendor, and the host facilities), and any applicable federal excise taxes.

- **Sporting Event:** The definition of sporting event is clarified and expanded, providing greater detail, including the inclusion of within contest activity such as individual performances.
- **Limitations:** The Division, through its chosen sports wagering vendor, cannot limit or restrict payoffs, related to sports wagering revenue or lottery revenue.
- **Data Use:** Lists and other identifiable data of sports wagering players generated by the vendor or hosting facility shall be the exclusive property of the Lottery Division, but may be used by them for marketing purposes.
- **Revenue Allocation:** The amendment delineates the distribution by percentage of sports wagering revenue among the State, vendor, host facilities, and communities. It also eliminates the explicit prohibition of paying an integrity fee to any sports league. The allocation is summarized in the following table:

State*	51.0%
IGT (vendor)	32.0%
Twin River & Tiverton	17.0%
Lincoln	\$100,000
Tiverton	\$100,000

** State's share to be deposited into the Lottery Fund to cover administrative costs, with the balance remaining in the general fund.*

Cigarette and Other Tobacco Products Technical Correction

The amendment restores a section of statute that was erroneously eliminated in Article 4 Substitute A.

Other Technical Corrections

The amendment eliminates a mistakenly included section (Section 6) in which no statutory change is presented. The correction requires the renaming of subsequent sections and corresponding effective dates for those sections.

ARTICLE 7: RELATING TO FEES (LC003984/3)

The amendment adds language to encourage shared services across municipalities for the implementation of the E-911 uniform emergency telephone system. It also requires the State's Chief Digital Officer to include in its annual report to the General Assembly information on planned public safety communications and emergency services projects to be funded by the State's Information Technology Investment Fund (ITIF).

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ARTICLE 8: RELATING TO MOTOR VEHICLES (LC003985/2)

The amendment includes several changes to motor vehicle licensing and registration, including:

- Increases the fee for making routine information update changes to a motor vehicle license from \$15 to \$25. This change is consistent with the Governor’s original proposal and represents an increase of \$504,575 in general revenue over the Budget as passed by the House Finance Committee.
- Eliminates the requirement to pay a \$250 fee to reinstate a vehicle registration that has been suspended, denied, or revoked for failing to have a valid inspection (pursuant to RIGL 31-38-2, 31-38-3, 31-38-4, or 31-47.1-3). The Budget as passed by House Finance included a reduction of \$2.6 million in general revenue for this change; however, it did not include the statutory changes to accomplish it. The amendment fixes this.

ARTICLE 9: RELATING TO SCHOOL CONSTRUCTION AND EDUCATION (LC003986/9)

The Budget includes a number of changes to Article 9, including:

Maintenance Expenditure Requirements

- Reduces the percentage of an operating budget that must be dedicated from 3.0 percent to 1.0 percent.
- Alters the start date for the expenditure requirement from FY2019 to FY2020. The three-year phase-in remains in effect.

Incentives

- Clarifies that the 20 incentive point cap is in addition to regionalization increases, and school safety and security increases.
- Requires that any school district receiving an increased share ratio for a project approved prior to July 1, 2018, shall continue to receive that increase for as long as project receives housing aid
- For projects approved between May 1, 2015, and January 1, 2018:
 - Eligible to receive up to 20 incentive points, so long as not increase state share by more than half or decrease local share by more than half
 - Such projects with costs in excess of \$1.5 million are only eligible for up 5 points if project costs do not include an owners program manager and a commission agent
 - Incentive points are only applied to reimbursements occurring on or after July 1, 2018

School Resource Officers

- Adds a definition for “school resource officer”:
 - Career law enforcement officer with sworn authority
 - Deployed by an employing police department or agency in a community-oriented policing assignment to work in collaboration with one or more schools
 - Should have completed at least 40 hours of specialized training in school policing, administered by an accredited agency, before being assigned

Technical Corrections

- Making various technical corrections to the language in the article

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ARTICLE 10: RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY2018 (LC003987/3)

The Budget includes changes to the FY2018 appropriation to the following departments:

Executive Office of Commerce

The Budget provides \$600,000 in RICAP funds in FY2018 to the Executive Office of Commerce for the construction of interim parking to be used by the judges and staff at the Garrahy Judicial Complex in Providence until the construction the new garage has been completed. It is slated to open in 2019.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals

The Budget increases general revenue expenditures by \$793,062 at Eleanor Slater Hospital by shifting expenses to other sources. The House Finance Committee included general revenue savings totaling \$427,520 related to turnover at the Hospital. This amendment shifts those savings to federal funds. The House Finance Committee also included general revenue savings totaling \$365,542 related to the use of a restricted receipt account to offset expenses in FY2018; however, this exceeded the available funds in the account. This amendment restores those unachievable savings.

Department of Environmental Management

The Budget increases general revenue expenditures by \$120,000 for additional storm cleanup expenses this past winter/spring.

ARTICLE 11: RELATING TO WORKFORCE DEVELOPMENT (LC003988/2)

Amendment makes minor technical and drafting corrections.

ARTICLE 12: RELATING TO ECONOMIC DEVELOPMENT (LC003989/4)

The Budget includes a number of economic development, including:

Motion Picture Tax Credit

Increases the amount of certified production costs (directly attributable to motion picture production activity within the state) used to calculate a company's tax credit from 25.0 percent to 30.0 percent.

Technical Corrections

Makes several technical corrections and edits to Article 12, including changing the due date on new reporting requirements on incentives and clarifying that it is the Commerce Corporation, not its board, that is responsible for preparing the report.

ARTICLE 13: RELATING TO MEDICAL ASSISTANCE (LC003990/3)

The Governor's proposal, and the House Finance Committee Budget proposal froze hospital inpatient and outpatient rates. The amendment passed on the House floor reverses this rate freeze, adding \$14.3 million for payments to hospitals.

The amendment recognizes the court settlement agreement related to nursing facility rates. Nursing home payments increase by \$2.8 million in general revenue funding (\$5.9 million all funds). The settlement eliminates any retroactive payments or obligations to nursing homes. Going forward, the Budget funds a 1.5 percent base rate increase effective July 1, 2018, and rates will increase another 1.0 percent on October 1, 2018.

The amendment ties future inflation-based home care rate increases to the "New England Consumer Price Index card".

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The amendment repeats some of the above-mentioned changes in the Medicaid Resolution section of the Article.

ARTICLE 15: RELATING TO CHILDREN AND FAMILIES (LC003992/3)

The amendment makes several changes to the language concerning administration of the voluntary extension of care (VEC) program. These changes are necessary in order to ensure that the Department of Children, Youth, and Families (DCYF) can leverage federal Title IV-E funds. Specifically, the amendment:

- Adds a stipulation for children who were adopted or placed in guardianship after age 16. Prior to implementing a VEC agreement for these youth, DCYF must first attempt to address the young adult's needs through their existing adoption assistance agreement by providing post-adoptive or post-guardianship support services to the youth and their family.
- Restores language which was removed by the House Finance Committee. This language specifies which services DCYF must provide to youth in the VEC program. These supports include, but are not limited to: securing housing, education, or employment; applying for public assistance benefits; and obtaining important documents.

LC003392/3 also includes a technical amendment to correct reimbursement rates for pre-school age child care providers. Licensed child care centers receiving a rating of tier four will be reimbursed 13.0 percent above the FY2018 weekly reimbursement amount, and tier five will be reimbursed 21.0 percent above the FY2018 weekly reimbursement amount.