
Section I

Budget at a Glance

Governor's FY 2020 Budget at a Glance

The Governor's budget recommendations for FY 2020 are contained in 2019-H 5151, introduced on January 17, 2019; her revisions to the FY 2019 enacted budget were also introduced that day as separate legislation in 2019-H 5150. This was in compliance with the law requiring the budget be submitted by the third Thursday in January. Supporting documents required as part of that submission were not made available with the introduction, except for the executive summary. Documents were made available during the weeks that followed. The Capital Budget was not available until the second week of February, and there are significant discrepancies from the appropriations bill submitted, primarily because the bill overstated available resources and the funding in the Capital Budget shows reductions or delays for several projects to correct that error. Staff review of the budget has been hampered by these delays and significant inconsistencies in materials that were provided.

The table below shows the total budget by fund source and how it compares to the budget adopted for FY 2019. General revenue spending would increase by \$166.9 million or 4.3 percent.

| FY 2020 | General | | | | |
|-------------------|------------|------------|------------|------------|------------|
| | Revenue | Federal | Restricted | Other | All Funds |
| FY 2019 Enacted | \$ 3,908.2 | \$ 3,208.2 | \$ 281.8 | \$ 2,174.5 | \$ 9,572.7 |
| Governor | 4,075.1 | 3,318.7 | 301.5 | 2,234.8 | 9,930.0 |
| Change to Enacted | \$ 166.9 | \$ 110.5 | \$ 19.6 | \$ 60.3 | \$ 357.3 |
| Percent Change | 4.3% | 3.4% | 7.0% | 2.8% | 3.7% |

Revised general revenue spending recommended for the current year exceeds the enacted budget by \$38.8 million or 1.0 percent; it exceeds FY 2018 expenditures by \$148.4 million or 3.9 percent. Total revised expenditures from all sources are \$236.0 million more than enacted and \$776.6 million or 9.2 percent more than spent in FY 2018.

| FY 2019 Revised | General | | | | |
|------------------------------|------------|------------|------------|------------|------------|
| | Revenue | Federal | Restricted | Other | All Funds |
| FY 2018 Final | \$ 3,832.0 | \$ 3,231.3 | \$ 277.6 | \$ 2,124.1 | \$ 9,465.0 |
| FY 2018 Actual | 3,798.7 | 2,996.5 | 258.6 | 1,978.5 | 9,032.2 |
| Difference | \$ (33.3) | \$ (234.9) | \$ (19.0) | \$ (145.6) | \$ (432.8) |
| FY 2019 Enacted | \$ 3,908.2 | \$ 3,208.2 | \$ 281.8 | \$ 2,174.5 | \$ 9,572.7 |
| Governor's FY 2019 Revised | 3,947.1 | 3,339.6 | 294.3 | 2,227.8 | 9,808.8 |
| Governor's Change to Enacted | \$ 38.8 | \$ 131.4 | \$ 12.5 | \$ 53.2 | \$ 236.0 |
| Percent Change | 1.0% | 4.1% | 4.4% | 2.4% | 2.5% |

Budget Issues

- FY 2020 Gap.** The Budget Office originally estimated that in preparing the FY 2020 budget, the Governor faced a projected revenue-expenditure gap of about \$158 million. This was similar to the House Fiscal Staff's June projections with the Budget Office estimate carrying both revenue and expenditure assumptions that were about \$30 million higher than the House Fiscal Staff estimate. By November, it was clear that agency overspending and increased caseload costs would outstrip increased resources available from the FY 2018 closing and consensus revenue estimates that exceed internal projections for FY 2020. The House Fiscal Staff estimated in November that those factors meant a roughly \$47 million current year deficit would have to be solved as well as a \$150 million issue for FY 2020, representing approximately 3.6 percent of general revenue expenditures.

- ***Out-Year Projections.*** The out-years continue to be significantly unbalanced as projected expenditure growth continues to outpace revenue growth. The forecast included with the Governor’s budget estimates a \$79.1 million gap for FY 2021, equating to 1.9 percent of useable revenues, that grows to \$277.0 million in FY 2024, 6.3 percent of useable revenues. The FY 2021 gap includes the impact of the use of one-time items in the resolution of the current budget gap as well as growth in local aid based on the ongoing car tax phase-out. The Governor proposes shifting a greater proportion of those costs to the later years. The forecast also assumes the impact of new proposals for spending including expansion of free tuition, increased tax credit proposals and commitments for tax credits. Some of that is offset by growth in newly proposed revenue items for which only a partial year impact is assumed for FY 2020.

The estimate appears to exclude the significant impact of recent changes to the school construction program that are expected to drive costs well above the currently estimated \$80 million per year in addition to the known costs of servicing the debt on the new \$250 million bond. The forecast also does not include any growth in expenses for the universal pre-kindergarten proposal which requires expansion to meet demand.

- ***Budget Assumptions.*** The Governor’s budget follows the traditional Rhode Island budgeting practice of assuming passage of legislation submitted with the budget and approval by requisite federal agencies of changes under their purview. Should any of that legislation not pass, the budget will be significantly unbalanced. The sales tax legislation contained in the revised budget must become law before April 1 to meet the revenue estimates upon which the FY 2020 budget is based because of the implementation schedule. There is \$3.3 million in general revenue savings over two years from changing provisions of the hospice care rate adjustment authorized in the FY 2019 budget because the Administration interpreted a broader application of the increase than intended or funded in that budget. The Governor’s budget appears to assume these savings are captured retroactively to January 1, but does not contain language to do so; staff is awaiting further clarity on this proposal.

- ***Undistributed Savings.*** The budget includes \$15.2 million of undistributed statewide savings from three initiatives with no identified plan on how they will be achieved. A holdover from prior years is \$4.2 million from detection of fraud and waste. There is also \$10.0 million to be identified by a Statewide Efficiency Commission created by Executive Order on February 21 to be led by the Office of Management and Budget. There is also \$1.0 million in unspecified overtime savings.

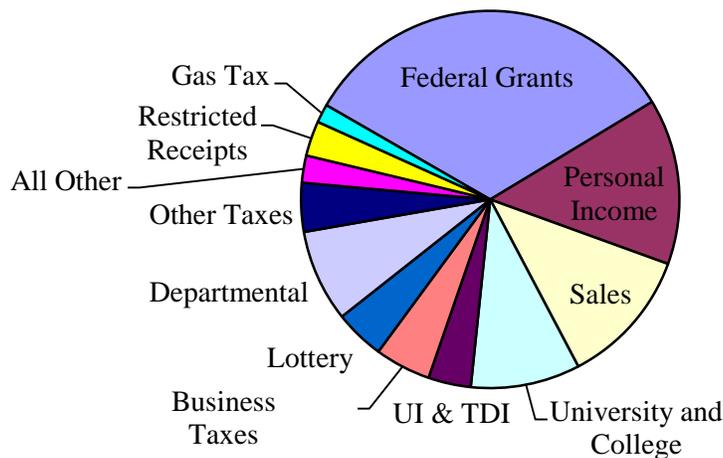
- ***Efficiency Savings.*** The Governor’s revised budget distributes \$4.6 million in general revenue savings assumed in the Department of Administration’s budget to be achieved from efficiencies. Savings were allocated to larger agencies based on each agency’s share of personnel costs funded from general revenues, not based on any specific efficiencies.

- ***Prompt Payment Savings.*** The Governor’s revised budget distributes \$350,000 in general revenue savings assumed in the Department of Administration’s enacted budget to be achieved from a statewide prompt payment initiative proposed by the Governor whereby master price agreement vendors voluntarily offer the state a discount if they receive their payments within an agreed upon date. Savings were allocated based on vendor participation through December. These savings are repeated in FY 2020.

- ***Contract Savings.*** The Governor’s revised budget distributes \$3.0 million in general revenue savings assumed in the Department of Administration’s enacted budget to be achieved from a statewide initiative proposed by the Governor to reduce the cost of certain commodities such as food, building maintenance, office equipment and telecommunications. The state entered into a \$0.8 million contract with a vendor to identify specific savings; however, actual savings are unknown and no specific plan has been identified to achieve them. Savings were allocated to all agencies based on their shares of all operating costs including rent and centralized services, a majority of the underlying costs for which are personnel that appear as operating expenses in user agency budgets. These savings are repeated in FY 2020.

- **Insurance Savings.** The Governor’s revised budget distributes \$0.5 million of the \$1.0 million in general revenue savings assumed in the Department of Administration’s enacted budget from an insurance savings initiative proposed by the Governor for FY 2019. As of December 2018, \$0.1 million in malpractice insurance savings for state physicians has been achieved. The remaining \$0.4 million would need to be achieved in other insurance policies including property and crime coverage; \$0.5 million of the original savings will not be achieved. Savings were allocated to all agencies based on budgeted insurance amounts. These savings are repeated in FY 2020.

Sources of Funds



Taxes and Revenues

New Taxes

- **Medicaid Employer Assessment.** The Governor’s budget includes \$15.6 million in new revenues from imposing a 10 percent assessment on for-profit employers with 300 or more employees for each employee who is enrolled in the state’s Medicaid program. The payment is capped at \$1,500 per employee per year. These revenues are offset by \$1.1 million of expenses for implementation.
- **Firearms and Ammunition Excise Tax.** The Governor’s budget assumes \$0.8 million of new revenues from creating an excise tax of 10.0 percent above the sale price, effective October 1, 2019.

Tax Changes

- **Cigarettes.** The Governor’s budget assumes \$3.1 million in revenues from a proposal to increase the cigarette tax by \$0.25, to \$4.50 per 20-pack, effective August 1, 2019.
- **Other Tobacco Products.** The Governor’s budget assumes \$1.0 million in revenues associated with proposed legislation to impose a 40.0 percent wholesale tax on electronic nicotine delivery systems and raise the per cigar tax from \$0.50 to \$0.80. The cigar change is estimated to generate \$0.6 million, with the

remaining \$0.4 million from the e-cigarette tax. The budget also includes \$0.4 million for staffing related to the e-cigarette component.

- ***Sales Tax on Digital Products.*** The Governor's budget assumes \$2.6 million in revenues from expanding the state sales tax to include online streaming or subscription services, including videos, music, books and ringtones, whether the purchaser retains permanent or term-limited access to the product, effective October 1, 2019.
- ***Sales Tax on Lobbying Services.*** The Governor's budget assumes \$0.9 million in revenues associated with the expansion of the state sales tax to include lobbying services within the state, effective October 1, 2019. The Budget Office has since noted this estimate was overstated and would only be \$0.3 million.
- ***Sales Tax on Interior Design Services.*** The Governor's budget assumes \$0.5 million in revenues associated with the expansion of the state sales tax to include interior design services within the state, effective October 1, 2019. The Budget Office has since noted this estimate assumed a January start and would actually be \$0.8 million based on the October effective date.
- ***Sales Tax on Hunting, Trapping, and Shooting Services.*** The Governor's budget assumes \$0.6 million in revenues associated with the expansion of the state sales tax to include commercial hunting and trapping retreats and preserves, as well as shooting ranges for archery and firearms, including memberships to shooting clubs, effective October 1, 2019.
- ***Sales Tax on Commercial Building Services.*** The Governor's budget assumes \$6.2 million in revenues associated with the expansion of the state sales tax to include extermination, janitorial, landscaping, carpet and upholstery cleaning, and other building services for commercial buildings, effective October 1, 2019. The proposal excludes residentially-zoned property, and properties for which more than half the square footage is non-commercial. The Budget Office has since noted this estimate assumed a January start and would actually be \$10.1 million based on the October effective date.
- ***Hotel Tax.*** The Governor's budget assumes \$4.4 million from increasing the 5.0 percent state hotel tax to 6.0 percent, effective July 1, 2019 and retaining that extra one percent for state general revenues.

Enhanced Compliance and Collections

- ***Remote Sellers Sales Tax Collection/Reporting.*** The Governor's budget assumes \$11.5 million in revenues from extending the requirement to collect and remit sales taxes to requiring them to collect and remit sales taxes, consistent with the Supreme Court of the United States *South Dakota vs. Wayfair* decision. This legislation would have to become law no later than April 1 because of implementation issues. The budget also assumes \$0.3 million in additional staffing expenses related to enforcement of this proposal.
- ***Division of Collections.*** The Governor's budget includes \$750,000 of new revenues from the addition of an attorney to the Division of Collections and procuring a case management system. It also proposes to change the interest rate associated with these collections from the current range of 18.0 percent to 21.0 percent, to the statutory rate required by the referring agency or 13.0 percent, whichever is greater.

Gaming Revenues

- ***Remote Sports Betting.*** The Governor's budget assumes \$3.0 million from expanding sports betting to include play using a computer or mobile device within the state.
- ***Traditional Lottery Apps.*** The Governor's budget assumes \$0.9 million in new revenues by permitting traditional lottery games to be played via a mobile app. No details have been provided on this proposal and

how it differs from current revenue estimates that assume the lottery will maximize its revenue opportunities under current law.

- **Lottery Transfer Adjustment.** The Governor's budget includes a correction to the calculation of the final lottery transfer from the casinos from the November 2018 Revenue Estimating Conference. This correction lowers revenues by \$1.1 million for FY 2020 and \$0.1 million for FY 2019.

DEM Fee Changes

- **Beach Fees.** The Governor's budget assumes an additional \$0.7 million in revenue based on the Department of Environmental Management increasing beach fees through its public regulatory process. Any change would need to be proposed later this winter in order to be in place for FY 2020. On February 20, the Department announced an approximate 33 percent increase for these fees. Based on actual collections from FY 2018 the Department would need to increase fees by approximately 60 percent to generate the revenues and increase the payment to host communities assumed in the budget.

- **Campground Fees.** The Governor's budget assumes an additional \$0.7 million in revenue for FY 2020 based on the Department of Environmental Management increasing campground fees through its public regulatory process. Any change would need to be proposed later this winter in order to be in place for FY 2020. On February 20, the Department announced a new three-tiered system for campground rentals. The increases range from 28 percent for the lowest tier to as much as 50 percent for the highest tier. Based on actual collections from FY 2017, which is the most recent available data, the Department would need to increase fees by approximately 40 percent to generate the revenue assumed in the budget.

- **Unspecified Recreation Fees.** The Governor's budget includes an additional \$0.1 million in revenue from the Department of Environmental Management increasing unspecified recreation fees. No additional details have been provided, but fees not separately identified in other proposals appear to include table and field rentals. These fees are set through regulations and would go through a public review process.

- **Hard-to-Dispose Materials Fees.** The Governor recommends doubling the fees on hard-to-dispose materials to generate \$1.0 million in additional revenues for FY 2020. Under current law these charges include \$0.05 per quart or \$0.053 per liter on motor oils, \$0.10 per gallon or \$0.0264 per liter on antifreeze, \$0.0025 per gallon or \$0.00066 per liter on organic solvents, \$0.50 per tire, and \$3.00 for each new vehicle.

- **Beverage Container Case Fee.** The Governor's budget assumes \$2.1 million of new revenues from doubling the beverage container case fee from \$0.04 per case to \$0.08 per case for all beverage container cases sold by a wholesaler to retailer or consumer. The budget assumes a full year of collections.

- **Oil Spill Prevention, Administration, and Response Fund.** The Governor recommends doubling the fee supporting the Oil Spill Prevention, Administration, and Response Fund that is collected on barrels of petroleum products received at marine terminals from vessels originating outside the state. She also proposes expanding the allowable uses of the fund to pay for compliance and monitoring activities for storm water management and brownfields remediation. Additionally, her revised budget proposes transferring \$1.0 million of current reserves from this fund to state general revenues by June 30, 2019. The fee would increase from five to ten cents per barrel, increasing collections by an estimated \$1.5 million.

DMV Fee Changes

- **Technology Surcharge.** The Governor proposes legislation to raise the \$1.50 technology surcharge applied to all Division of Motor Vehicles transactions to \$2.50 and make the fee permanent. The 2018 Assembly extended the surcharge collections from FY 2018 through FY 2022 to allow sufficient funds to pay for additional costs of the new computer system. The revenues are currently deposited in the

Information Technology Investment Fund to repay the payment made to close out that project and any excess funds would be available for enhancements to the Division's computer system. The current proposal makes the increased revenues available for immediate use by the Division and the entire fee after FY 2021 once prior commitments are repaid.

- ***Oversized and Overweight Vehicle Permits.*** The Governor's budget assumes \$0.5 million of new revenues from increasing the oversized and overweight permit fees. The budget increases the single use trip permit fee from \$20 to \$40 or the annual fee from \$300 to \$400 for loads under 130,000 pounds. It establishes a new fee of \$300 for loads exceeding 130,000 pounds.
- ***License Plate Reissuance.*** The Governor proposes an indefinite delay to the statutory license plate reissuance required under Rhode Island General Law. The budget reduces revenues by \$1.8 million to account for not collecting the \$6 per plate set fee that would have been imposed to offset the cost for these replacements.
- ***Municipal Tax Block Fee.*** The Governor's budget assumes \$0.4 million in new revenues from a proposal to charge a \$5 fee to municipalities for each vehicle registration hold placed on their behalf for unpaid taxes.

Medical Marijuana and Cannabis Regulation

- ***Adult Use Marijuana Program.*** The Governor's budget assumes \$4.9 million in new revenues from the legalization of marijuana including hemp beyond the current limitation to medicinal purposes. The Governor proposes a new Office of Cannabis Regulation in the Department of Business Regulation, and provides funding for the Executive Office of Health and Human Services, and Departments of Health, Public Safety, and Revenue to support the new Office. The recommendation includes 25.0 full-time equivalent positions. It further assumes a portion of receipts would be allocated to cities and towns.
- ***Medical Marijuana Regulation.*** The Governor's budget assumes an increase of \$1.6 million in new revenues including sales tax, fees, and surcharge collections from changes to the current medical marijuana program that would restrict the ability to home cultivate to only those with a hardship exemption, provided there is an appointed caretaker.

Transfers from Quasi-Public Corporations

- ***Transfer Alternatives.*** The budget relies on \$20.0 million in new transfers from quasi-public agencies to cover the spending gaps in both the current year as well as FY 2020. The Governor also proposes to repeal the requirement that in the event a budget submitted by the Governor to the General Assembly includes any transfers of resources from public corporations to the General Fund, the submission must also include alternatives for those transfers. The 2017 Assembly added the requirement for alternatives to solicit concrete proposals that can be considered as part of budget hearings.
- ***Rhode Island Resource Recovery Corporation Transfer.*** The Governor proposes that the Rhode Island Resource Recovery Corporation transfer \$5.0 million to state general revenues by June 30, 2019.
- ***RI Health and Educational Building Corporation Transfer.*** The Governor proposes that the Rhode Island Health and Educational Building Corporation transfer \$2.0 million to state general revenues by June 30, 2019.
- ***Quonset Development Corporation Transfer.*** The Governor proposes that Quonset Development Corporation transfer \$2.0 million to state general revenues by June 30, 2019.

- ***Rhode Island Housing Transfer.*** The Governor proposes that Rhode Island Housing transfer \$2.5 million to state general revenues by June 30, 2019 and another \$1.5 million to state general revenues by June 30, 2020.
- ***Rhode Island Student Loan Authority Transfer.*** The Governor proposes that the Rhode Island Student Loan Authority transfer \$1.5 million to state general revenues by June 30, 2019 and transfer another \$1.5 million to state general revenues by June 30, 2020.
- ***Rhode Island Infrastructure Bank Transfer.*** The Governor proposes that the Rhode Island Infrastructure Bank transfer \$4.0 million to state general revenues by June 30, 2020.

Other Revenues

- ***Debt Collectors' Fee.*** The Governor's budget assumes \$0.6 million in new revenues from raising the annual fee for debt collectors from \$100 to \$500. The fee in Massachusetts is currently \$1,000; it is \$400 in Connecticut. The Governor's executive summary describes the debt collector fee as increasing to \$750; it appears that was the intent. It is unclear what information was used to calculate the revenue estimate as there is also a discrepancy in supporting documents on the number of licensees.
- ***Mortgage Loan Originator Licensing Fee.*** The Governor's budget assumes \$1.2 million of new revenues from increasing the annual mortgage loan originator licensing fee from \$100 to \$400.
- ***Underground Storage Tank Trust Fund.*** The Governor proposes to transfer reserves of \$1.0 million from the Underground Storage Tank Trust Fund to state general revenues by June 30, 2019.
- ***Department of Environmental Management Unexpended Bond Funds.*** The Governor proposes to transfer unexpended bond funds totaling \$1.4 million from six different Department of Environmental Management issuances to state general revenues by June 30, 2019.
- ***Cigarette Dealer Licensing.*** The Governor's budget includes \$0.5 million in new revenues from several changes to the state's cigarette licensing fees including increasing the dealer's application fee from \$25 to \$75, increasing the initial licensing fee from \$100 to \$250 and increasing the renewal fee from \$25 to \$250. Licensing would also be expanded to make dealers of e-cigarette products subject to this fee. The Governor's executive summary describes the cigarette dealer license fee as increasing to \$400; it appears this was the intent and the revenue estimate assumes the higher fee.

Tax Credits and Incentives

- ***Qualified Jobs Tax Credit.*** The Governor's budget proposes to create a two-tiered cap on the Qualified Jobs program starting July 1. The current cap is the lesser of actual employee state tax withholding or \$7,500 per job. The credit is based on \$2,500 per job but can reach the higher cap under certain, defined circumstances but in no case can it exceed state income tax actually withheld from the jobholder. The proposal drops the standard tax credit cap to \$6,500 per job unless those jobs are deemed to be part of a newly defined "major economic development opportunity." In the case of this higher standard, the \$7,500 cap would apply. This new definition includes situations where over half the new jobs are classified as high wage and where the expansion or relocation meets additional criteria established by the Commerce Corporation including a minimum of 100 new full-time jobs in the state; or the relocation or establishment of a regional or national headquarters or other major corporate hubs in the state.
- ***Rebuild Rhode Island Tax Credit.*** The Governor's budget includes \$15.0 million from general revenues to continue funding commitments already made under the Rebuild Rhode Island Tax Credit program. This would bring total funds committed to funding these tax credits, which are redeemed over time, to \$64.7 million.

Approximately \$104.4 million of redeemable credits have been committed as of January 2019. The Governor's budget includes legislation to increase the total amount of credits that can be awarded under the program from \$150 million to \$250 million and extends the program's sunset date from June 30, 2020 to December 31, 2023. The Governor's out-year forecast projects the need to begin setting aside \$25 million annually for FY 2021 and FY 2022 and almost \$50 million beginning FY 2023 to fund these tax credit commitments.

The Governor also proposes to create distinct application processes for projects which include a manufacturer, which would be exempt from required minimums for square footage and project costs. Other changes include allowing separate buildings for the same project on I-195 land to be distinct awardees subject to separate \$15.0 million project caps; and allowing the Commerce Corporation to charge funds set aside for the credits up to \$250,000 for technical assistance to applicants.

- ***Rebuild Rhode Island Tax Credit - Historic Structures.*** The Governor's budget proposes to create distinct application processes for certified or recognized historic structures, and projects which include affordable or workforce housing, subject to Corporation guidelines. It requires the Division of Taxation to notify participants of the Historic Tax Credit of 2013 program of their potential eligibility for the Rebuild Rhode Island program. Historic projects would be exempt from required minimums for square footage and project costs.

- ***Wavemaker Fellowships.*** The Governor's budget includes \$1.2 million from general revenues for continued funding of the student loan forgiveness program enacted by the 2015 Assembly. It provides up to four years of loan forgiveness for an associate, bachelor or a graduate degree in the fields of natural or environmental sciences, computer technology, engineering or medicine. Recipients must work at least 35 hours per week for an employer located in the state; two-thirds of the awardees must be permanent residents of the state. The Governor's budget proposes to extend the sunset date from June 30, 2020 to December 31, 2023 and adds language allowing self-employed people to qualify.

- ***Research and Development Tax Credit.*** The Governor's budget reduces general revenues by \$1.3 million for a transferrable tax credit program to assist businesses with costs associated with research and development investments made within the state. The proposal allows a 15-year carry-forward for investments made after June 30, 2019. It also extends a carry-forward for the state's existing tax credit from seven to 15 years.

Commerce and Workforce

- ***Minimum Wage.*** The Governor's budget includes legislation increasing the minimum wage from \$10.50 per hour to \$11.10 per hour, effective January 1, 2020. The recommended budget also includes \$0.1 million for the impact to the Department of Environmental Management's seasonal recreational program in FY 2020.

- ***Streamline and Simplify.*** The Governor's budget includes \$0.8 million for a new joint initiative between the Department of Business Regulation and the Commerce Corporation to improve the state's business climate. It includes \$0.5 million and 7.0 new full-time equivalent positions for the Department of Business Regulation and \$0.3 million and 2.0 new full-time equivalent positions for the Executive Office of Commerce.

- ***Air Service Development.*** The FY 2017 through FY 2019 enacted budgets included appropriations totaling \$2.5 million to support direct incentives, revenue guarantees, and or other support for additional air service routes to major metropolitan areas. The 2018 Assembly established a sunset date of June 30, 2020. The Governor's budget does not include further funding but does propose to extend the sunset date to December 31, 2023.

- **Commerce Corporation - Operations.** The Governor’s budget includes \$7.6 million from general revenues, \$115,392 more than enacted, for FY 2020 to support general operations of the Corporation.
- **Experimental Program to Stimulate Competitive Research (EPSCoR).** The Governor recommends the enacted amount of \$0.9 million for FY 2020 for the National Science Foundation’s Experimental Program to Stimulate Competitive Research.
- **Innovate RI Small Business Programs.** The Governor’s budget includes the enacted level of \$1.0 million to support Small Business Innovation Research grants and the Bioscience and Engineering Internship Programs.
- **Innovation Initiative.** The Governor’s budget includes \$1.0 million from general revenues for Innovation Initiative grants and vouchers for businesses with less than 500 employees. Vouchers of up to \$50,000 may be given for research and development assistance from a Rhode Island university, research center or medical center, or to a small business manufacturer for internal research and development.
- **I-195 Redevelopment.** The Governor’s budget includes an additional \$1.0 million from general revenues to provide developers and businesses with financing for capital investment, including land acquisition to promote the development of the former I-195 land administered by the I-195 Redevelopment District Commission. The 2018 Assembly extended the program’s sunset date from December 31, 2018 to June 30, 2020. The Governor’s budget proposes to extend the sunset date from June 30, 2020 to December 31, 2023. Proposed changes to the Rebuild Rhode Island tax credit program would permit separate buildings for the same project on the I-195 land to be distinct awardees subject to separate \$15.0 million project caps under that program.
- **Industry Cluster Grants.** The Governor’s budget includes \$0.1 million for the Industry Cluster Grants program, which enables the Commerce Corporation to provide startup and technical assistance grants ranging from \$75,000 to \$250,000 and to provide competitive grants ranging from \$100,000 to \$500,000 for activities within an industry cluster and to close industry cluster gaps. The Governor’s budget proposes to extend the sunset date from June 30, 2020 to December 31, 2023.
- **P-Tech Initiative.** The Governor’s budget includes \$0.2 million for the P-Tech Initiative, which establishes partnerships between high schools, higher education institutions, and employers to offer courses towards high school diplomas and associate’s degrees. The FY 2016, FY 2017, and FY 2019 enacted budgets included a total of \$2.3 million for the program. The Commerce Corporation has awarded funding to six school districts and provided administrative support to the Community College of Rhode Island, totaling \$1.3 million in awards. The Governor’s recommendation would bring available resources to \$0.9 million after administrative costs. The Governor’s budget proposes to extend the sunset date from June 30, 2020 to December 31, 2023.
- **Polaris Manufacturing Extension Partnership.** The Governor’s budget includes the enacted amount of \$350,000 from general revenues to support Rhode Island manufacturers by continuing to deploy technical experts to provide LEAN training facilities layout and provide assistance in manufacturing optimization. Polaris Manufacturing Extension Partnership is a Providence-based nonprofit organization. It receives funding from the National Institute of Standards and Technology to subsidize its consulting services to make them more affordable to smaller manufacturing business owners, and fund awareness activities and educational seminars.
- **Small Business Assistance Program.** The Governor’s budget includes \$750,000 from general revenues to recapitalize the Small Business Assistance Program for businesses with less than 200 employees that are having difficulties obtaining financing from traditional lending organizations. The maximum amount that any one business can obtain from the fund is \$750,000. The program provides a set aside provision for

between 10.0 percent and 25.0 percent of the funding for a microloan program to be administered by a third party with expertise in microloans. The 2018 Assembly extended the program's sunset date to June 30, 2020. The Governor's budget proposes to eliminate the sunset provision.

- ***Small Business Development Center.*** The Governor's budget includes the enacted amount of \$350,000 from general revenues for the Small Business Development Center at the University of Rhode Island.
- ***Main Street Streetscape Improvement Fund.*** The Governor's budget excludes \$0.5 million for the Main Street Streetscape Improvement Fund for FY 2020. The FY 2016 through FY 2019 budgets provided a total of \$3.0 million for the fund and authorized the Commerce Corporation to award loans, matching grants and other forms of financing to enhance sidewalks, signage of public space and lighting in order to create an attractive environment in local business districts. The Governor's budget proposes to extend the sunset date from June 30, 2020 to December 31, 2023.
- ***Site Readiness/Partnership Council.*** The Governor's budget includes \$2.5 million, including \$1.5 million from general revenues and \$1.0 million from Rhode Island Capital Plan funds to provide municipalities with training, investments, and authority to expedite development. This includes establishing an entity to oversee this work chaired by the Secretary of Commerce. The entity would be a new quasi-public corporation under the Commerce Corporation with the same rights and authority as the Quonset Development Corporation, including the issuance of public debt. Although described in supporting documents as a pilot program, there is no proposed sunset provision.
- ***Supply RI.*** The Governor's budget includes the enacted amount of \$0.3 million from general revenues for the Supply RI program, which connects small suppliers with the state's largest commercial purchasers by developing infrastructure to facilitate engagements, including supporting additional Commerce Corporation staff and advertising.
- ***Affordable Housing.*** The Governor's budget includes \$65.0 million from general obligation bond funds approved by the voters in November 2016 to provide funding for affordable housing support, including rehabilitation of existing structures and new construction. The budget also includes \$10.0 million from general obligation bonds the voters approved on the November 2016 ballot to improve properties that are blighted or in need of revitalization, including residential, commercial, and public properties.
- ***Quonset Piers.*** The Governor's budget includes a total of \$90.4 million for extension and renovation of the Quonset Business Park's pier 2. This includes \$50.0 million of general obligation bond proceeds approved by the voters on the November 2016 ballot, \$25.0 million from revenue bonds authorized by the 2016 Assembly to be issued by the Quonset Development Corporation, and \$15.4 million from Rhode Island Capital Plan funds.
- ***Quonset Industrial Park Renovations.*** The Governor's budget includes \$14.0 million from Rhode Island Capital Plan funds for infrastructure improvements at the Quonset Business Park, including increasing roadway crossing capacity and utility relocation for additional future development of heavier shipping weights, construction of a new pier, dredging a new approach to that pier. These funds would support total estimated project costs of \$34.5 million, with the remaining expenses paid by tenants of the Quonset Business Park.
- ***Port of Providence.*** The Governor's budget includes \$20.0 million from general obligation bond funds approved by the voters on the November 2016 ballot to increase terminal capacity at the Port of Providence by funding the acquisition of up to 25 acres of land located between Allens Avenue in the City of Providence and the Providence River and associated infrastructure improvements. It was previously reported the state would enter into a revenue sharing agreement with ProvPort, a non-profit entity that provides port services

for the City. ProvPort would be responsible for the management and marketing of the land; however, the state would own the land itself.

- ***Innovation Campus Bond.*** The Governor's budget includes \$20.0 million from general obligation bonds approved by the voters on the November 2016 ballot for the construction of one or more innovation campuses affiliated with the University of Rhode Island. In December 2018, the state announced awards totaling \$12.0 million to three projects as a first round; it should be noted one of the projects also includes \$5.4 million of private funding through the University of Rhode Island.
- ***Real Jobs Rhode Island.*** The Governor recommends the enacted general revenue amount of \$5.5 million for the Real Jobs Rhode Island job training program in FY 2020. Additionally, her recommendation reflects new annual collections for the Job Development Fund totaling \$1.2 million beginning January 2020 by expanding the assessment to large non-profit employers who are currently not subject to this charge.
- ***Income Support Staffing.*** The Governor recommends \$12.4 million from all sources in FY 2020 to support staff levels in the Income Support program of the Department of Labor and Training. The recommendation reduces expenses by \$1.0 million to reflect the availability of federal awards; the FY 2019 revised recommendation reduces expenses by \$1.7 million. As federal resources for the administration of unemployment have continued to decrease with the unemployment rate, the Department has not reduced spending and significantly overspent in FY 2018. The current level of staffing in the program still appears to exceed available and recommended resources as the program spent \$13.5 million on staff in FY 2018.
- ***Urban Ventures.*** The Governor's budget excludes \$140,000 assumed in the enacted budget for Urban Ventures, a 501(c)(3) Urban Business Incubator. The state is required to support an urban business incubator by statute; the plan to meet that standard is not identified.
- ***Workforce Development in the Arts.*** The Governor's budget includes \$30,000 from general revenues to support the development of a skilled arts workforce in Rhode Island, through a curriculum developed by the Council on the Arts in conjunction with the Providence Department of Art, Culture + Tourism, and the Rhode Island School of Design continuing education program. The program includes a four-month apprenticeship focused on arts-specific business training.
- ***Workforce Regulation and Safety Staffing.*** The Governor's revised budget includes \$1.2 million more from general revenues for FY 2019 for the Department of Labor and Training's Workforce Regulation and Safety program to cover projected shortfalls consistent with overspending in FY 2018. The recommended general revenues would maintain the FY 2018 staffing level. The FY 2020 recommendation does not include this funding and would not support the current level of staffing in the program; it appears to assume nearly ten positions would become vacant and remain so by FY 2020.
- ***Work Immersion/Non-Trade Apprenticeship Program.*** The Governor recommends the enacted amount of \$0.7 million from general revenues for the work immersion/non-trade apprenticeship program. The program provides students, recent college graduates, and unemployed adults with work experience, and assists employers by training individuals for potential employment.
- ***Unemployment Insurance Benefits.*** The Governor's budget includes \$162.7 million from the Unemployment Insurance Trust Fund for the payment of unemployment insurance benefits. This is \$3.5 million more than enacted to reflect projected benefit recipients.
- ***Temporary Disability Insurance Benefits.*** The Governor recommends \$177.2 million from the Temporary Disability Insurance Trust Fund for benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. This is \$0.8 million less than enacted, based on updated data.

- **Temporary Caregiver Insurance Benefits.** The Governor recommends \$15.2 million from the Temporary Disability Insurance Trust Fund for the payment of benefits. This is \$1.2 million more than enacted, based on updated data.
- **Opportunities Industrialization Center.** The Governor recommends the enacted level of \$100,000 from general revenues to support the Opportunities Industrialization Center, a nonprofit organization which provides training, employment, minority business enterprise, and urban policy development services to underserved urban populations through collaboration with public and private sectors and community based organizations.

Health Insurance

- **Market Stability and Reinsurance Initiative.** The Governor proposes legislation to establish a Reinsurance Program, which is envisioned to provide stability in the individual insurance market. The legislation imposes a penalty for individuals who do not have health insurance coverage, with certain exemptions and would be effective on January 1, 2020. The penalty would be collected by the tax administrator and would be deposited into a restricted account. The funds would be used to provide reinsurance to health insurance carriers, as a means of ensuring that premiums do not increase drastically, and administrative costs.
- **HealthSource RI.** The budget assumes \$10.2 million from all sources, including \$2.8 million from general revenues and staffing of 16.0 full-time equivalent positions for HealthSource RI. The recommendation maintains general revenues funding for the Office, which was originally expected to be short-term as receipts from the health reform assessment grew to support operations. The budget adds \$0.4 million from general revenues for implementation of the Market Stability and Reinsurance initiative.

Local Government (*See Section VI, Special Reports: State Aid to Local Government*)

- **Distressed Communities Relief Fund.** The Governor recommends the enacted level of \$12.4 million for the Distressed Communities Relief Fund; there is a redistribution of funding among qualifying communities based on updated tax levies. In the first year a community qualifies, it receives a transition payment of half its proportional share; in the year a community no longer qualifies, it also receives a transition payment of half its proportional share.
- **Motor Vehicles Excise Tax.** The Governor's budget proposes changes to the Motor Vehicles Excise Tax phase-out program, funding it at \$78.0 million for FY 2020. This is \$23.2 million more than enacted, \$16.3 million less than required under the plan adopted by the 2017 Assembly whereby FY 2020 changes assumed include increasing the minimum exemption from \$2,000 to \$3,000, lowering the assessed value from 90.0 percent to 85.0 percent, and lowering the tax rate cap from \$50 to \$35, per \$1,000. The Governor's recommended budget assumes a \$2,800 minimum exemption, a 87.5 percent assessed value and a \$40 rate cap.
- **Payment in Lieu of Taxes Program.** The Governor recommends \$40.8 million for the Payment in Lieu of Taxes program that reimburses cities and towns for property taxes that would have been due on real property exempted from taxation by state law. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. This change is \$6.0 million less than full funding based on updated data and \$5.3 million less than enacted; this equates to a reimbursement rate of 23.6 percent.

The Governor's budget also includes legislation to provide that portions of non-profit higher education and hospital properties which are not used exclusively for educational or hospital activities, are not exempt from taxation. This creates the possibility of new future tax revenues in some cases for some communities.

- **Library Resource Sharing Aid.** The Governor recommends the enacted amount of \$9.4 million for state support of public libraries. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation. The funds represent 21.6 percent.
- **Library Construction Aid.** The Governor recommends \$1.9 million to fully fund library construction aid requirements. The state reimburses libraries up to half the total costs for eligible projects on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project.
- **Property Valuation Reimbursement.** The Governor recommends \$0.7 million for FY 2020 to reimburse communities conducting property valuation updates. Current law requires that municipalities complete full revaluations every nine years with statistical updates every third and sixth year following a full revaluation.
- **Airport Impact Aid.** The Governor recommends \$762,500 for FY 2020, \$262,500 less than enacted, to the Commerce Corporation so that the Airport Corporation can provide impact aid payments to the seven communities that host the six state airports. The community payments are made proportionately based on the number of total landings and takeoffs and smaller host communities had been guaranteed a minimum of \$25,000; that guarantee is no longer included in the budget.
- **Central Falls Operations.** The Governor's FY 2020 recommendation excludes \$0.6 million for operational support to the City of Central Falls enumerated in the enacted budget.

Education Aid (See Section VI, Special Reports: Education Aid)

- **Funding Formula Assumptions.** The Governor funds the ninth year of the education funding formula adopted by the 2010 Assembly. Her calculation uses March 15, 2018 student enrollment data adjusted for FY 2020 projected charter school enrollments, a per pupil core instruction amount of \$9,871 and state share ratio variables updated with June 30, 2018 data. Funding increases for districts that received more state support have been fully phased-in, and aid to districts that are receiving less state funding is still being phased in over ten years. Aid amounts are subject to final student enrollment data collected in March 2019.

Because March data adjustments have resulted in significant increases after the Governor's budget has been submitted, the 2018 Assembly enacted legislation requiring the Department of Elementary and Secondary Education to report updated funding formula estimates based on October 1 enrollment. That more recent information indicated total funding formula aid need of \$971.2 million, \$5.4 million more than the Governor has recommended. This includes a \$1.3 million reduction from shifting education costs for students at the training school to districts; the Governor's budget deducts this from aid. This estimate also excludes the impact to any adjustments to stabilization funding that might occur with changes to funding formula aid for Central Falls and the state schools. Therefore, it appears that the aid recommendation is likely understated by \$3.0 million.

- **FY 2020 Formula Education Aid.** The Governor recommends \$961.9 million for school formula aid for school districts, including Central Falls, the Metropolitan Career and Technical School, Davies Career and Technical School and charter schools pursuant to the funding formula. This is \$28.7 million more than enacted and \$5.4 million less than more recent estimates to fully fund formula aid based on October 1 student enrollment. This includes a \$1.3 million reduction from shifting education costs for students at the

training school to districts; the Governor's budget deducts this from aid. This estimate also excludes the impact to any adjustments to stabilization funding that might occur with changes to funding formula aid for Central Falls and the state schools. Therefore, it appears that the aid recommendation is likely understated by \$3.0 million.

- **Group Home Aid.** The Governor's budget reflects \$3.4 million for group home aid consistent with current law that requires that aid be paid for all beds opened as of December 31, 2016, which is \$0.3 million less than the enacted budget. The Department of Children, Youth and Families subsequently published its annual report on February 19 that includes 331 beds, seven more than assumed in the recommendation, which would require an additional \$35,080 from general revenues for FY 2020 only.
- **Training School Education Costs.** The Governor proposes to shift the cost of educating children at the Rhode Island Training School from the state to local districts. The recommended budget includes \$1.3 million in savings assumed as a reduction in education aid to local districts from this proposal. It is unclear what the calculation in the budget assumes, but the number does equate to the FY 2018 average Training School census of 59 youth times \$22,559 which is similar to the average per pupil statewide special education cost.
- **State Schools Supplemental Funding.** The Governor's budget includes \$6.1 million in supplemental funding to the Davies Career and Technical School and the Metropolitan Career and Technical School to mitigate some of the losses in funding from the implementation of the funding formula and recognizes the additional costs associated with running a stand-alone school that offers both academic and career and technical education. Davies would receive \$4.2 million and the Met School the remaining \$1.9 million. The recommendation is \$0.5 million more than enacted.
- **Early Childhood Funds.** The education funding formula allows for additional resources from the state to increase access to voluntary, free, high-quality prekindergarten programs. The Governor recommends \$15.6 million from general revenues, which is \$8.2 million more than enacted from all sources of funds and \$9.3 million more from general revenues. This category of aid was used as a match for a federal preschool expansion grant, which expired in FY 2019.

The recommendation includes \$11.3 million to fully fund the 60 prekindergarten classrooms that were supported by general revenues, federal funds, and permanent school funds in FY 2019, \$0.7 million for contracted program evaluation and professional development, \$3.2 million to support new classrooms, and \$0.4 million to support 4.0 new full-time equivalent positions to oversee the Governor's proposed universal prekindergarten initiative. Each classroom serves 18 students and costs approximately \$200,000 annually. If costs and classroom sizes remain the same for FY 2020, the additional \$3.2 million would fund 16 new classrooms and serve 288 students.

- **English Language Learners Funds.** The Governor's budget includes \$5.0 million to support English language learners that are in the most intensive programs, \$2.3 million more than enacted. The funding is calculated at the level of 10.0 percent of the core instruction amount, applied to students in the most intensive English language learner programs and ratably reduced to the appropriation. Funds may only be used on evidence-based programs proven to increase outcomes for English learners and are monitored by the Department of Elementary and Secondary Education.
- **Career and Technical Education Funds.** The education funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and offset the higher than average costs of maintaining highly specialized programs. The Governor recommends \$4.5 million for FY 2020, which is consistent with the FY 2018 and FY 2019 enacted levels.

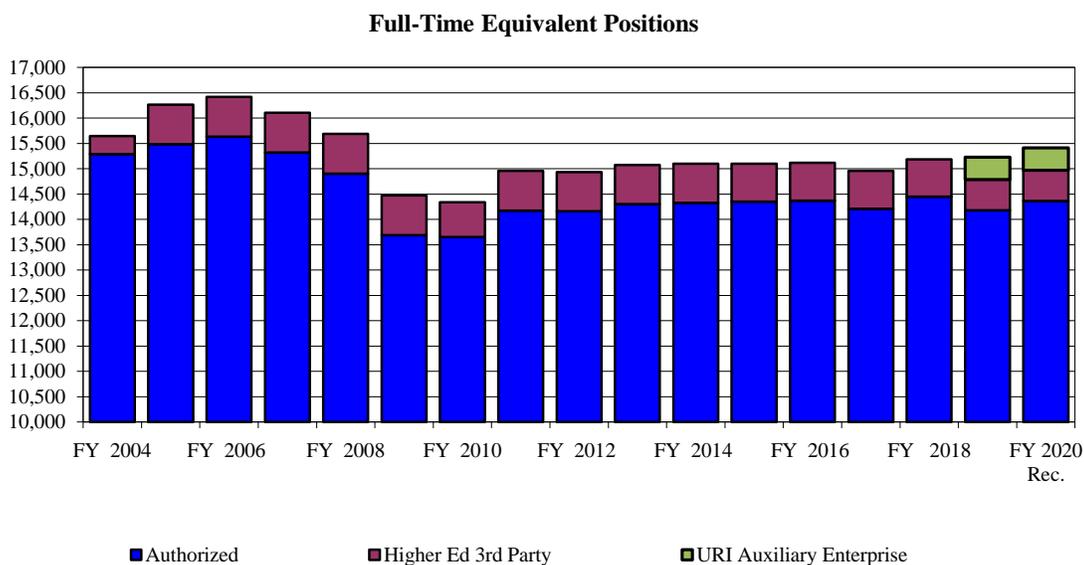
- ***School of Choice Density Aid.*** Consistent with current law, the Governor’s budget excludes funding for density aid category which provides additional state support for those districts who have at least 5.0 percent of their students enrolled at a school of choice, which includes charter schools or state schools. This reflects the end of the three-year program which provided districts \$175 per pupil in FY 2017, \$100 per pupil in FY 2018, and \$50 per pupil in FY 2019 for every student sent to a charter or state school.
- ***Special Education Funds.*** The education funding formula allows for additional resources from the state for high-cost special education students when those costs exceed five times the district’s combined per pupil core instruction amount and student success factor amount. The Governor recommends \$4.5 million for FY 2020, consistent with the three prior years.
- ***Non-Public School Transportation Funds.*** The education funding formula allows for additional resources from the state to districts for some out-of-district non-public school transportation costs. The Governor recommends \$3.0 million for FY 2020, which is consistent with the enacted level.
- ***Regional District Transportation Funds.*** The education funding formula allows for additional resources from the state to districts for some transportation costs within regional school districts. The Governor recommends \$4.4 million for FY 2020, which is consistent with the enacted level.
- ***School Resource Officer Support.*** The Governor’s revised budget reduces the \$2.0 million in funding for school resource officers to \$0.2 million based on reimbursement requests received. For FY 2020, she recommends \$1.0 million from general revenues based on current estimates of participation.
- ***School Construction Aid.*** The Governor recommends a total of \$80.0 million to fund projected costs of school housing aid to local districts for FY 2020. This includes \$79.0 million for the traditional program and \$1.0 million for the School Building Authority. Total funding is consistent with the enacted budget; however, funds are shifted between programs based on anticipated reimbursements from the traditional program. Actual future costs will be considerably higher given the new incentives approved with the passage of the \$250.0 million school construction bond. These additional costs do not appear to be reflected in the out-year estimates, which assumes \$80 million annually.
- ***Recovery High School.*** Consistent with the enacted budget, the Governor’s budget provides \$0.5 million from general revenues to support the state’s recovery high school, which provides programs to students recovering from substance abuse.
- ***Textbook Reimbursement.*** The Governor recommends the enacted level of \$240,000 for reimbursements allowed under the textbook reimbursement program. Under current law, the state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade.
- ***School Breakfast.*** The Governor recommends the enacted level of \$270,000 from general revenues for the administrative cost reimbursements to districts for the school breakfast program. Food is paid from federal sources.
- ***School Meals Initiative.*** The Governor’s budget includes \$55,000 from general revenues to expand mandatory participation in certain school meal programs. This is in addition to current support for the school breakfast program. The proposal would require participation in national lunch programs by requiring any eligible school to take advantage of a federal provision whereby all students receive free meals. The Governor also proposes that the current mandatory school breakfast program be offered after the instructional day has begun for all public schools with 70 percent or more of students eligible for free or reduced price lunch. The Commissioner of Elementary and Secondary Education would have the power to grant waivers to schools based on financial hardship for either requirement.

- **Teacher Retirement.** The state funds 40.0 percent of the employer’s share of retirement contributions on behalf of teachers who are members of the teacher retirement system. The Governor recommends \$112.3 million from general revenues, or \$6.2 million more than enacted for the estimated costs of the state’s share. The revised budget also adds \$0.6 million for updated cost estimates.

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

- **Personnel.** The Governor recommends \$2,203.6 million for personnel expenditures and 15,413.1 full-time equivalent positions, 606.0 higher education positions dedicated for research or supported by other third-party funds, and 445.0 positions dedicated to support auxiliary enterprise units at the University. The expenditures include salaries and benefits, as well as contracted services. The recommendation is \$161.0 million and 203.4 positions more than the FY 2019 enacted budget including \$81.0 million more for salaries and benefits and \$80.0 million more for contracted services, nearly two-thirds of which is for the Unified Health Infrastructure Project.

Among the staffing changes are 30.0 new positions in the Department of Transportation to carry out the Department’s plan to perform more operations in-house. The Governor also includes new correctional officers, 30.0 new State Police troopers as well as additional staff for the Department of Environmental Management’s Division of Parks and Recreation. The recommendation also includes 18.0 new positions in the Department of Administration’s budget for centralized human resources, information technology and facility management services. The costs for which appear in user agencies as an operating expense, and are not included in the total for personnel.



As of February 2, 2019, there were 14,095.3 positions filled, leaving 1,059.6 non-research vacancies. In FY 2018, the state averaged 13,913.2 filled positions reflecting an average of 1,194.2 non-research vacancies. In FY 2017, the state averaged 13,809.6 filled positions, reflecting an average of 1,023.0 non-research vacancies.

- **Disparity Study.** The Governor’s budget includes a total of \$499,029 from general revenues to conduct a statewide disparity study to examine procurement practices of state agencies that purchase goods and services pursuant to the provisions of the State Purchasing Act, to award at least 10.0 percent of its purchasing and construction contracts to women and minority-owned businesses. A contract with the vendor has been signed and the study is underway.

- **Medical Benefit Savings.** The Governor's revised budget includes medical benefit savings of \$2.8 million from general revenues from updating the medical benefit rates and savings from lower claims experience. The FY 2020 recommendation includes \$5.9 million in savings from a lower than expected rate.
- **Statewide Benefit Assessment.** The budgets include savings of \$0.8 million and \$1.3 million in FY 2019 and FY 2020, respectively, from lowering the assessed fringe benefit rate for most employees from 4.60 percent to 4.20 percent, effective in January 2019 and to 3.95 percent in FY 2020. The savings are reflected in agency budgets. The assessed fringe is a rate that is applied to the amount of all salaries and wages paid and is used to pay workers' compensation claims, unemployment claims, and unused leave.
- **Efficiency Commission.** The budget assumes statewide general revenue savings of \$10.0 million to be identified by an Efficiency Commission that has not yet been established, which will be led by the Office of Management and Budget.
- **MPA Vendor Assessment.** The Governor recommends the implementation of a 1.0 percent administrative charge on all vendors on the master price agreement. This was authorized by the 2017 Assembly to begin during FY 2018, but the Administration delayed the assessment. The budget assumes use of \$0.5 million from the assessment to fund a position and software maintenance costs for the implementation of the E-Procurement System.
- **Human Resources Staffing.** The Governor's budget includes \$0.5 million to fund 4.0 new positions for centralized human resources support. The expenses for these positions are shown in user agency budgets as operating expenses.
- **Information Technology Staffing.** The Governor's budget includes \$1.4 million to fund 11.0 new full-time equivalent information technology positions. This includes six positions to support implementation of digital initiatives, four project managers and one chief of information technology to lead the migration to emerging technology. The expenses for these positions are shown in agency budgets as operating expenses.
- **Capital Asset Management and Maintenance.** The Governor's budget includes \$0.3 million to fund 2.0 new full-time equivalent project manager positions for security and maintenance related projects. The expenses for these positions are shown in agency budgets as operating expenses.
- **38 Studios Debt Service.** The Governor's budget includes \$1.5 million from general revenues for debt service relating to 38 Studios. The total due is \$12.3 million but \$10.8 million will also be paid with settlement funds that the Commerce Corporation received.
- **Garrahy Garage Debt Service.** The budget includes \$3.1 million from general revenues to cover the annual debt service relating to the Garrahy Garage project. The 2014 Assembly authorized the \$45.0 million project to move forward only after three parcels had been sold. The 2016 Assembly amended that to allow construction if Wexford Science and Technology agrees to lease no less than 400 parking spaces. The garage is scheduled to open in December 2019; revenues should lower the debt service cost, but the budget does not assume that.
- **Convention Center Authority.** The Governor's budget includes \$21.2 million from general revenues for the Convention Center Authority to cover debt service requirements in FY 2020.
- **Historic Tax Credit Trust Fund Debt Service.** The Governor recommends \$9.5 million and \$19.8 million from general revenues in FY 2019 and FY 2020, respectively, to fund debt service for historic tax

credits. Funding in FY 2019 is \$3.4 million less than prior projections. Slower project completions and available funds in the Trust Fund allowed for a delay in new debt issuance.

- **City Year.** The Governor's budget includes the enacted amount of \$130,000 from general revenues to City Year for the Whole School Whole Child Program, which provides individual support to at-risk students.
- **Complete Count Initiative.** The Governor's budget includes \$150,000 from general revenues to fund a new Complete Count Initiative to ensure that the state maximizes its outreach and count related to the 2020 Census.
- **Employer Tax Division Transfer.** The Governor recommends transferring 37.0 full-time equivalent positions from the Department of Revenue to the Department of Labor and Training to centralize work related to unemployment insurance, temporary disability and caregiver's insurance, and the Job Development Fund.
- **Police and Fire Relief Fund.** The Governor's budget includes \$3.8 million from general revenues for the Police and Fire Relief program for annuity payments and in-state tuition to eligible spouses, domestic partners and dependents of certain injured or deceased police officers and firefighters. This is consistent with the enacted budget.
- **Election Expenses.** The Governor recommends \$0.5 million from general revenues for the Board of Elections and Secretary of State for anticipated costs associated with the 2020 Presidential primary election, including ballot printing and delivery.
- **Cyber Security.** The Governor recommends \$0.3 million in FY 2020 and \$0.2 million in FY 2019 for the Secretary of State's Office to mitigate security concerns with the Open Government and Corporation database as well as for annual third-party risk and vulnerability assessments.
- **Administrative Procedures Act Contractors.** The Governor recommends \$0.2 million for FY 2019 and \$0.1 million for FY 2020 for contracted information technology personnel to provide ongoing technical assistance for initiatives in the Office of the Secretary of State.
- **Rhode Island Historical Society.** The Governor recommends the enacted level of \$125,000 in general revenue support for the Rhode Island Historical Society.
- **Newport Historical Society.** The Governor recommends the enacted level of \$18,000 in general revenue support for the Newport Historical Society.
- **Help America Vote Act Election Security Grant.** The Governor's budget includes \$1.0 million from the Help America Vote Act Election Security Grant. The Secretary of State, in conjunction with the Board of Elections, received \$3.0 million from the grant; the enacted budget includes \$2.0 million and the FY 2020 recommendation expends the balance of the grant.
- **Special Projects Coordinator Position.** The Governor's budget proposes to repurpose the currently vacant Director of Operations position, added to the Board of Elections by the 2018 Assembly, into a Special Projects Coordinator responsible for public relations and the oversight of risk-limiting audits.
- **Governor's Office Staff.** The Governor's budget includes \$0.7 million in FY 2019 and \$0.8 million in FY 2020 to restore funding for 4.8 full-time equivalent positions that were previously allocated to other state agencies. The FY 2019 recommended budget lowered direct expenditures of the Governor's Office by \$0.8 million by allocating personnel expenditures to ten other state agencies and included funding for

those positions among the agency budgets. The 2018 Assembly did not concur, reduced funding among the appropriate agency budgets, and did not add funding for the positions to the Governor's Office.

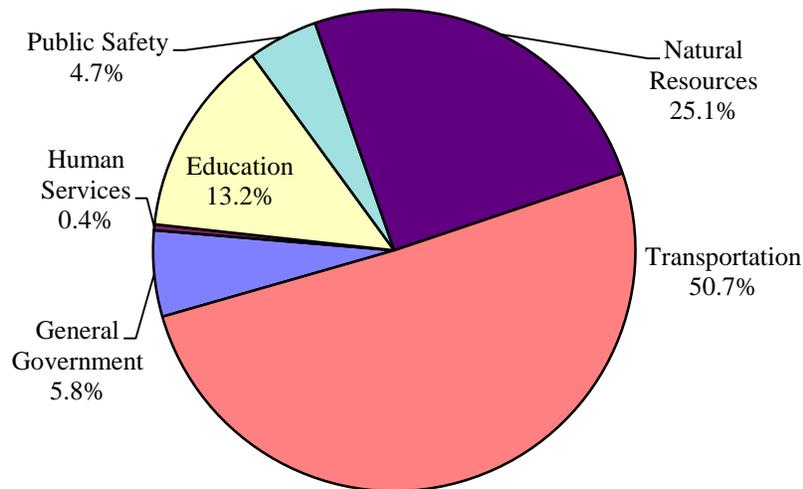
- **Contingency Fund.** The Governor's budget includes \$250,000 for the Governor's Contingency Fund, \$50,000 more than enacted.
- **Water Resources Board to PUC.** The Governor proposes to transfer the Water Resources Board to the Public Utilities Commission and assumes savings of \$0.4 million from general revenues. Operating costs for the Water Resources Board would be charged to regulated utilities. This is the same proposal recommended last year but not approved by the Assembly.
- **Public Utilities Commission Electronic Business Portal.** The Governor's budget includes \$250,000 from restricted receipts to develop a new electronic business portal for the Public Utilities Commission to manage dockets and hearings.
- **Litigation Oversight Unit.** The Governor's budget establishes a new Litigation Oversight Unit, which will track hours worked on litigation cases and bill the appropriate source. The budget includes \$0.2 million, of which \$0.1 million is from general revenues to fund 2.0 new positions.

Capital (See Section IV: Capital Budget)

- **Outlays and Funding.** The FY 2020 through FY 2024 plan includes \$5,321.2 million of outlays on \$13,757.8 million of project estimates. Average outlays would be \$1,064.2 million per year for the five-year period with \$637.6 million required at the end of the period to complete the projects. Consistent with last year's budget but in a change in presentation from prior capital budgets, the capital budget does not reflect debt service payments supported by Federal Highway Administration funds or gas tax. This corrects the prior practice of double-counting this expense.
- **General Obligation Bonds Referenda.** Financing the five-year plan is based on \$487.5 million of general obligation bond debt issuances. This includes \$250.0 million from new general obligation bonds for a second school construction bond to go before the voters in November 2022 with funding programmed to begin in FY 2024. The original \$250.0 million bond is programmed at \$50.0 million annually through FY 2023. The voters approved an initial \$250.0 million in November 2018 for school construction. The average bond referenda over the past five elections was \$244.8 million and the voters approved \$367.3 million on the November 2018 ballot.
- **Other Debt Approvals.** The Governor recommends \$125.5 million to be approved by the 2019 Assembly under the Public Debt Management Act for three projects at the University. This includes \$51.5 million for the Memorial Student Union, \$2.1 million for the fraternity circle, and \$26.9 million for the Combined Health and Counseling Center. It also includes \$45.0 million for renovations to the Department of Corrections' High Security Center.
- **Financing.** Paying for the five-year outlays includes \$1,297.0 million from debt financing and \$4,024.2 million from current or pay-go sources. Pay-go represents 75.6 percent with debt funding being 24.4 percent.
- **Debt Levels.** Total net tax supported debt decreases during the period through FY 2024 by \$231.6 million from \$1,917.8 million to \$1,686.2 million. Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget.

- **Debt Ratios.** Net tax supported debt would decrease from 3.1 percent of personal income reported for FY 2018 to 2.3 percent in FY 2024 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected.

FY 2020 - FY 2024 Capital Projects by Function



- **Rhode Island Capital Plan Fund.** The plan relies heavily on the use of Rhode Island Capital Plan funds, an important source of pay-go funds designed to reduce the need for borrowing. Total outlays for the five-year period are \$658.5.4 million. The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor nearly a month earlier, primarily because the budget overstated the available resources from Rhode Island Capital Plan funds. The revisions to the initial recommendations align the Governor’s recommendation to her priorities given available resources and includes \$6.5 million less for FY 2019 and \$20.5 million less for FY 2020.

Health and Human Services

- **UHIP Recovery Restricted Receipts.** The Governor’s budget assumes receipts totaling \$34.4 million from Deloitte to offset state costs for the Unified Health Infrastructure Project which is still not fully functional. The recommendation includes \$14.0 million for FY 2019 and \$20.4 million for FY 2020 impacting the budgets of the Executive Office of Health and Human Services, Department of Human Services and HealthSource RI. The enacted budget assumes \$7.0 million in the Department of Human Services and, as of mid-February, no funds have been received; it is unclear if there is a state cost in the absence of these funds.
- **Hospice Rates.** The Governor’s budget includes \$3.3 million in general revenue savings over two years from changing provisions of the hospice care rate adjustment authorized in the FY 2019 enacted budget because the Administration interpreted a broader application of the increase than intended or funded. The Governor’s budget appears to assume these savings are captured retroactively to January 1, but does not contain language to do so.

- ***Hospital Licensing Fee.*** The Governor’s budget includes \$180.8 million in revenues from extending the hospital licensing fee into FY 2020 using the same two-tiered fee as included in the FY 2019 enacted budget. The licensing fee appears annually in the Appropriations Act.
- ***Nursing Facilities Rates.*** The Governor’s budget includes savings of \$7.5 million, \$3.5 million from general revenues by limiting the October 1, 2019 rate increase to 1.0 percent instead of the 3.6 percent included in the November caseload estimate. This reflects expenses in both the fee-for-service and Rhody Health Options programs. This is the fifth consecutive year for this proposal.
- ***Hospital Rates.*** The Governor’s budget includes savings of \$15.1 million, \$5.3 million from general revenues from freezing hospital rates at the FY 2019 level. There is a statutory requirement for an annual price adjustment and the November caseload estimate includes a 3.2 percent increase for inpatient services and 1.25 percent for outpatient services. This is the third consecutive year this rate freeze has been proposed; it was also proposed for FY 2016.
- ***Graduate Medical Education.*** The Governor proposes eliminating the \$1.0 million state payment to Lifespan for graduate medical education activities for FY 2020. This is the fifth consecutive year for this proposal.
- ***Cortical Integrated Therapy.*** The Governor proposes eliminating the \$1.0 million state payment for cortical integrated therapy services for FY 2020. This is the second consecutive year for this proposal.
- ***Inpatient Upper Payment Limit Reimbursement.*** The Governor’s budget includes savings of \$9.4 million, including \$3.6 million from general revenues, from eliminating the inpatient upper payment limit reimbursement made to community hospitals for Medicaid services based on Medicare rates. The outpatient payment totaling \$6.3 million, including \$2.2 million from general revenues, would be maintained.
- ***Managed Care Organizations Reimbursements.*** The Governor’s budget proposes savings of \$5.4 million, including \$1.0 million from general revenues, from eliminating the performance goal program that provides incentives to the managed care plans to meet certain achievements and reducing the incidence of C-section births from the current 30 percent to the national recommendation of 20 percent.
- ***Independent Provider Model.*** The Governor’s budget includes \$0.8 million, including \$0.2 million from general revenues, to make the changes necessary to implement the Independent Provider Model that is part of the Quality Self-Directed Services program created by the Assembly in 2018-H 7803, Substitute A, as amended.
- ***Federally-Qualified Health Centers.*** The Governor’s budget assumes savings of \$5.3 million, including \$1.9 million from general revenues, from moving payments made to the federally-qualified health centers into the rates paid by the managed care plans.
- ***Dual Eligible Utilization Management.*** The Governor’s budget assumes savings of \$4.2 million in fee-for-service long term care programs from reducing the monthly medical expenses for approximately 3,000 Medicaid recipients nursing facilities and home and community based services. It appears that the savings will be achieved from limiting services available to this population; the specific plan to achieve the savings has not been provided.
- ***Pharmacy Rebates.*** The Governor’s budget assumes savings of \$1.8 million from improving the drug rebate claiming process to follow new federal guidelines that will result in an increase in collections offsetting costs in Medicaid programs.

- ***Estate Recovery.*** The Governor's budget assumes savings of \$0.5 million from enhancing the state's efforts to collect the resources available to it through estate recoveries; the plan to achieve the savings has not been provided.
- ***Eleanor Slater Hospital - Laundry Services.*** The Governor's budget includes savings of \$1.0 million, including \$0.5 million from general revenues, by outsourcing institutional laundry services for both campuses; the work is currently done by state employees.
- ***Eleanor Slater Hospital - Medicaid & Medicare Claiming.*** The Governor's budget includes general revenue savings of \$0.7 million from improvements to billing practices and identifying and charging the appropriate payer, either Medicaid and/or Medicare, for patients at the state-run hospital to offset general revenue expenses.
- ***Eleanor Slater Hospital - Radiology Services.*** The Governor's budget includes general revenue savings of \$95,000 from outsourcing radiology services at the state-run hospital; currently, there is one radiologist and two technicians with a reported workload of under 500 x-rays a year.
- ***Rhode Island Works.*** The Governor includes legislation to change restrictions that currently apply to Rhode Island Works participants eligible to receive a lifetime benefit of 48 months. She eliminates the requirement that the benefit be spread over 10 years, 24 months in two five-year periods, while keeping the maximum limit of 48 months. A participant would be eligible to stay on assistance for four years without interruption. The Governor's budget does not reflect the potential impact to caseloads or costs from this proposal.
- ***Hepatitis C Coverage.*** The Governor's budget includes general revenue savings of \$2.9 million for FY 2019 and \$4.5 million for FY 2020 from changing the Caseload Conference estimate that assumed an expansion of the program but at a lower per person cost as a result of new, lower cost generic drugs that have recently been made available. This savings is not the result of a distinct proposal; it appears to unilaterally alter the consensus estimate adopted in accordance with statute. Such a revision should only be considered as part of the next Caseload Conference in May along with updated information for all programs subject to the statutory consensus estimating process.
- ***Home & Community Care Co-Pay Program.*** The Governor proposes to increase the income threshold for home and community care co-pay programs from 200 percent of poverty to 250 percent and includes \$1.3 million from state and federal sources to fund this change. The program allows access to adult day and home care services for senior citizens who are not Medicaid eligible.
- ***Behavioral Health Benchmark Study.*** The Governor's budget includes \$0.2 million in the Executive Office of Health and Human Services' budget for a study to determine the appropriate investment that should be made by commercial insurers and the state Medicaid program for preventive and early intervention behavioral healthcare services.
- ***Developmental Disabilities Services - Residential Rebalancing.*** The Governor's budget includes savings of \$3.2 million of which \$1.5 million is from general revenues from continuing to reduce the census in the 24-hour privately operated residential system and allowing access to alternative settings, such as shared living.
- ***Developmental Disabilities Services - Direct Support Professional Wage Increase.*** The Governor includes \$3.0 million from general revenues matched by Medicaid to provide a rate increase to direct support professionals in the privately operated system for adults with developmental disabilities; a rate increase was also included in the FY 2017 and FY 2018 enacted budgets.

- ***RICARES.*** The Governor includes \$100,000 from general revenues for FY 2019 and FY 2020 in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to contract with RICARES to certify recovery houses that adhere to the National Alliance for Recovery Residences Standards. There are currently 14 providers operating 40 certified recovery houses with accommodations for approximately 400 individuals. Certification is required to receive state referrals and funding to deliver the services.
- ***Pay for Success.*** The Governor's budget includes \$0.5 million to assist homeless, high-Medicaid users with permanent supportive housing. The amount provided is to secure a \$1.0 million federal grant and leverage private funding. The budget anticipates requiring \$6.2 million from state sources over the course of multiple years, apparently from privately raised sources.
- ***Health Facilities Regulation Staffing.*** The Governor's budget includes \$0.3 million from restricted receipts to fund 3.0 new full-time equivalent positions for the Department of Health to increase the number of inspections of state-licensed healthcare facilities. The receipts are one-time settlement funds levied on healthcare facilities.
- ***Hospital Reorganization.*** Consistent with the approved plan, the capital budget includes \$49.9 million from all sources, including \$27.9 million from Rhode Island Capital Plan funds and \$22.0 million from Certificates of Participation approved by the 2018 Assembly to consolidate hospital operations for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals
- ***State Medical Examiners New Facility.*** The capital budget removes \$15.0 million of approved Rhode Island Capital Plan funding to renovate the Board of Elections' current office building to house the operations of the Office of State Medical Examiners.
- ***Department of Human Services Providence Field Office.*** The Governor's budget assumes savings of \$0.3 million from all sources, including \$0.2 million from general revenues, from relocating the Department of Human Services' Providence Field Office on Elmwood Avenue, effective December 31, 2019. Staff that work directly with participants would be divided into two smaller field offices, and other employees would move into an office building. The Department reports a request for proposals for the new office spaces is in development.

Children and Families

- ***Universal Prekindergarten.*** The Governor's recommended budget includes a proposal to establish a universal prekindergarten program that would expand the number of prekindergarten classrooms such that a seat is available for every four year old in a family seeking one. The state currently supports 60 prekindergarten classrooms serving 1,080 children using early childhood education aid, federal funds, and permanent school funds. The Governor's proposal would expand the number of classrooms supported through education funds as well as increase child care assistance payments for preschool aged children. For FY 2020, this includes \$4.3 million for the Department of Elementary and Secondary Education to expand the number of classrooms, provide professional development and oversight, including four new positions.

The budget also provides \$0.7 million to increase rates paid by the Departments of Human Services and Children, Youth and Families to licensed child care facilities for preschool aged children. The accompanying legislation also increases rates paid to family-based providers for this population, but the budget does not appear to include funding for that.

- ***Voluntary Extension of Care Program.*** The Governor's budget assumes savings of \$2.6 million from general revenues and \$3.7 million from all funds for accelerating placements of 18 to 21 year olds into the

Voluntary Extension of Care program from independent living and semi-independent living placements. The mechanism by which these savings would be achieved and the impact to those who have continued to receive full services in this age group is unclear.

- ***Federal Title IV-E Claiming.*** The Governor's recommendation assumes maximization of Title IV-E claiming through improvement initiatives including modifying foster care licensing requirements to increase kinship foster care placements.
- ***Training School Education Costs.*** The Governor proposes to shift the cost of educating children at the Rhode Island Training School from the state to local districts. The recommended budget includes \$1.3 million in savings assumed as a reduction in education aid to local districts from this proposal. It is unclear what the calculation in the budget assumes, but the number does equate to the FY 2018 average Training School census of 59 youth times \$22,559 which is similar to the average per pupil statewide special education cost. The Department would lose its eligibility for federal education funding. The Governor's budget adds \$250,000 from general revenues to account for this loss.
- ***Head Start Program.*** The Governor recommends the enacted amount of \$1.2 million from general revenues for the state's support for Head Start.
- ***Child Care Program Expansion.*** The Governor recommends \$200,000 from general revenues to expand the state's child care assistance program to allow eligible low-income parents to receive child care assistance while they are enrolled in a qualified institution of higher education or in workforce training programs that lead to employment.
- ***Child Care Assistance Regulations.*** The Governor's budget includes legislation to increase the state's liquid asset limitation for child care assistance eligibility from \$10,000 to \$1.0 million. In 2014, the federal government amended the statute governing the child care development block grant, limiting funds to those whose family assets do not exceed \$1.0 million. It should be noted that the Department of Human Services changed its rules and regulations to reflect the \$1.0 million liquid asset limitation prior to the Governor's budget submission. As such, the Department's rules and regulations are currently in conflict with state law.
- ***Child Care Rates.*** The Governor's budget includes \$0.9 million from general revenues for tiered reimbursement for child care providers. The 2018 Assembly established tiered reimbursement for infant, toddler, and preschool aged children in licensed child care facilities. The Governor's budget includes \$150,000 to establish tiered reimbursement for family-based care providers and \$0.7 million to increase rates paid for preschool aged children, as part of the universal prekindergarten initiative.
- ***Child Care Facility Licensing Staff.*** The Governor's budget transfers the Child Care Facilities Licensing unit to the Department of Human Services. It adds 8.0 new full-time equivalent positions for the Department of Human Services and 1.0 new legal position for the Executive Office of Health and Human Services. Current staff doing this work at the Department of Children, Youth and Families would be reassigned within the Department.
- ***Child Support Enforcement.*** The Governor's FY 2019 revised budget restores \$1.0 million from general revenues for expenditures that the enacted budget assumed would be funded from federal funds from a proposal to establish paternity in order to improve collections of outstanding child support, which would in turn impact custodial parents' eligibility for child care assistance and Medicaid. The Department of Human Services indicated that it will not be able to achieve the savings.
- ***Childhood Lead Poisoning Prevention.*** The Governor's budget includes an additional \$190,000 from general revenues to conduct lead inspections as part of the Childhood Lead Poisoning Prevention program.

- ***Family and Home Visiting.*** The Governor’s budget includes \$650,000 from general revenues to replace federal funds to support family home visiting programs to improve outcomes for families who reside in at-risk communities. The Department of Health is anticipating a reduction from its federal awards used for this purpose.
- ***Home Based Services.*** The Governor’s budget assumes savings of \$2.0 million, including \$1.3 million from general revenues, from a change in the timing of review of cases so that completed cases do not remain on the caseload.
- ***First Connections - Prenatal Expansion.*** The Governor’s budget includes \$378,000 from general revenues to provide families with resources and services such as preventive health and prenatal care. This program is currently federally funded.
- ***Junior High/Middle School Prevention Programs.*** The Governor includes \$65,000 from general revenues for FY 2019 and FY 2020 for youth drug prevention programs in the junior high/middle schools.

Community Services and Advocacy

- ***Office of Veterans’ Affairs.*** The Governor’s budget transfers the Office of Veterans’ Affairs from the Department of Human Services to the Executive Office of Health and Human Services and includes 257.1 positions as part of this transfer.
- ***Veterans’ Programs and Services.*** The Governor includes \$400,000 from general revenues to support various veterans programs and services with the Office of Veterans’ Affairs determining how the funding is allocated, which is \$200,000 more than enacted.
- ***Rhode Island Alliance of Boys and Girls Clubs.*** The Governor recommends the enacted level of \$250,000 from general revenues for the Boys and Girls Club Project Reach program, which provides homework assistance and afterschool activities.
- ***Day One.*** The Governor recommends the enacted level of \$217,000 from general revenues for Day One to provide outreach and supportive service programs relating to sexual assault.
- ***Institute for the Practice and Study of Non-Violence.*** The Governor recommends the enacted level of \$200,000 from general revenues to support the Institute’s Violence Reduction Strategy program.
- ***Rhode Island Community Food Bank.*** The Governor recommends the enacted level of \$175,000 from general revenues for food collection and distribution through the community food bank.
- ***Community Action Agencies.*** The Governor recommends the enacted level of \$520,000 to support services provided by the state’s community action agencies.
- ***Crossroads.*** The Governor recommends the enacted level of \$500,000 from general revenues to support activities provided by Crossroads Rhode Island that address homelessness and other related issues.
- ***Domestic Violence Prevention Activities.*** The Governor recommends the enacted level of \$300,000 from general revenues for domestic violence prevention activities contracted through the Rhode Island Coalition Against Domestic Violence and distributed to domestic violence shelters in the state.
- ***Division of Elderly Affairs.*** The Governor’s budget transfers the Division of Elderly Affairs, and its 31.0 positions, from the Department of Human Services to the Executive Office of Health and Human

Services and renames it the Office of Elder Affairs. The director will be appointed by and report directly to the Governor.

- **Senior Services Support.** The Governor recommends the enacted level of \$800,000 from general revenues to support the state's senior centers through a grant process.
- **Meals on Wheels/Elderly Nutrition Services.** The Governor recommends the enacted level of \$530,000 from general revenues to support Meals on Wheels.
- **Respite Care.** The Governor recommends the enacted level of \$140,000 for the Diocese of Providence to support the respite care program.
- **Elder Housing Security.** The Governor recommends the enacted level of \$85,000 from general revenues to implement housing security measures in elderly housing complexes.
- **Long Term Care Ombudsman.** The Governor recommends the enacted level of \$169,086 for the long term care ombudsman, including \$86,750 from general revenues. The Alliance for Better Long Term Care advocates on behalf of residents of nursing homes, assisted living residences and certain other facilities, as well as recipients of home care services.
- **Aging and Disability Resource Center.** The Governor includes \$200,000 from federal funds for FY 2019 and FY 2020 in the Executive Office of Health and Human Services' budget to develop and maintain a website for the Aging and Disability Resource Center.

Higher Education

- **Public Higher Education.** The Governor's budget includes \$1,250.3 million for Public Higher Education institutions, including debt service. This is \$42.7 million more than enacted from all sources. The Governor's budget includes \$244.3 million from general revenues, which is \$14.2 million more than enacted, and \$535.9 million from all other unrestricted sources. The Governor also includes the Council approved tuition and fee increases of 3.0 percent for the University, 7.3 percent for the College, and 3.0 percent for the Community College, providing an additional \$14.6 million in tuition and fee revenues.
- **RI Promise Scholarship - Community College.** The Governor's budget includes \$7.9 million, \$1.9 million more than enacted, from general revenues to support the current Rhode Island Promise Scholarship at the Community College of Rhode Island.
- **RI Promise Scholarship - Rhode Island College.** The Governor's budget includes \$3.3 million from guaranty agency reserve funds to expand the Rhode Island Promise Scholarship to current Rhode Island College students completing their junior and senior years. The total includes \$2.4 million for scholarship awards to eligible juniors while the remaining \$0.9 million would support services at the College. These costs double for FY 2021 as the next cohort is added. As reserve funds are a finite resource, the Governor's out-year forecast assumes funding will come from general revenues.
- **RI Promise Scholarship - Adults.** The Governor's budget includes \$2.0 million from guaranty agency reserve funds to expand the Rhode Island Promise Scholarship to include adult learners at the Community College. Adult learners in this case are age 25 and older, with scholarship eligibility for part-time and full-time course loads. The Promise Scholarship is currently limited to immediate high school graduates who are enrolled with a full-time course load. As reserve funds are a finite resource, the Governor's out-year forecast assumes funding will come from general revenues.

- ***Need Based Scholarships and Grants.*** The Governor’s budget maintains \$8.0 million from tuition savings fees and federal loan reserve funds for the Last Dollar Scholarship program for students with proven academic performance and financial need to attend Rhode Island’s public higher education institutions. It removes the provision for approximately \$2 million in support for attending Rhode Island non-profit and independent schools.
- ***SNAP Scholarship - Community College of Rhode Island.*** The Governor’s budget includes \$235,000 from general revenues to provide new scholarships or work study opportunities for SNAP-eligible adults enrolled at the Community College. This includes \$225,000 for scholarships providing need-based aid for transportation, course materials, or childcare; and \$10,000 for work-study funding. This scholarship would be matched one for one by federal funding.
- ***Dual and Concurrent Enrollment.*** The Governor’s budget includes \$2.3 million from tuition savings fees for the dual and concurrent enrollment initiative to allow qualified high school students to earn college credit at no cost to the student. The recommendation is \$0.5 million more than enacted.
- ***Guaranty Agency Operations.*** The Governor’s budget reverses the restriction enacted by the 2018 Assembly limiting the Office of Postsecondary Commissioner’s use of guaranty agency funds for personnel and operating costs to 10.0 percent of the guaranty agency funds appropriated for scholarships and grants. This restriction was enacted to preserve resources for scholarships. Guaranty agency reserve funds are a finite resource and will be unable to sustain current service levels of scholarship support after FY 2021.
- ***Online Education Expansion.*** The Governor’s budget includes \$1.8 million from general revenues to support the expansion and development of online degree programs at the University of Rhode Island. The recommended funding would support an increase in course offerings, introduce new degree programs, and establish online tutoring with a help desk.
- ***Westerly Higher Education Center Staffing.*** The Governor’s budget includes authorization for 3.0 new full-time equivalent positions for the Westerly Higher Education Center bringing total staffing to eight positions. The Center is financially self-sustaining, as operating costs are supported by program fees and revenues from leasing the space.
- ***Northern Rhode Island Education Center Staffing.*** The Governor’s budget includes authorization for 1.0 new full-time equivalent position for the planned Northern Rhode Island Education Center. The Center would be modeled on the public-private partnership structure in place at the Westerly Higher Education Center with operating costs supported by program fees and revenues from leasing the space.
- ***College Crusade Support.*** The Governor’s budget includes \$3.9 million to support the operations and scholarship programs offered by the College Crusade of Rhode Island, including \$3.5 million from the GEAR-UP federal grant and \$0.4 million from general revenues. The federal grant provides funds to states and nonprofits to support eligible low-income and disabled students in pursuit of secondary school diplomas and to prepare for postsecondary education. The \$0.4 million from general revenues supports staffing and office space.
- ***Best Buddies Program.*** The Governor’s budget includes the enacted amount of \$60,000 from general revenues for Best Buddies Rhode Island to support programs for children with developmental disabilities.
- ***Special Olympics Rhode Island.*** The Governor’s budget includes the enacted amount of \$50,000 from general revenues for Special Olympics Rhode Island to support its mission of providing athletic opportunities for individuals with intellectual and developmental disabilities.

- ***URI Memorial Student Union.*** The Governor’s budget includes authorization for Assembly approval of \$51.5 million from revenue bonds for the renovation and expansion of the Memorial Student Union. Annual debt service would be \$3.8 million, assuming 6.0 percent interest and a 30-year term supported by student fees and retail lease payments from tenants occupying the Union. Total debt service would be \$112.3 million.
- ***URI Fraternity Circle Master Plan.*** The Governor’s budget includes authorization for Assembly approval of \$2.1 million from revenue bonds for improvements to the fraternity and sorority houses in Fraternity Circle on the Kingston Campus. Annual debt service would be \$0.2 million, assuming 6.0 percent interest and a 20-year term supported by general revenues and tuition and fees. Total debt service would be \$3.7 million.
- ***URI Health and Counseling Center.*** The Governor’s budget includes authorization for Assembly approval of \$26.9 million from revenue bonds for the construction of a new Combined Health and Counseling Center. Annual debt service would be \$2.0 million, assuming 6.0 percent interest and a 30-year term supported by student fees. Total debt service would be \$58.7 million.
- ***Public Higher Education Asset Protection.*** The Governor’s capital budget includes \$77.0 million from Rhode Island Capital Plan funds for asset protection projects at the institutions of public higher education for the five-year period of the capital plan.
- ***Office of Postsecondary Commissioner.*** The Governor’s capital budget includes \$0.3 million from Rhode Island Capital Plan funds in FY 2020 for asset protection projects identified by the Office for its building in Warwick.
- ***Northern Rhode Island Education Center.*** The Governor’s capital budget includes \$4.0 million from Rhode Island Capital Plan funds over FY 2019 and FY 2020 to replicate the public-private education model being used at the Westerly Higher Education and Jobs Skills Center in northern Rhode Island. Rhode Island Capital Plan funds would be used to renovate a leased space in Woonsocket; an exact site has yet to be determined.
- ***Community College - Knight Campus Engineering Lab Renovation.*** The Governor’s capital budget includes \$3.0 million from Rhode Island Capital Plan funds including \$0.4 million in FY 2019 and \$1.3 million in FY 2021 and FY 2022 to complete the renovation of engineering labs at the Community College’s Knight Campus.
- ***Community College of Rhode Island - Data, Cabling & Power Infrastructure.*** The Governor’s budget includes \$13.7 million from Rhode Island Capital Plan funds to design and construct a modernized data, cabling and power infrastructure across all four college campuses. The Community College requested this project which would begin in FY 2020 and continue through FY 2023.
- ***Community College - Flanagan Campus Renewal.*** The Governor’s capital budget includes \$12.5 million from Rhode Island Capital Plan funds for the renovation of Flanagan Campus from FY 2021 through FY 2024.
- ***University of Rhode Island - Fine Arts Center.*** The Governor’s capital budget recommendation includes \$14.9 million from Rhode Island Capital Plan funds for the first phase of the University’s fine arts center renovation through FY 2020. The University’s request for \$66.8 million includes all phases of renovation through FY 2023.

Education and Arts

- **Telecommunications Education Access Fund.** The Governor recommends \$1.4 million in FY 2020, including \$0.4 million from general revenues, to support the Telecommunications Education Access Fund. This general revenue recommendation is consistent with the enacted budget. This fund provides financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the Internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line.
- **Computer Science Education.** The Governor's budget includes \$260,000 from general revenues to expand access to computer science courses for elementary and secondary students, \$50,000 more than the enacted budget.
- **Curriculum Development.** The Governor's budget includes a total of \$200,000 from general revenues, which is \$100,000 more than enacted, to provide assistance to local school districts with curriculum development. Funding would be used for professional development, to assess existing resources, and to address needs of students with disabilities.
- **School-Based Mental Health Services.** The Governor recommends \$0.6 million from general revenues and \$1.4 million from a new federal adolescent health and academic achievement grant, specifically regarding mental health issues. Funding will be used to support mental health and behavioral health training, curricula and other materials for educators. In addition, federal funds will be used to promote mental health awareness and improved connections to services for school-age youth and their families.
- **Advanced Coursework Network.** The Governor recommends \$700,000 to support the advanced coursework network. This is \$250,000 more than enacted, including \$50,000 more from general revenues and \$200,000 more from permanent school funds. The program allows middle and high school students in participating districts to access career preparatory and college credit bearing courses from a network of providers including postsecondary institutions, community organizations, and local education authorities.
- **Hasbro Children's Hospital.** The Governor's budget includes the enacted level of \$90,000 from general revenues to support the hospital school at Hasbro Children's Hospital.
- **School Construction Bond.** The Governor's capital budget includes \$50.0 million annually from FY 2019 through FY 2023 from general obligation bonds approved by the voters on the November 2018 ballot for school construction and repairs. She recommends an additional \$250.0 million of general obligation bonds be submitted to the voters on the November 2022 ballot, and includes \$50.0 million from the second bond in FY 2024 and the remaining in the post-FY 2024 period.
- **Child Opportunity Zones.** The Governor's budget includes the enacted level of \$345,000 from general revenues to support child opportunity zones through agreements with the Department of Elementary and Secondary Education to strengthen education, health and social services for students and their families as a strategy to accelerate student achievement.
- **Fort Adams Trust.** The Governor's budget includes the enacted level of \$30,000 from general revenues for FY 2019 and FY 2020 to support Fort Adams Trust Restoration activities.
- **Waterfire Providence.** The Governor's budget includes the enacted level of \$375,000 from general revenues to support operational costs of Waterfire Providence art installations.
- **Arts Funds.** The Governor recommends the enacted level of \$0.8 million from general revenues for the Rhode Island State Council on the Arts' grant awards.

- **VSA Arts.** The Governor recommends \$50,000 from general revenues for VSA Arts Rhode Island to support active participation of people with disabilities in the arts.

Public Safety

- **High Security Center Renovations.** The Governor recommends authorization for Assembly approval of \$45.0 million through Certificates of Participation to renovate the High Security Center. This is part of a \$60.0 million project that identifies \$15.0 million as coming from Rhode Island Capital Plan funds, though there is not specific enumeration of that in the budget. Annual debt service would be \$4.3 million assuming 5.0 percent interest and a 15-year term supported by general revenues. Total debt service would be \$66.2 million. The Governor's FY 2020 budget includes savings of \$5.1 million by moving 50 inmates to out-of-state facilities and 36 inmates to buildings with lower security classifications within the Department of Corrections and transferring High Security staff among those other buildings which would reduce overtime costs.
- **Department of Corrections Asset Protection.** The Governor recommends \$67.6 million from Rhode Island Capital Plan funds to be spent in the five-year period and consolidates all projects into a single asset protection project to give the Department more flexibility in spending. This is \$10.0 million more than the total of all capital projects enacted over the five year period and includes a major new project for the High Security facility. Excluding the \$15.0 million included for High Security renovations, the Governor recommends \$52.6 million from Rhode Island Capital Plan funds in the five year period which is \$5.0 million less than the approved plan.
- **Prison Population.** The Governor's budget assumes a prison population of 2,691 which is 158 fewer inmates than the enacted population of 2,849. It also assumes a revised FY 2019 population of 2,730 which is 119 less than enacted. Through the first six months of FY 2019, the average inmate population is 2,728.
- **Expansion of Hepatitis C Treatment.** The Governor's budget includes \$2.4 million to treat 120 inmates diagnosed with Hepatitis C. These expenses relate to the Executive Office of Health and Human Services' interpretation of federal requirements for Medicaid's Hepatitis C pharmaceutical authorization changed in July 2018 to require all patients be treated with curative medication regardless of the stage of the disease. Medicaid is used as the standard of care for such protocols. The Governor's revised recommendation includes \$1.4 million to treat 70 inmates.
- **Correctional Officer Training Class.** The Governor's revised recommendation adds \$0.3 million to start a new correctional officer class in June 2019. The Governor recommends \$0.7 million for the remaining costs for the class in FY 2020. This includes 10 additional correctional officer positions assumed to result in \$0.7 million of overtime savings. The enacted budget includes \$0.1 million assuming only recruiting would begin in June 2019.
- **Cognitive Behavioral Therapy.** The Governor's budget adds \$0.1 million for the expansion of the Department of Corrections' cognitive behavioral therapy program. The pilot program started in the Medium Security facility, and this would expand treatment to the Maximum Security facility.
- **Medication Assisted Treatment Program.** The Governor's budget adds \$0.1 million for the addition of a Nurse Care Manager for the Medication Assisted Treatment Program. This program supports screening for opioid use disorders and conducting assessments of new inmates to determine treatment options. This position will be funded through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.

- ***Unidentified Healthcare Savings.*** The Governor’s recommendation includes \$1.3 million in general revenue savings in the Department of Corrections from unidentified reductions to health care expenses, representing approximately five percent of such expenses. No specific plan for achieving these has been identified yet.
- ***Inmate Tracking Database.*** The Governor’s budget adds \$0.1 million for maintaining the offender tracking system which includes probation and parole, gang-affiliations, known offender enemies and no-contact orders.
- ***Crossroads.*** The Governor recommends the enacted level of \$1.1 million for discharge planning services for sex offenders provided by Crossroads Rhode Island.
- ***Indigent Defense Program.*** The Governor’s budget includes \$4.4 million from general revenues for the Judiciary’s indigent defense program, which is \$0.4 million more than enacted based on increased caseloads.
- ***Rhode Island Legal Services.*** The Governor’s budget includes the enacted level of \$90,000 from general revenues for Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- ***Rhode Island Coalition Against Domestic Violence.*** The Governor’s budget includes \$230,000 from general revenues for the Rhode Island Coalition Against Domestic Violence for the domestic abuse court advocacy project, consistent with the enacted budget.
- ***Judicial Asset Protection.*** The Governor recommends \$5.0 million from Rhode Island Capital Plan funds for FY 2020 through FY 2024 for asset protection projects at Judicial buildings, including security upgrades, courtroom restoration, fire suppression and alarm system upgrades, interior refurbishments to public areas and office spaces, cellblock upgrades, and elevator upgrades.
- ***Judicial Complex Restoration.*** The Governor recommends \$3.8 million from Rhode Island Capital Plan funds for FY 2020 through FY 2024 for the restoration of the Licht Judicial Complex.
- ***Judicial HVAC.*** The Governor recommends \$5.0 million from Rhode Island Capital Plan funds for FY 2020 through FY 2024 for replacement, restoration, and cleaning of the heating, ventilation, and air conditioning systems for all judicial complexes.
- ***Garrahy Interior Restoration – Excluding Courtrooms.*** The Governor recommends \$4.5 million from Rhode Island Capital Plan funds for FY 2024 for a new project to restore the interior of the Garrahy Judicial Complex. The interior restoration projects include removing and replacing floors and carpets, sealing and repainting the walls, woodwork refinishing, and refurbishing employee bathrooms.
- ***Rhode Island Statewide Communications Network.*** The Governor’s capital budget recommendation includes \$10.0 million from all sources through FY 2021 for the Rhode Island Statewide Communications Network. This includes \$7.5 million from Rhode Island Capital Plan funds and \$2.5 million from federal sources. The Governor’s budget also includes \$1.2 million from general revenues for the contract with Motorola to maintain the radio system.
- ***Injured on Duty Reform.*** The Governor’s budget assumes savings of \$1.7 million from general revenues from passing legislation to amend the injured on duty law as it relates to state employees. It allows a treating physician or an independent medical examiner to certify that a person has reached maximum medical improvement triggering the 60-day clock to apply for accidental disability. Under current law, it must be the treating physician that makes the certification. The Governor also proposes that

current recipients of injured on duty payments will have 90 days starting July 1, 2019 to apply for accidental disability payments, otherwise benefits would be terminated, with some exceptions.

- **State Police 30 New Troopers.** The Governor's budget assumes hiring 30 new troopers who are expected to graduate from the 2019 State Police Training Academy on July 1, 2019. The enacted budget authorized training for a class size of 40.
- **E-911 Technology.** The 2018 Assembly provided \$700,000 from general revenues as part of the FY 2019 enacted budget for E-911 to perform technology upgrades and to conduct a statewide assessment of needs to implement Next Generation 911. The Governor's budget reduces that funding by \$250,000 to \$450,000 for both FY 2019 and FY 2020.
- **Overdose Prevention and Intervention/HOPE Initiative.** The Governor's budget includes \$7.6 million for FY 2019 and \$13.1 million for FY 2020 for state programs addressing opioid prevention and intervention. In October 2018, the Department of Public Safety announced the HOPE Initiative, a statewide effort between law enforcement and substance abuse professionals that will help individuals struggling with addiction. The state received a federal grant that will expand residential services, as well as recovery and peer support programs. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' budget includes \$6.5 million for FY 2019 and \$12.6 million for FY 2020. The Department of Public Safety's budget includes \$1.1 million for FY 2019 and \$0.5 million for FY 2020.
- **Master Plan for State Police.** The Governor recommends \$0.8 million from Rhode Island Capital Plan funds for FY 2019 and FY 2020 for the State Police to conduct a master plan of its properties.
- **Public Safety Asset Protection.** The Governor recommends \$3.2 million from Rhode Island Capital Plan funds for FY 2020 through FY 2024 for asset protection projects at public safety facilities.
- **Military Staff.** The Governor recommends \$0.6 million from federal funds to support 6.0 new positions for the National Guard for maintenance of federal buildings, security and environmental programs.

Environment

- **Executive Business Office.** The Governor recommends the establishment of an Executive Business Office within the Department of Environmental Management with the purpose of fundraising, event planning, and securing sponsorships for natural resource and environmental protection efforts. The recommendation includes 2.0 full-time equivalent positions to support the office at a total cost of \$0.2 million.
- **Parks and Recreation.** The Governor recommends \$1.5 million from general revenues to provide additional maintenance and staffing for the Parks and Recreation program within the Department of Environmental Management.
- **America's Cup.** The Governor recommends \$0.4 million from general revenues to support the expenses related to hosting an America's Cup tournament in June 2020.
- **Conservation Districts.** The Governor recommends the enacted level of \$50,000 from general revenues in FY 2020 for regional conservation districts. The districts are quasi-public subdivisions of state government, governed by volunteer boards of directors from the communities.
- **Local Agriculture and Seafood Program.** The Governor recommends the enacted amount of \$0.1 million for the local agriculture and seafood program to allow small businesses in the food sector to receive grants. Funding is matched by private sources.

- **World War II State Park Improvements.** The Governor includes \$250,000 from general revenues in FY 2020 for the final year of a five-year initiative to transfer maintenance and operation of the World War II State Park from the state to the City of Woonsocket following the completion of the capital project.
- **Galilee Piers.** The Governor's capital budget includes \$7.5 million from Rhode Island Capital Plan funds and federal sources for infrastructure improvements at the Port of Galilee from FY 2019 through FY 2024.
- **Marine Infrastructure/Pier Development.** The Governor's capital budget includes \$6.8 million from Rhode Island Capital Plan funds from FY 2019 through FY 2024 for marine infrastructure and pier development at sites critical to Rhode Island's tourism and fishing economy.
- **Natural Resources Offices/Visitor's Center.** The Governor's capital budget includes \$5.0 million from Rhode Island Capital Plan funds from FY 2023 to FY 2024 for the construction of a new office facility for the Natural Resources Offices/Visitor's Center in the Arcadia Management Area at Browning Mill Pond in the town of Richmond.

Transportation

- **Toll Revenue.** The Governor's budget assumes toll revenues of \$7.0 million in the current year, based on two gantries being operational and \$26.0 million in FY 2020 from 12 gantries, with four in operations for 12 months, one for ten months, two for nine months, and one each for eight, six, four, three and one months.
- **Department of Transportation Staffing.** The Governor recommends an additional 30.0 full-time equivalent positions for the Department of Transportation, reflective of the Department's plan to perform more operations in-house. The recommendation also includes a new community liaison officer, an economic and policy analyst, a project manager, and a managing engineer. As of the first pay period in January, the Department has 64.4 positions vacant.
- **Materials Lab Testing Facility.** The Governor's revised budget includes \$2.7 million from available land sale proceeds to make renovations to its material testing laboratory in Providence to provide consistent temperature, environmental and air quality, vibration and noise control.
- **Maintenance Projects to HMA.** The Governor's budget includes legislation requiring the Department of Transportation to use a total of \$550,000 of the Highway Maintenance Account, including \$400,000 for bicycle path projects and \$150,000 to make improvements to the Welcome Center.
- **Rhode Island Public Transit Authority.** The Governor's budget dedicates an additional \$5.0 million from the Department of Transportation's share of the Highway Maintenance Account to the Rhode Island Public Transit Authority. This is in addition to the 5.0 percent share that the Authority receives under current law. This will be used to fund the Authority's debt service and free-fare program for low income seniors and persons with disabilities. The 2017 Assembly adopted legislation to provide the Authority with the additional \$5.0 million for two years and is set to expire at the end of FY 2019. The Assembly also required that the Authority convene a coordinating council to develop recommendations for sustainable funding of the free-fare program.
- **Public Transit Authority - Bus Match.** The Governor's budget assumes use of \$3.1 million from the Department of Transportation's share of the Highway Maintenance Account to finance buses for the Rhode Island Public Transit Authority.

- **Public Transit Authority - Additional Gas Tax.** The Governor's budget dedicates an additional half cent of the gasoline tax to the Transit Authority to support the use of new electric vehicle technology. The gasoline tax is indexed to the Consumer Price Index every other year, with the increase going to the Department of Transportation. The tax is scheduled to increase in FY 2020 by one cent based on this adjustment.
- **Division of Motor Vehicles.** The Governor's budget proposes altering uses of the Highway Maintenance Account requiring the Department of Transportation to reimburse the Division of Motor Vehicles for the salary and benefit costs of certain employees involved in the collection of the fees. The budget assumes use of \$4.5 million from the Highway Maintenance Account for the Division of Motor Vehicles to cover costs of fee collection.
- **Winter Maintenance.** The Governor's budget assumes \$21.2 million for winter maintenance expenditures in FY 2020, \$0.7 million less than enacted. The revised budget includes \$20.8 million.
- **Bike Path Maintenance.** The Governor recommends \$4.0 million, \$2.0 million each from Rhode Island Capital Plan funds and highway maintenance funds for maintenance of bike paths.
- **Highway Drainage.** The Governor's capital budget assumes use of \$6.0 million and \$6.1 million for FY 2019 and FY 2020, respectively, from highway maintenance funds for catch basin inspection and cleaning. The Department is currently required by a consent decree with the U.S. Department of Justice to maintain storm drains and address pollutants that are going into the Narragansett Bay and other waterways. Pursuant to the consent decree, the Department of Transportation must inspect and clean the state's 25,000 catch basins annually.
- **Providence Transit Connector.** The capital budget includes a total of \$2.0 million from Rhode Island Capital Plan funds and \$2.1 million from highway maintenance funds to provide matching funds to improve the transit corridor between Kennedy Plaza, the Providence Train Station and other hubs. This matches a \$13.6 million federal grant awarded to the Rhode Island Public Transit Authority.
- **Pawtucket Bus Hub and Transit Corridor.** The capital budget includes \$8.9 million, including \$1.3 million from Rhode Island Capital Plan funds, to match federal funds for the Rhode Island Public Transit Authority to build a transit hub adjacent to the new commuter rail station on the Pawtucket/Central Falls border.
- **College Hill Bus Tunnel.** The capital budget assumes use of \$1.9 million from Rhode Island Capital Plan funds over FY 2020 through FY 2022 to match \$7.5 million of federal funds to make structural and drainage repairs, as well as safety improvements to the College Hill Bus Tunnel.