



SENATE FISCAL OFFICE
REPORT

FY2016 BUDGET: CHANGES TO THE GOVERNOR

**2015-H-5900 SUBSTITUTE A
AS PASSED BY THE HOUSE FINANCE COMMITTEE**

JUNE 17, 2015

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EXECUTIVE SUMMARY

Executive Summary

The Budget is an \$8.7 billion all funds spending plan that in large part includes the Governor's recommended initiatives, including proposals to spur economic development and restructure the State's health care and human services delivery systems. The results of the May 2015 Revenue and Caseload Estimating Conferences provided an opportunity for the General Assembly to advance the Governor's proposals as well as develop new initiatives. Estimators projected that general revenues will increase by \$173.7 million between FY2015 and FY2016, as compared to the prior estimates from the November 2014 Revenue and Caseload Estimating Conferences.

In light of these results, the General Assembly rejected the Governor's proposal to divert \$20.7 million in excess reserve funds from quasi-public agencies to the general fund. The General Assembly was also able to forego establishing a statewide property tax on non-owner occupied homes valued at over \$1.0 million, as was proposed by the Governor (\$11.8 million). Lastly, the Budget maintains the transfer of \$19.0 million in tobacco bond proceeds to the Information Technology Investment Fund, instead of to the general fund transfer that was proposed by the Governor.

These initiatives, along with other changes, result in a surplus of approximately \$500,000 in FY2016.

Expenditures by Source	FY2015 Enacted	FY2015 Governor	FY2015 Budget	Change to Governor	FY2016 Governor	FY2016 Budget	Change to Governor
General Revenue	\$3,445.2	\$3,488.4	\$3,476.6	(\$11.8)	\$3,491.6	\$3,552.9	\$61.3
Federal Funds	3,086.5	3,140.5	3,051.2	(89.3)	3,003.1	2,946.2	(56.9)
Restricted Receipts	283.1	278.3	283.6	5.4	239.4	245.5	6.1
Other Funds	1,965.4	1,932.4	1,919.7	(12.7)	1,893.5	1,920.7	27.2
Total	\$8,780.2	\$8,839.5	\$8,731.2	(\$108.4)	\$8,627.6	\$8,665.3	\$37.7
FTE Authorizations	15,086.0	15,100.7	15,100.7	-	15,119.4	15,118.4	(1.0)

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

FY2015 SUPPLEMENTAL BUDGET

The all funds budget for FY2015 is \$8,731.2 million, \$108.4 million less than proposed by the Governor, and \$49.0 million less than enacted, primarily driven by decreases in federal and other funds. General revenues are \$3,476.6 million, \$11.8 million less than the Governor and \$31.5 million more than enacted.

The May 2015 Revenue Estimating Conference increased net available general revenues for the State for FY2015 by \$105.5 million more than the Governor's budget. The May 2015 Caseload Estimating Conference adopted medical and cash assistance expenditures \$16.9 million less in general revenue (\$156.2 million from all fund sources) than the Governor's budget.

The Budget includes the following major expenditures items, including proposals that were submitted in the Governor's FY2015 Revised Budget recommendation:

- **Delay Debt Issuance:** Consistent with the Governor's proposal, general revenue debt service is reduced by \$25.0 million from a delay in issuing general obligation bonds and certificates of participation.
- **Additional Support for DCYF:** The Budget includes \$9.8 million in additional funding for the Department of Children, Youth, and Families, which includes increased support for the System of Care networks. This represents an additional \$1.0 million in general revenue as compared to the Governor's recommendation to offset increased costs for youth in foster care.

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- **UHIP:** Consistent with the Governor's proposal, the Budget funds the Unified Health Infrastructure Project (UHIP) with Information Technology Investment Fund (ITIF) funding and general revenue totaling \$12.8 million in FY2015 (an increase of \$4.4 million in state funds from the ITIF over the FY2015 Enacted Budget).
- **Developmentally Disabled:** The Budget includes \$4.2 million in additional general revenue funding for services for individuals with developmental disabilities. The program's deficit is primarily due to an increase in caseload and a change in service mix towards more expensive services as mandated by the federal Department of Justice's consent decree.

FY2016 BUDGET

The FY2016 Budget is \$8,665.3 million, \$37.7 million more than the Governor's budget, but \$114.9 million less than enacted. General revenues are \$3,552.9 million, \$61.3 million more than proposed by the Governor, and \$107.7 million more than enacted. The increase in the Hospital Licensing Fee (\$13.0 million) and results of the May Revenue Estimating Conference (\$36.4 million) added to available revenue. Specific revenue and expenditure changes to the Governor's budget are outlined below.

Major Revenue Changes

- **Quasi-Public Transfers:** Decreases general revenue by \$20.7 million by eliminating the Governor's proposal to transfer excess reserve funds from quasi-public agencies.
- **Commercial Energy Sales Tax:** Eliminates sales tax on energy used for commercial heating, a general revenue decrease of \$19.5 million compared to the Governor's proposal to phase-out this sales tax incrementally.
- **IT Investment Fund Restoration:** Restores \$19.0 million to the Information Technology Investment fund, which the Governor had shifted to general revenue.
- **RI Highway Maintenance Account:** Reinstates \$13.0 million in general revenue by eliminating the Governor's proposal to postpone the transfer of motor vehicle license and registration fees to the Rhode Island Highway Maintenance Account.
- **Hospital Licensing Fee Increase:** Includes an additional \$13.0 million in revenue based on a 0.2 percent increase to the Hospital Licensing Fee from 5.703 to 5.862 percent.
- **Non-Owner Occupied Statewide Property Tax:** Eliminates the Governor's proposed \$11.8 million statewide property tax on non-owner occupied residential homes.
- **Alcohol Taxes:** Permanently sets the current alcohol sales and excise tax rates in law, which would have sunset June 30, 2015 and reverted back to pre-FY2014 rates (\$7.9 million).
- **Social Security - Tax Exemptions:** Increases the income limits for single and married individuals to qualify for tax exemptions on certain taxable social security benefits, resulting in a revenue decrease of \$5.5 million.
- **Outpatient Facilities and Imaging Services Surcharge:** Removes the 2.0 percent net patient revenue surcharge on outpatient facilities and imaging services, a general revenue decrease of \$1.7 million. The Governor had proposed phasing this out incrementally.
- **Minimum Corporate Tax Rate:** Reduces the minimum corporate tax rate from \$500 to \$450; a general revenue decrease of \$1.6 million.
- **Newport Grand Marketing Expenses:** Expands State participation in the lottery marketing program, increasing the State's share of marketing expenses at Newport Grand; a cost of \$760,000.

Major Expenditure Changes

The FY2016 Budget includes the following statewide expenditure changes to the Governor's budget:

- **Personnel Savings Restored:** The Budget partially restores \$17.0 million in general revenue factored into the Governor's FY2016 recommended budget, leaving \$5.0 million in general revenue savings from personnel reforms.

Other changes include:

Economic Development

- **Economic Development Programs and Transparency:** Establishes transparency measures and reporting requirements for the Governor's economic development incentives and programs. The initiatives sunset on December 31, 2018.
- **Rebuild RI:** Includes \$2.0 million in general revenue for the Rebuild Rhode Island Tax Credit program in addition to the funds anticipated to be available from bond refinancing in FY2017. The Budget also caps the amount of credits at \$15.0 million per project.
- **Rhode Island New Qualified Jobs Incentive Program:** The Budget adds a new jobs incentive program that provides tax credits based on the number of new jobs a business adds or creates, subject to certain thresholds.
- **Community Service Grants:** Adds \$429,142 for community service objectives for four entities promoting economic development, including an additional \$2,636 to the Bristol 4th of July Parade, \$75,000 to the Maritime Cyber Security Center, \$200,000 to the Rhode Island Composites Alliance, \$200,000 to the Small Business Administration. The Budget also includes decrease of \$10,222 for the Center to Advance Minority Participation in the Construction Industry, Inc.

General Government

- **Community Services Grants:** Adds \$825,000 in general revenue increasing community service grants appropriated within the Department of Administration. This includes \$125,000 to the Center for Women and Enterprise, \$300,000 to the Adams Library, \$300,000 for Central Falls shared services, and \$100,000 for planning support to the City of Cranston.
- **CollegeBoundfund Program:** The Budget adds \$300,000 in other funds and 1.0 FTE position for the administration of the CollegeBoundfund Program, which is transferring from the Rhode Island Higher Education Assistance Authority (RIHEAA) to the Office of the General Treasurer.

Sustainable Transportation Funding

- **DMV Fee Transfer:** Restores a transfer of \$13.0 million from transportation fees collected by the Division of Motor Vehicles to the Highway Maintenance Account in the Department of Transportation.
- **RIDOT Organization:** Changes the organizational functions of RIDOT by establishing a project management-based program and an asset management system.

Education

- **All Day Kindergarten:** Requires all districts to provide full-day kindergarten by August 2016, and adds funds for costs associated with transitioning to full-day programs.

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- **School Building Authority:** Establishes a School Building Authority and Capital Fund to reduce reliance on borrowing and prioritize funding for school construction projects. FY2016 includes \$20.0 million to capitalize the Fund.
- **School Transportation:** Restores \$2.0 million for the transportation categorical fund.
- **RIDE Community Service Grants:** Increases community service grants by \$355,000 in general revenue for the following awards: \$250,000 to Teach for America, \$50,000 for a one-time award for the music program in Woonsocket schools, \$45,000 for the Child Opportunity Zone (COZ), and \$30,000 to Man-Up, partially offset by a \$20,000 reduction to adjust for an error in the account.
- **Textbook Reimbursement:** Restores the textbook reimbursement program and \$240,000 in general revenue funding.
- **RIC Budget Gap:** Adds \$300,000 for Rhode Island College to help close a budget gap.
- **Polaris MEP:** Adds a \$350,000 community service grant to enable Polaris Manufacturing Extension Partnership (Polaris MEP) to improve manufacturing processes for small Rhode Island manufacturers.
- **Eliminate RIHEAA:** Eliminates the Rhode Island Higher Education Assistance Authority (RIHEAA) and transfers the powers and programs to a newly-created Division of Higher Education Assistance (DHEA) within the Office of the Postsecondary Commissioner (OPC) and to the Office of the General Treasurer.

Municipal Aid

- **PILOT Program:** Adds \$5.0 million in general revenue to fund Payment in Lieu of Taxes (PILOT) at the FY2015 level of \$40.1 million.
- **Municipal Road and Bridge Revolving Fund:** Provides an additional \$6.4 million for the Municipal Road and Bridge Revolving Fund in FY2015, for total funding of \$11.4 million in FY2015. The Budget does not include funding for this program in FY2016.

Health Care and Human Services

- **Reinventing Medicaid:** The Budget includes over 40 initiatives that result in \$55.3 million general revenue savings (\$112.7 million all funds) to the Medicaid program. These initiatives are based on the recommendations of the Working Group to Reinvent Medicaid, a group of twenty-nine stakeholders charged by the Governor with developing \$91.1 million in general revenue reductions for FY2016 as well as a long range plan for improving care, improving outcomes and reducing costs of the Medicaid program.

The Working Group recommended \$91.1 million in reductions and revenue enhancements. Of these, the Governor included \$78.6 million in initiatives in the proposed budget. The Budget includes \$71.1 million: \$58.2 million in Medicaid savings (including rate increases, payment reforms, and improved processes) and \$13.0 million in revenue enhancements. It excludes the recommended increase in the nursing home provider tax (\$1.7 million net), omits the increase in the insurance mandate for the children's health account (\$2.7 million), restores the cut and increases the funding for the Graduate Medical Education program (\$1.0 million restoration with funding increased to \$2.0 million), and reduces the cut in nursing home rates from 2.5 percent to 2.0 percent (\$1.0 million).

- **HealthSource RI:** Creates a funding source for the state-based health insurance marketplace, HealthSource RI (HSRI). The Department of Administration (DOA) is authorized to assess individual and small group health insurance and dental plans purchased through an assessment that

mirrors that assessed on insurers offering insurance on the federal insurance marketplace. The Budget establishes HSRI in statute and requires insurers to offer policies that exclude abortion coverage.

- **Child Care Providers:** Child care provider rates increase by 3.0 percent for those participating in the Child Care Assistance Program (\$1.7 million general revenue, \$2.2 million from all fund sources).
- **On the Job Training Child Care Assistance:** Eliminates the sunset for the “Back to Work RI” Child Care Assistance Program, which provides child care subsidies to parents engaged in approved work-preparedness activities (approximately \$200,000 in federal funds).
- **State SSI Payments:** Adds \$301,320 to increase state Supplemental Security Income (SSI) payments for those living in assisted living facilities that are eligible for Medicaid-funded long term services and supports (LTSS) from \$332.00 to \$465.00. This increase also funds a new eligibility category for a state SSI monthly payment of \$465.00 for those eligible for LTSS but living in the community in adult supportive housing.

Public Safety

- **Fire Marshal Personnel:** Within the Fire Marshal’s office, the Budget shifts \$304,374 in personnel expenditures from restricted receipts back to general revenue.
- **Attorney General - Office Renovations:** Authorizes the Department of Attorney General to spend \$6.0 million in Google forfeiture funds for office space renovations at both the headquarters building in Providence and secondary office space at the Pastore Complex in Cranston.

Natural Resources

- **DEM Capital Consolidation:** Reverses the Governor’s proposal to consolidate construction, property, and asset management functions of the Department of Environmental Management within the Department of Administration.
- **Community Service Grants:** Increases community service grants by \$450,000 to provide \$250,000 for improvements to the athletic field in Woonsocket and \$200,000 for North Providence drainage remediation. The Woonsocket grant was provided in FY2015 but was excluded from the recommended budget on the assumption that it was a one-time grant.



FY2016 BUDGET

Revenue Changes

The FY2016 Budget includes \$3,552.9 million in total general revenue, a \$52.4 million decrease from the Governor's proposal. Major revenue changes include removing the transfer of funds from quasi-public agencies to general revenue (\$20.7 million), eliminating the sales tax on commercial energy use by all businesses, rather than phasing out this tax over several years (\$19.5 million), maintaining tobacco bond proceeds in the Information Technology Investment Fund (\$19.0 million), reinstating the transfer of motor vehicle funds to the Rhode Island Highway Maintenance Account (\$13.0 million), increasing the hospital license fee (\$13.0 million), and eliminating the Governor's proposed statewide property tax on non-owner occupied residential properties (\$11.8 million). The following section highlights changes to the Governor's recommended revenue proposals:

Revenue Changes	FY2016
May 2015 Revenue Estimating Conference	\$36.4
Remove Transfers from Quasi-Public Agencies	(20.7)
Eliminate Sales Tax on Commercial Energy	(19.5)
Remove Shift of Tobacco Bond Proceeds to General Revenue	(19.0)
Maintain Transfer of Motor Vehicle Funds to RIHMA	(13.0)
Hospital Licensing Fee	13.0
Eliminate State Property Tax on Non-Owner Occupied Residential Properties	(11.8)
Alcohol Tax Restructure	(7.9)
Income Tax Exemption on Taxable Social Security Benefits	(5.5)
Eliminate Surcharges on Net Patient Revenues for Imaging Services	(1.7)
Minimum Corporate Tax Reduction	(1.6)
Lottery Marketing Expenses	(0.8)
Sunset Enterprise Zone Wage Tax Credit	(0.4)
Nursing Facility Revenues	0.1
Professional Licenseing Requirements Restored	0.1
Indirect Cost Recoveries on Restricted Receipt Accounts	(0.1)
Total	(\$52.4)

\$ in millions

May 2015 Revenue Estimating Conference **\$36.4 million**

The May 2015 Revenue Estimating Conference increased net available general revenues for the State for FY2016 by \$36.4 million above the Governor's proposal. Personal income taxes are expected to increase by \$11.6 million and business corporations taxes are expected to increase by \$18.9 million above the November estimate, both the results of higher base growth of FY2015 collections. The increases were partially offset by changes to other revenue sources, including a decrease of \$5.0 million in estimated departmental receipts and a \$2.3 million decrease in lottery revenue. The Budget includes the additional revenues for FY2016.

Remove Transfers from Quasi-Public Agencies **(\$20.7 million)**

The Budget does not include transfers to general revenue from quasi-public agencies as proposed by the Governor. The Governor's budget transferred \$20.7 million in reserves from several quasi-public agencies to offset debt service issued by the State on the agencies' behalf. Article 1 would have required the following transfers be made to the State Controller by June 30, 2016:

Quasi-Public Agency	Amount
Clean Water Finance Agency	\$11.0
Health and Educational Building Corporation	5.0
Narragansett Bay Commission	2.8
Resource Recovery Corporation	1.5
Airport Corporation	0.4
Total	\$20.7

\$ in millions

Eliminate Sales Tax on Commercial Energy ***(\$19.5 million)***

The Budget expands the current sales tax exemption on electricity, natural gas, and heating fuels used in the manufacturing process to consumption of these utilities by all businesses. The Governor proposed to expand the current exemption to all businesses over the next five years through reductions of 20.0 percent each year. The Budget fully exempts utilities in FY2016, for total foregone revenues of \$24.4 million, or \$19.5 million more than the Governor proposed.

Remove Shift of Tobacco Bond Proceeds to General Revenue ***(\$19.0 million)***

The Budget reverses the Governor's proposal to reallocate \$19.0 million of the proceeds from Tobacco bond refinancing to the General Fund in FY2016. The Budget reinstates these funds in the Information Technology Investment Fund (ITIF) providing a total of \$26.3 million for the IT account.

Maintain Transfer of Motor Vehicle Funds to RIHMA ***(\$13.0 million)***

The Budget reinstates the transfer of certain motor vehicle related fees into the Rhode Island Highway Maintenance Account (RIHMA) for FY2016. Fees assessed pursuant to 31-47.1-11, and chapters 3, 6, 10, and 10.1 of title 31 were to be deposited into the Rhode Island Highway Maintenance Account, as follows: 25.0 percent in FY2016, 75.0 percent in FY2017, and 100.0 percent in FY2018. The Budget reverses the Governor's proposal to suspend the 25.0 percent transfer in FY2016.

Hospital Licensing Fee ***\$13.0 million***

The Budget increases the hospital licensing fee from 5.703 to 5.862 percent upon net patient services revenue for the hospital's first fiscal year ending on or after January 1, 2014, except for those hospitals located in Washington County, Rhode Island, where the hospital license fee is discounted by 37.0 percent, lowering the rate paid by Westerly and Newport Hospitals.

This fee increase, included in the recommendations of the Working Group to Reinvent Medicaid, raises an additional \$13.0 million, for total licensing fee revenue of \$169.1 million in FY2016.

The hospital license fee is a provider tax that the State levies on hospitals. In past fiscal years, it has been used as a mechanism to generate state funds that are then matched with federal Medicaid funds and returned to hospitals for their care for the uninsured and indigent through the Disproportionate Share Hospital (DSH) program. The fee is federally-limited to 6.0 percent.

Eliminate State Property Tax on Non-Owner Occupied Residential Properties ***(\$11.8 million)***

The Budget does not include the Governor's proposal to impose a state property tax on non-owner occupied residences and vacant residential land with an assessed value of \$1.0 million or more. The proposed tax rate of \$2.50 per \$1,000 of total assessed value was estimated to increase general revenue by \$11.8 million. Currently, there is no state property tax in Rhode Island. The Budget reduces revenues by \$11.8 million for this change.

Alcohol Tax Restructure**(\$7.9 million)**

The Budget permanently reinstates the current alcohol sales and excise tax rates. The FY2014 Budget as Enacted created a sales tax exemption on purchases of wine and spirits and increased excise taxes on beer, wine, and spirits. Originally part of a pilot program established in the FY2014 Budget as Enacted, the changes were set to sunset on June 30, 2015. The change maintains the current excise tax increases on beer, spirits, and wine. The Budget includes a decrease of \$7.9 million for this change.

	Per Unit	Alcohol Tax Rates			
		Prior to FY2014		Current/Permanent Change	
		Sales Tax	Excise Tax	Sales Tax	Excise Tax
Beer	Barrel	7.0%	\$3.00	7.0%	\$3.30
Still Wines (Entirely RI Grown)	Gallon	7.0%	0.30	-	0.30
Still Wines	Gallon	7.0%	0.60	-	1.40
Sparkling Wines	Gallon	7.0%	0.75	-	0.75
Whiskey, Rum, Gin, Spirits, Cordials, Etc.	Gallon	7.0%	3.75	-	5.40
Whiskey, Rum, Gin, Etc. (<30 Proof)	Gallon	7.0%	1.10	-	1.10
Ethyl Alcohol (Beverage Use)	Gallon	7.0%	7.50	7.0%	7.50
Ethyl Alcohol (Non-Beverage Use)	Gallon	7.0%	0.08	7.0%	0.08

Income Tax Exemption on Taxable Social Security Benefits**(\$5.5 million)**

The Budget exempts Social Security benefits from the State's income tax for individuals who receive social security at normal retirement age and whose adjusted gross income (AGI) is \$80,000 a year or less, and for joint filers couples whose AGI is \$100,000 a year or less. Rhode Island personal income taxes are based on federal AGI (the basis of income subject to federal income taxes) and any additional modifications the State allows that reduce federal AGI. The standard deduction and personal exemption amounts, which are set annually by the Division of Taxation, are then deducted from the state taxable amount to determine taxable income. This is estimated to reduce revenues by \$9.3 million in FY2016. The Budget also schedules annual increases in the AGI dollar amount to coincide with changes in inflation.

The Governor had proposed to exempt Social Security benefits from the State's income tax for individuals whose adjusted gross income (AGI) is \$50,000 a year or less, and for joint filers couples whose AGI is \$60,000 a year or less; the Budget reflects the change to the Governor's proposal of \$5.5 million in decreased revenues to add the higher income brackets to the exemption.

	Social Security Exemption: 5-Year Revenue Impact				
	FY2016	FY2017	FY2018	FY2019	FY2020
Tax Foregone on Taxable Retirement Income by RI Residents	(\$7.7)	(\$16.2)	(\$16.7)	(\$17.1)	(\$17.4)
Tax Foregone on Taxable Retirement Income by Non-Residents	(1.6)	(3.3)	(3.4)	(3.5)	(3.6)
Total Revenue Impact	(\$9.3)	(\$19.5)	(\$20.2)	(\$20.7)	(\$20.9)

\$ in millions

Source: Office of Revenue Analysis

Net Patient Revenues for Imaging and Outpatient Services**(\$1.7 million)**

The Governor proposed phasing out the 2.0 percent surcharge on net patient services revenue generated by outpatient healthcare facilities and imaging services providers in equal increments over four years

(FY2016 through FY2019). Instead of a phase-out, the Budget eliminates the surcharges immediately. The Budget reflects a total reduction of \$2.3 million for this change, a net change of \$1.7 million from the Governor’s proposal.

Under current law, Rhode Island imposes a surcharge of 2.0 percent upon the net patient revenue received by every outpatient health care facility and every imaging services provider.

Minimum Corporate Tax Reduction **(\$1.6 million)**

The Budget reduces the minimum corporate tax from \$500 to \$450. Corporations are required to remit the corporate tax of 7.0 percent (TY2015) on net income or the minimum tax amount, whichever is greater. Rhode Island will no longer have the highest minimum corporate tax in New England. One full year fiscal impact for this change totals \$3.2 million. Using an accrual based methodology, the Budget reduces general revenue by \$1.6 million, or one-half of the revenue impact.

Regional Comparison	
State	Minimum Tax
Massachusetts	\$456
Rhode Island	450
Connecticut	250
Vermont	250
Maine	-
New Hampshire	-

Lottery Marketing Expenses **(\$760,000)**

The Budget amends the State and Newport Grand net terminal income shares for FY2016 and FY2017. The 2014 Budget as Enacted enhanced the share of video lottery terminal proceeds for the Newport Grand casino for revenues gained during the operation of the facility. The General Assembly extended a 2.25 percent enhanced share increase to aid in operations of the casino in both FY2014 and again in FY2015. The Budget adds 1.9 percentage points to the Newport Grand share for a two-year period. Unlike the last two years, the funds garnered by the enhanced share must be applied exclusively to the marketing expenditures, as approved by the Lottery. If the funds are not used for Lottery-approved marketing, they must be returned to the State.

Sunset Enterprise Zone Wage Tax Credit **(\$356,347)**

The Budget continues to allow certified businesses to claim the enterprise zone wage tax credit, which provides employment-based tax incentives for businesses located in certain defined areas of the state. Credits are limited to businesses certified before July 1, 2015. Fewer than 10 taxpayers have claimed the credit annually over the past 5 years. The Governor’s proposal eliminated the credit.

Enterprise Zone Wage Tax Credits		
Business Corporations		
Fiscal Year	Taxpayers	Amount
2011	6	\$370,000
2012	6	320,000
2013	7	508,607
2014*	3	546,328
2015*	6	548,987

**Estimates provided in the 2014 Tax Expenditures Report.*

Source: Office of Revenue Analysis.

Nursing Facility Revenues***\$117,710***

The Governor proposed a 2.5 percent reduction to the rates paid to skilled nursing facilities and associated hospice organizations that provide services to Medicaid-eligible individuals. The Budget lowers this reduction by 0.5 percentage points, increasing payments by \$2.1 million above the Governor's budget. The additional payments are subject to the 5.5 percent nursing home provider assessment, generating \$117,710 in additional revenue.

Professional Licensing Requirements Restored***\$92,570***

The Budget restores \$92,570 in licensing fee revenue associated with 5 professional licenses (occupational therapist assistants, physical therapy assistants, athletic trainers, lifeguards, and music therapists) that were not included in Article 20. The Governor originally proposed to eliminate 32 professional licensing requirements, including the five discussed above, which were subsequently restored. The Budget eliminates licensing requirements for 27 professional licenses issued by Department of Business Regulation (DBR), Department of Health (DOH), Department of Elementary and Secondary Education (RIDE), and the Department of Environmental Management (DEM).

Indirect Cost Recoveries on Restricted Receipt Accounts***(\$58,510)***

The Budget decreases \$58,510 in general revenue associated with several restricted receipt accounts that were not correctly reflected in the Governor's budget. Article 13 exempts two new and four existing restricted receipt accounts from the 10.0 percent indirect cost recovery provisions under RIGL 35-4-27, three of which were not accounted for in the Governor's budget. The correction reflects decreases from the following accounts: proposed exemptions would impact the "Miscellaneous Donations/Grants from Non-Profits" account and the "State Loan Repayment Match" account in the Department of Health; the "Rhode Island Health Benefits Exchange" account in the Department of Administration; and, the "Rhode Island Judiciary Technology Surcharge" account in Judiciary.

Expenditure Changes by Agency

STATEWIDE CHANGES

Statewide Personnel Savings – Partial Restoration

\$17.0 million

The Budget partially restores personnel savings factored into the Governor's FY2016 recommended budget. The Governor proposed to achieve \$22.0 million in general revenue personnel savings in an attempt to modernize the system and achieve savings. The Governor anticipated that the most of the savings from personnel reforms would not require legislative change, but require negotiation with the unions related to collective bargaining agreements. After further review, the Administration indicates that the full savings are not achievable in FY2016. The Budget maintains \$5.0 million in general revenue savings from personnel reforms.

DEPARTMENT OF ADMINISTRATION

HealthSource RI

\$2.6 million

The Budget includes \$2.6 million in general revenue for HealthSource RI (HSRI) which will supplement the \$3.6 million in restricted receipts raised by a 3.5 percent assessment on health insurance premiums sold through HSRI. The assessment is equal to the assessment on plans sold through the federal exchange.

To date, the design, development, and implementation of HSRI has been funded with a total of \$169.8 million in federal grants, but use of federal funds for operations is precluded after CY2014. The Governor proposed an assessment that generates \$6.1 million in FY2016 and completely funds HSRI operations. The Budget includes an assessment that raises \$3.6 million and that requires \$2.6 million in general revenue to fully fund HSRI operations.

Rhode Island Public Transit Authority

\$2.0 million

The Budget includes \$2.0 million in general revenue for the Rhode Island Public Transit Authority (RIPTA) to help reduce an anticipated operating deficit. The Authority is projecting a deficit of \$5.6 million in FY2016. RIPTA is experiencing a major decline in revenues due to the introduction of a transportation broker. Under the new contract, rather than being the exclusive provider of elderly, disabled, and Rite Care transportation, RIPTA is now just one of twenty vendors subcontracted by LogistiCare to provide these transportation services. During the first ten months of the new program, ridership in RIPTA's paratransit program has decreased by 33.6 percent, and income has decreased by 29.1 percent.

School for the Deaf Debt Service

\$1.2 million

The Budget shifts \$1.2 million in general revenue certificates of participation debt service payments for the Rhode Island School for the Deaf from FY2015 to FY2016.

Community Service Objectives

\$825,000

The Budget adds \$825,000 in general revenue for community service grants within the Department of Administration. This includes \$125,000 to the Center for Women and Enterprise, \$300,000 to the Adams Library in Central Falls, \$300,000 for Central Falls shared services, and \$100,000 for planning support to the City of Cranston.

Capital Projects and Property Management – Capital Consolidation **(\$592,049)**

The Budget restores \$592,049 in general revenue for the Department of Environmental Management (DEM), reversing the shift of personnel costs associated with the Governor’s consolidation of capital oversight into the Department of Administration (DOA). The proposal to move capital staff from DEM to Department of Administration Capital Projects and Property Management program is not moving forward due to concerns from DEM’s Director. The other proposed moves from the Department of Corrections and the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) are still moving forward.

Library and Information Services - Interlibrary Delivery System **\$316,000**

The Budget adds \$316,000 in general revenue to reflect the increase in the new Interlibrary Delivery System contract price occurring in May 2015. The previous contract price was \$6.90 per stop and the new contract price is \$24.53 per stop, thereby increasing the annual cost to \$516,000. The Governor recommended \$200,450 in general revenue in the FY2016 Budget. RIGL 29-6-9 requires that the Office of Library and Information Services fund the Interlibrary Delivery System in its entirety.

Maintain Office of Regulatory Reform Ombudsman **\$108,517**

The Budget restores \$108,517 in general revenue for salary and benefits to maintain the 1.0 FTE Ombudsman position in the Office of Management and Budget, in the Department of Administration. The Governor proposed shifting this position to the Department of Business Regulation. The Ombudsman assists customers understand regulatory requirements, advocates for small businesses, and acts as a catalyst to remove barriers to conducting business in the State.

Legal Notices **\$100,000**

The Budget restores \$100,000 in general revenue for savings associated with the Governor’s proposed Article 27 that would have authorized the posting of any statutorily required legal notices and advertisements initiated by the State on-line, in lieu of the current print media requirement. On March 25, 2015, the Governor withdrew Article 27, thereby requiring the restoration of the presumed savings.

IT Investment Fund (restricted receipts) **\$1.7 million**

The Budget includes \$1.7 million in restricted receipts reflecting the expenditure of IT Investment Funds to fund expenses associated with the Department of Labor and Training’s Unemployment Insurance Modernization Project (UI Modernization) and on a new Case Management System and an E-Filing System in Judiciary.

The State is collaborating with Maine and Mississippi in the development of the Unemployment Insurance Modernization Project. The Department anticipates the new computer system will be operational in 3 to 5 years.

The Judiciary has been developing a new Case Management System and an E-Filing System. The system integrates information throughout the justice system and diminishes the requirement for paper storage of case materials as all the information will be stored electronically.

Other Funds Changes (RICAP) **\$6.4 million**

The Budget includes a net increase of \$6.4 million in Rhode Island Capital Plan (RICAP) funding in FY2016 based on current expenditures and projections for various projects:

- Adds \$319,000 for the DoIT Enterprise Operations Center RICAP project, to fund the purchase of a generator and transfer switch upgrades.

- Adds \$225,000 for the Cannon Building RICAP project, to reflect the Department of Administration's revised timeline and total cost projection to complete the building envelope project.
- Adds \$1.2 million for the Zambarano Building Rehabilitation project to fund the first phase of the Eleanor Slater roof replacement project and for environmental remediation work as required by the Department of Environmental Management.
- Increases RICAP funds by \$738,000 for maintenance and capital repairs to 16 buildings at the Pastore Center Complex. The Governor recommends adding funds to reflect the Department of Administration's revised project timeline.
- Reduces RICAP funds by \$805,000 for the Chapin Health Laboratory RICAP project to reflect the Department of Administration's revised project timeline.
- Adds \$250,000 for the Veterans' Memorial Auditorium Land Purchase project. The Governor recommends the additional funds for previously unforeseen environmental remediation required before construction to grade and pave the property to create additional parking spaces around the Capital Complex.
- Adds \$346,000 for a new appropriation line to support architectural and engineering work for the State House Energy Management Improvement project.
- Adds \$1.7 million for the Pastore Center Building Demolition project. The Budget shifts RICAP funding originally planned in years FY2017 through FY2019, to FY2016 to continue building demolition and debris clearing at the Pastore Center in Cranston.
- Increases RICAP funds \$800,000 for the Pastore Center Parking project. The Budget shifts RICAP funding originally planned in years FY2018 and FY2019, to FY2016 to continue the parking and traffic flow improvements at the Pastore Center in Cranston.
- Increases RICAP funds to \$340,000 for the Replacement of Fuel Tanks project.
- Adds \$250,000 for a new project involving the William Powers Building Parking Lot. The parking lot requires pavement repairs and sealcoating.
- Adds \$600,000 for additional exterior envelope, windows, and roof repairs for the Washington County Government Center.
- Adds \$350,000 to renovate space within the State Office Building (Transportation) for the Executive Office of Commerce.

DEPARTMENT OF BUSINESS REGULATION

Maintain Ombudsman FTE in DOA

(\$108,517)

The Budget removes \$108,517 for salary and benefits relating to the transfer of 1.0 Ombudsman position from the Office of Management and Budget in the Department of Administration to the Department of Business Regulation. The Governor shifted this position in an effort to move the position under the purview of the Executive Office of Commerce. The responsibility of the Ombudsman is to help customers understand regulatory requirements, advocate for small businesses, and act as a catalyst to remove barriers to conducting business in the State.

EXECUTIVE OFFICE OF COMMERCE***Commerce Corporation Operations*** ***(\$500,000)***

The Governor includes \$7.9 million in general revenue to fund operations at the Rhode Island Commerce Corporation. The Budget reflects \$500,000 in personnel and operating savings.

Community Service Objectives ***\$429,142***

The Budget increases funding for community service grants appropriated within the Executive Office of Commerce. This includes an additional \$2,636 to the Bristol 4th of July Parade, \$75,000 to the Maritime Cyber Security Center, \$200,000 to the Rhode Island Composites Alliance, \$200,000 to the Small Business Administration, as well as a decrease of \$10,222 for the Center to Advance Minority Participation in the Construction Industry, Inc., that is no longer in operation.

Economic Development Initiatives - Rhode Island Infrastructure Bank ***(\$2.0 million)***

The Budget decreases \$2.0 million in general revenue from the Economic Development Initiatives Fund under the Executive Office of Commerce for the Rhode Island Infrastructure Bank (RIIB). The Budget eliminates the proposed scoop of \$11.0 million of Rhode Island Clean Water Finance Agency reserve funds. The reserve funds can be used to finance the RIIB.

Economic Development Initiatives – Rebuild Rhode Island Tax Credit ***\$2.0 million***

The Budget includes \$2.0 million in general revenue for the Rebuild Rhode Island Tax Credit program in addition to the funds anticipated to be available from bond refinancing in FY2017. The Rebuild Rhode Island Tax Credit is a new tax credit to be administered by the Commerce Corporation, intended to promote investment in real estate development for commercial and/or residential use.

DEPARTMENT OF LABOR AND TRAINING***Child Care While in Training*** ***(\$100,000)***

The Budget permanently extends the “Back to Work Rhode Island” child care assistance program to families participating in job training programs, which was due to sunset on June 30, 2015. The Budget reduces the Department’s workforce development initiative program appropriation by \$100,000 in general revenue and specifies that the child care program will be funded by federal Temporary Assistance to Needy Families (TANF) funds provided within the Department of Human Services.

Unemployment Insurance Modernization Project (restricted receipts) ***(\$1.6 million)***

The Governor’s budget included \$1.6 million in restricted receipts to fund the first year of expenses associated with the Department’s Unemployment Insurance Modernization Project (UI Modernization). The State is collaborating with Maine and Mississippi in the development of a new Unemployment Insurance computer system. The Department anticipates the new computer system will be operational in 3 to 5 years.

The General Assembly did not concur and instead funds the project through the IT Investment Fund.

Other Fund Changes (RICAP funds) ***\$256,691***

The Budget adds \$256,691 in RICAP funds for the replacement of slate roofs on buildings 68, 69, and 71, housing both the Department of Labor and Training and the Department of Business Regulation. The increase provides funding to complete the project.

OFFICE OF THE GENERAL TREASURER***Unclaimed Property (restricted receipts)* **\$4.4 million****

The Budget adds \$4.4 million in restricted receipt expenses associated with the transfer to the state general fund, reduced claim payments, and an increase in the fund liability reserve costs to support the Unclaimed Property program. The need for the additional expenditures was determined during the May 2015 Revenue Estimating Conference.

Tuition Savings Program - Administration (other funds)* **\$300,000*

The Budget adds \$300,000 in other funds for the administration of the CollegeBound*fund* Program that is transferring to the Office of the General Treasurer from the Rhode Island Higher Education Assistance Authority (RIHEAA). The CollegeBound*fund* Program includes the CollegeBound*fund*, the Academic Promise Scholarship Program, CollegeBound*fund* Baby, and the CollegeBound*fund* 5&10 Matching Grant Program. The CollegeBound*fund* is a “qualified state tuition program” under section 529 of the IRS code. To effectuate the transfer of the program, the Budget includes the authorization and funds including one additional FTE position to administer the CollegeBound*fund* Program.

DEPARTMENT OF REVENUE***PILOT Increase* **\$5.0 million****

The Budget includes \$5.0 million in additional funds for the Payment In Lieu of Taxes (PILOT) program in FY2016. The Governor’s proposal included \$35.1 million in general revenue to fund PILOT, a decrease of \$5.0 million from the enacted budget, which had included a one-time funding increase. Current law requires reimbursement of 27.0 percent of the tax revenue the municipality would have collected had the property been taxable, but it also allows for a proportional reduction if the appropriation is less than this amount. The \$40.1 million in funding represents a reimbursement rate of 23.7 percent of forgone tax revenue.

DMV License Plate Reissuance* **\$3.0 million*

The Budget includes \$3.0 million in general revenue for startup costs to implement the license plate reissuance beginning July 1, 2016, two months earlier than the Governor had proposed, which had delayed the reissuance from September 2015 to September 2016. The Department of Revenue anticipates producing 36,500 plate sets per month at a cost of \$12.50 per plate. Current law allows a \$6 per plate customer fee, which partially offsets the cost per plate.

OFFICE OF THE LIEUTENANT GOVERNOR***Municipal Incentive Grants* **(\$100,000)****

The Budget removes \$100,000 for Municipal Incentive Grants. The Governor included \$100,000 for a new municipal incentive grant program to assist communities to enter into shared service agreements to increase efficiencies and decrease costs.

OFFICE OF THE SECRETARY OF STATE***Community Service Objectives* **\$15,000****

The Budget adds \$15,000 in additional general revenue support for the Newport Historical Society as a grant provided through the Office of the Secretary of State. Under RIGL 29-2-2, funds must be appropriated annually to the Newport Historical Society for the purchase and binding of books relating to

the history of the State and for copying and preserving historical records of the several towns of the State. The State Librarian is required to pay the Newport Historical Society for this purpose. The Governor's budget included \$3,396; the additional funding brings support for the Newport Historical Society to \$18,396 for FY2016.

OFFICE OF HEALTH AND HUMAN SERVICES

May 2015 Caseload Estimating Conference **(\$14.9 million)**

FY2016 Medicaid general revenue expenditures are estimated to total \$14.9 million less than previously estimated, primarily due to lower than projected usage of the new treatment protocol for Hepatitis C. FY2016 all funds expenditures are estimated to be \$109.7 million less than previously estimated, primarily due to updated costs for individuals enrolled in the Medicaid expansion program. The expansion program is funded entirely with federal funds.

Children's Health Account **\$2.7 million**

The Budget restores general revenue funding for the children's health account, maintaining the current assessment on insurers to pay for the first \$7,500 per child, per service, per year for children receiving services. Medicaid covers costs above this threshold.

The Governor proposed increasing the threshold at which Medicaid begins to cover services to \$11,000 per child, per service, per year. This would have shifted more of the cost of these services to the privately-insured and displaces Medicaid spending.

Withdraw Division of Advocacy Proposal **(\$2.0 million)**

The Governor submitted, and later withdrew, a proposal to consolidate the four advocacy agencies (Governor's Commission on Disabilities, the Commission on the Deaf and Hard of Hearing, the Office of the Mental Health Advocate, and the Office of the Child Advocate) into a single, new Division of Advocacy within the Executive Office of Health and Human Services.

The consolidation was for administrative purposes only and anticipated to result in operational efficiencies over time. The Governor's budget had transferred 17.0 FTE positions, along with current services funding, from the four agencies to the Executive Office.

The Budget restores the transferred funding and FTE positions to their original agencies.

Graduate Medical Education **\$2.0 million**

The Budget increases funding for the Graduate Medical Education Program at academic medical centers that provide inpatient care to at least 25,000 indigent patients each year, have a Level 1 Trauma Center, and provide medical education to at least 250 interns and residents per year. Rhode Island Hospital is currently the only hospital that meets these criteria.

The Governor had eliminated FY2015 and FY2016 funding for this program. The Budget restores \$1.0 million in each fiscal year and adds an additional \$1.0 million in FY2016 for total FY2016 funding of \$2.0 million (\$4.0 million all funds).

Partial Restoration of Nursing Home Funding **\$1.1 million**

The Governor included \$5.3 million in general revenue savings associated with a 2.5 percent reduction to the rates paid to nursing homes. The Budget lowers this rate reduction to 2.0 percent for general savings of \$4.3 million and a net increase in nursing home funding of \$1.1 million.

Disproportionate Share Hospital Payments **\$1.1 million**

The Budget increases FFY2015 Disproportionate Share Hospital (DSH) payments made to hospitals in FY2016, based on the release of final FFY2015 DSH limits by CMS. DSH payments to hospitals will maximize the \$140.5 million in available funding for hospitals that serve a large proportion of uninsured and underinsured and that care for a large percentage of Medicaid-eligible individuals.

Administrative and Technical Support Contract **(\$500,000)**

The Budget reduces the State's contract with Xerox State Healthcare for technical and administrative support for the medical assistance program. This \$5.9 million contract was underspent in FY2013 and FY2014 by approximately \$900,000 and \$800,000 respectively. The FY2016 Budget aligns funding more closely with historical spending.

Nursing Home Assessment **(\$290,131)**

The Budget does not contain the Governor's proposal to increase the nursing home bed tax from 5.5 percent to 6.0 percent which had resulted in an increase in the tax paid by Eleanor Slater Hospital. As a result, the Budget reverses this increased liability.

Healthcare Planning and Accountability Advisory Council **(\$150,000)**

The Healthcare Planning and Accountability Advisory Council, co-chaired by the Secretary of Health and Human Services and the Health Insurance Commissioner, was funded in FY2015 with \$150,000 in general revenue (\$300,000 all funds) for a study of the state's behavioral health care system, including an examination of demand for services, cost, and supply. The FY2016 Budget removes this funding.

Increased Estate Recovery Efforts **\$46,920**

The Budget funds two paralegal positions within the Office of Program Integrity to conduct estate recovery collections as allowed under existing laws, rules, and regulations. The Budget includes \$46,920 in general revenue and \$22,080 in federal funds for these positions, which are funded for half of FY2016.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES***"Reinventing Medicaid" Restoration*** **\$750,000**

The Budget restores Medicaid savings originally included in the Governor's budget associated with the recommendations of the Working Group to Reinvent Medicaid. The final FY2016 proposal submitted by the Governor, guided by the efforts of the Working Group to Reinvent Medicaid, identified alternative savings outside of the Department of Children, Youth, and Families (DCYF) to meet the overall, statewide targets set in the Governor's initial recommendation. This includes the restoration of \$750,000 in general revenue and \$759,662 in federal funds, for an all funds increase of \$1.5 million.

Within DCYF, Medicaid funds (both the state match and federal match) are used to fund direct services to DCYF youth, which includes youth served by the System of Care (SOC) networks. The Governor's initial proposal did not identify the specific funding that would have been reduced to meet these savings, which have since been restored.

Other Fund Changes (RICAP) **\$2.2 million**

The Budget shifts Rhode Island Capital Plan (RICAP) funding from FY2015 to FY2016 to account for changes to three projects, which are incomplete or have yet to begin. DCYF has further indicated that given the transition in leadership within the Department, there has been a loss of ownership over some projects, and that some projects have been put on hold while a review is conducted to determine how projects will move forward and to identify who is responsible for management of these projects.

- **RI Training School (RITS) Repairs and Improvements:** \$1.1 million for RITS repairs due to project delays.
- **Fire Code Upgrades – Youth Group Homes:** \$590,000 is shifted from FY2015 to FY2016 to fund fire code upgrades at private youth group homes in which DCYF-involved youth reside. DCYF has put this project on hold as it conducts a thorough review of who has ownership, oversight, and management of these projects.
- **RITS Maintenance Building:** \$535,000 for the RITS Maintenance Building. The Department of Administration (DOA) in conjunction with DCYF determined that existing facilities at the Pastore Complex will be converted, rather than purchasing a pre-fabricated building.

DEPARTMENT OF HEALTH

Restoration of Staff for Health Professional Boards ***\$207,662***

The Budget adds \$207,662 in general revenue to continue to fund 2.0 FTE positions associated with staffing a number of health professional boards. The Governor proposed to consolidate all 25 non-prescribing health professional boards into a single board and eliminate 2.0 FTE positions associated with these boards. The Budget rejects the Governor's proposal and restores the funding and the 2.0 FTE positions.

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

The Budget assumes \$200,000 in general revenue savings associated with turnover in the Division of Environmental and Health Services Regulation. These savings are based upon recent staffing trends within the Department of Health. As of May 30, 2015, the Department experienced a vacancy rate of nearly 10.0 percent, or 47.7 FTE positions.

Community Service Objective – Rhode Island Blood Center ***(\$12,024)***

The Budget reduces general revenue funding for the Department by \$12,024, eliminating funding for the Rhode Island Blood Center. This funding previously supported a multi-year pilot program for cord blood collection, a project which has since been ceased by the Center.

State Revolving Fund Administration (federal funds) ***\$2.3 million***

The Budget shifts funds associated with the administration of a state revolving fund from restricted receipts to federal funds to ensure compliance with federal requirements (\$2.3 million). The Department of Health (DOH) receives a portion of funding from a Clean Water Finance revolving fund to offset the costs of administering the clean water drinking program. This item shifts administrative costs funded by this revenue stream from a restricted receipt account to a federal funds account to comply with federal reporting requirements.

Non-Profit Donations/Grants (restricted receipts) ***\$53,350***

The Budget adds approximately \$53,000 in restricted receipts based upon revised projections of non-profit donations to the Department of Health. Donations include funding from the Alzheimer's Association, the United Way, the National Association of Chronic Diseases, and the National Multiple Sclerosis Society.

DEPARTMENT OF HUMAN SERVICES**Child Care Rate Increase****\$1.7 million**

The Budget adds \$1.7 million in general revenue (\$2.2 million all funds) to fund increased payments to child care providers. Article 17 permits the Department of Human Services (DHS) to increase the maximum reimbursement rate paid to child care providers in the State's Child Care Assistance Program (CCAP), by 3.0 percent for all providers. Certified family child care for infants and toddlers, and license-exempt providers also receive an additional \$10.00 per week. CCAP provides child care subsidies to working, low income families and participants in the Rhode Island Works Program.

Child Care Provider Rates	Infant (up to age 3)	Preschool (up to 1st grade)	School Age (up to age 13)
Licensed Family Provider - Current	\$155.00	\$150.00	\$142.00
Licensed Family Provider - Proposed 3% increase	169.95*	154.50	146.26
Licensed Child Care Center - Current	188.00	157.00	142.00
Licensed Child Care Center - Proposed 3% increase	193.64	161.71	146.26

*\$10 rate increase plus 3% increase

Source: Department of Human Services.

Currently, the amount of the weekly subsidy is set by statute (RIGL 40-6.2-1.1, last updated in 2008) to be the average of the 75th percentile of the weekly market rates for child care in 2002 and 2004. However, the subsidy amount is not automatically updated each year and has not been increased to reflect the increased cost of child care; as a result, the *average* cost of care at a licensed child care center for infants and preschoolers in 2014 (\$233 and \$184, respectively) now exceeds the subsidy amount, based upon data provided by RI Kids Count.

Community Service Objectives**\$368,289**

The Budget adds a total of \$368,289 in general revenue, reflecting a number of changes to community service objective grants allocated through DHS. This includes \$380,000 in increased or new grants: \$125,000 to Day One (increasing its total grant award to \$216,944), \$100,000 to Crossroads (increasing the total grant award to \$302,500), \$50,000 to the Institute for Study and Practice of Nonviolence (increasing the total grant award to \$215,188), \$50,000 to the Boys and Girls Club of Rhode Island (increasing the total grant award to \$250,000), \$50,000 for the John Hope Settlement House (increasing the total award to \$300,000), and \$5,000 for a new grant for the Rhode Island Military Organization Lounge at the T.F. Green Airport.

These increases are slightly offset by a reduction of \$9,059 to the Retired Senior Volunteer Association (RSVA), which provides volunteer service opportunities for those ages 55 and over. RSVA is closing and will therefore not apply for the funding in FY2015 and FY2016 and a reduction of \$2,652 for the Town of North Smithfield's elderly transportation service, which is no longer in operation.

Caseload Estimating Conference – Cash Assistance**(\$296,929)**

The May 2014 Caseload Estimating Conference adopted total cash assistance expenditures of \$29.5 million in general revenue (\$107.9 million all funds). General revenue expenditures are expected to be \$296,929 less than the Governor projected (\$803,611 all funds). This is primarily attributable to lower per person cost and fewer participants in both the Rhode Island Works program and the Supplemental Security Income (SSI) program.

“Reinventing Medicaid” Increased Efficiencies, New SSI Payment, and Restoration **\$51,320**

This item reflects a number of savings and new initiatives, which result in a net general revenue increase of \$51,320 (a decrease of \$195,459 from all fund sources, including federal funds). These initiatives include:

- A reduction of \$500,000 in general revenue (\$1.0 million from all fund sources) reflecting increased operational efficiencies and administrative simplification with OHHS. This will require OHHS to conduct a thorough review, which is ongoing, of staff assignments to ensure that the proper workload, based on expertise, is assigned to staff. To achieve savings, it is expected that through this process, positions that were slated to be filled will not be filled and existing staff will be redistributed throughout agencies.
- \$301,320 in general revenue to make changes to SSI categories and payment levels to prevent entry into more expensive nursing home level care and keep individuals in less costly assisted living setting. This proposal increases SSI state supplemental payments for those living in assisted living facilities that are eligible for Medicaid-funded long term services and supports (LTSS) from \$332.00 to \$465.00. This proposal also adds a new eligibility category for a monthly payment of \$465.00 for those eligible for LTSS but living in the community in adult supportive housing. Payments for those in an assisted living facility not eligible for LTSS services remain unchanged at \$332.00.

Analyst’s Note: Currently, assisted living recipients retain only a small portion of the payment as a personal needs allowance and the balance of the payment goes to the assisted living facility. Thus, the Budget is utilizing this existing vehicle to provide capacity-building support to assisted living facilities and rebalance long term care towards community-based settings.

- Restoration of \$250,000 in unspecified general revenue reductions within the Division of Elderly Affairs (\$503,221 all funds).

RI Housing Financed Assisted Living SSI State Supplement **\$23,914**

Based upon testimony provided by DHS during the May 2015 Caseload Estimating Conference, the Budget increases funding for SSI state-only payments (\$206 per month) to residents living in Rhode Island Housing financed assisted living facilities. DHS indicated 32 participants will be receiving the payment in FY2015.

The Governor provides \$335,284 in FY2015 and FY2016 to fund this payment as well as the \$206 monthly payment to those in non-Medicaid assisted living facilities. Although these costs are not projected as part of the Caseload Estimating Conference (CEC), DHS projected in the May 2015 CEC that the state SSI payment to both of these populations would total \$359,198. The Budget adds general revenue to account for this difference to ensure sufficient funding within DHS for both payments.

Intermodal Surface Transportation Fund (other funds) **\$265,497**

To adjust for the results of the May 2015 Revenue Estimating Conference, the Budget increases funding within the Intermodal Surface Transportation Fund by \$265,497 to \$4.4 million.

79.0 percent of DHS’ gas tax share are dedicated to the Rhode Island Public Transit Authority (RIPTA) to fund paratransit services; bus services for the elderly, disabled, reduced, and no fare riders; the purchase of vehicles allocated for paratransit services; and provide for maintenance, inspection, and back-up service for wheelchair lifts on RIPTA’s vehicles. 21.0 percent of this account is dedicated to fund specialized paratransit services for the elderly, or the Logisticare contract.

Remove Sunset for “Back to Work RI” Child Care Program (federal funds) **\$201,550**

The Budget eliminates the sunset for the “Back to Work RI” Child Care Program, which was set to expire at the end of FY2015. To fund the projected program growth in FY2016, the Budget allocates approximately \$200,000 federal Temporary Assistance to Needy Families (TANF) funding to DHS for this program.

This program provides short-term child care assistance to families who are not working, but engaged in approved job training and preparation activities and currently serves approximately 20 families. This cost projection is based upon the assumption that this number will grow to 29, and it is anticipated this caseload will remain level in future years as the program is intended to support participants on a short-term basis. As new program participants will come on, those who have been on for up to one year (as determined by DHS regulation) will transition out of the program.

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS***Increase Funding for Private Community Services for the Developmentally Disabled*** **\$2.0 million**

The Budget increases funding for private providers of services for the developmentally disabled. This \$2.0 million general revenue increase (\$4.0 million all funds) is a rebasing of the program’s cost subsequent to a provider rate increase.

Consolidate Laundry Services at Eleanor Slater Hospital **(\$150,000)**

Consistent with the recommendations of the Working Group to Reinvent Medicaid, the Budget includes savings at Eleanor Slater Hospital associated with a recent review of laundry services. Savings will be achieved through consolidating or possibly privatizing laundry services, and result in general revenue savings of \$150,000 and all funds savings of \$300,000.

Hospital Licensing Fee – Eleanor Slater Hospital **\$137,971**

The increase in the hospital licensing fee from 5.703 to 5.862 percent increases the fee levied on the Eleanor Slater Hospital by \$137,971 in FY2016.

Maher Center Community Service Grant **\$50,000**

The Budget adds a community service grant for the James L. Maher Center, an organization in Middletown that provides day and employment services to individuals with developmental disabilities.

Privatize or Reorganize RICLAS Group Homes for the Developmentally Disabled **Informational**

The Governor’s budget included a \$2.0 million placeholder for savings to be specified by the Working Group to Reinvent Medicaid. Consistent with the working group recommendation, the Budget specifies this \$2.0 million (\$4.0 million all funds) savings as achieved through the privatization or reorganization of Rhode Island Community Living and Supports (RICLAS) group homes for individuals with developmental disabilities. Established as part of closure of The Ladd School in Exeter, RICLAS currently provides residential services to about 209 individuals in 24 group homes, 4 apartment buildings, and 3 special care facilities.

There are 370.0 FTE positions represented by four labor unions in the RICLAS system. Under this initiative, RICLAS would remain as a provider of services only to those unable to be placed in private group homes. This initiative also presents the option of achieving these savings through a negotiated reorganization of RICLAS homes to lower its cost structure.

GOVERNOR'S COMMISSION ON DISABILITIES***Division of Advocacy*****\$383,056**

The Budget reflects the Governor's requested withdrawal of Article 18, which would have consolidated the State's four advocacy agencies (Governor's Commission on Disabilities, Office of the Child Advocate, Office of the Mental Health Advocate, and the Commission on the Deaf and Hard of Hearing) into a newly established Division of Advocacy within the Executive Office of Health and Human Services for budgetary and administrative purposes. This item adds \$383,056 in general revenue funding to the Governor's Commission on Disabilities (\$428,524 from all fund sources).

COMMISSION ON THE DEAF AND HARD OF HEARING***Division of Advocacy*****\$411,883**

The Budget reflects the Governor's requested withdrawal of Article 18, which would have consolidated the State's four advocacy agencies (Governor's Commission on Disabilities, Office of the Child Advocate, Office of the Mental Health Advocate, and the Commission on the Deaf and Hard of Hearing) into a newly established Division of Advocacy within the Executive Office of Health and Human Services for budgetary and administrative purposes. This item adds \$411,883 in general revenue funding to the Commission on the Deaf and Hard of Hearing (\$491,883 from all fund sources).

OFFICE OF THE CHILD ADVOCATE***Division of Advocacy*****\$672,273**

The Budget reflects the Governor's requested withdrawal of Article 18, which would have consolidated the State's four advocacy agencies (Governor's Commission on Disabilities, Office of the Child Advocate, Office of the Mental Health Advocate, and the Commission on the Deaf and Hard of Hearing) into a newly established Division of Advocacy within the Executive Office of Health and Human Services for budgetary and administrative purposes. This item adds \$672,273 in general revenue funding to the Office of the Child Advocate (\$717,273 from all fund sources).

OFFICE OF THE MENTAL HEALTH ADVOCATE***Division of Advocacy*****\$508,251**

The Budget reflects the Governor's requested withdrawal of Article 18, which would have consolidated the State's four advocacy agencies (Governor's Commission on Disabilities, Office of the Child Advocate, Office of the Mental Health Advocate, and the Commission on the Deaf and Hard of Hearing) into a newly established Division of Advocacy within the Executive Office of Health and Human Services for budgetary and administrative purposes. This item adds \$508,251 in general revenue funding to the Office of the Mental Health Advocate, which reflects approximately \$10,000 in personnel savings as compared to the current services funding level, associated with the retirement of its administrative assistant.

ELEMENTARY AND SECONDARY EDUCATION***Transportation Aid*****\$2.0 million**

The Budget includes \$2.0 million to level fund transportation aid in FY2016. The State provides funding for transporting students to out-of-district, non-public schools for districts that participate in the statewide transportation system and for 50.0 percent of the local costs associated with transporting

students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. Through Article 6, the Governor eliminated the requirement that school districts provide transportation for private school students. Consequently, the Governor funded this category at \$2.4 million in FY2016, a decrease of \$2.0 million from the FY2015 Budget as Enacted. The Budget restores this funding.

Maintain Race to the Top Systems (2.0 FTE positions) ***(\$467,334)***

The Budget eliminates \$467,334 in general revenue support and 2.0 FTE positions for maintaining systems implemented with federal Race to the Top (RTTT) funds. The Governor's budget funded 3.0 FTE positions (\$420,965) and various programs (\$539,000) previously funded with federal RTTT funds. The Department considers the positions crucial to the Department's mission and the priority in the strategic plan to *Ensure Educator Excellence*, as well as ensuring that the progress made through the RTTT grant continues and is not lost. Federal funding for RTTT will expire on July 1, 2015. Through this grant program, new investments were made in standards and curriculum, instruction improvement systems, educator effectiveness, human capital development, and school transformation and innovation.

Community Service Grants ***\$355,000***

The Budget increases community service grants by \$355,000 in general revenue for the following awards: \$250,000 to Teach for America, \$50,000 for a one-time award for the music program in Woonsocket schools, \$45,000 for the Child Opportunity Zones (COZs), and \$30,000 to Man-Up, partially offset by a \$20,000 reduction to adjust for an error in the account. Teach for America is a non-profit that recruits diverse individuals to become teachers in low-income communities for two-year terms. Man Up, Inc. is a non-profit that adopts strategies and models to increase higher educational participation, and increase economic stability in the inner city, particularly for African American, and Latino men with significant barriers to employment and education.

Funding Formula Update ***(\$340,561)***

The Budget decreases FY2016 general revenue funding by \$340,561 to adjust the fifth year formula calculation based March 2015 student enrollment and free and reduced price lunch data. The calculation leaves the full-day kindergarten funding intact to satisfy Article 6.

Turnover ***(\$282,666)***

The Budget includes \$282,666 in general revenue turnover savings within the Department.

Teacher Diversity Initiative ***(\$250,000)***

The Budget eliminates \$250,000 in general revenue included in the Governor's budget to fund a new grant program to focus efforts on recruiting a more diverse pool of educators to reflect the demographics of the students in high-need districts around the State. The grants were to be available to approved teacher preparation programs with a strategy to recruit, select, train, certify, and support teachers of color.

Full-Day Kindergarten Pilot Program ***(\$250,000)***

The Budget eliminates \$250,000 in general revenue funding for the Full-Day Kindergarten Accessibility Act to reflect the impact of Article 6. The Full-Day Kindergarten Accessibility Act was enacted to help districts with one-time, start-up costs associated with establishing a full-day program. Allowable costs include, but are not limited to, desks, books, facility upgrades, ancillary cost associated with the relocation of students, and costs associated with the development and implementation of new curricula. Article 6 requires the Department of Elementary and Secondary Education to provide funding to support

transition expenses for districts that do not offer universal full-day programs in FY2016; however, the language of the amendment limits the funding to “the amount of state aid that would otherwise have been provided to the district for operating a universal full-day kindergarten program...”. Consequently, districts that receive the full-day funding based on the formula calculation cannot receive pilot program funding as well.

Textbooks ***\$240,000***

The Budget restores \$240,000 in general revenue to fund the textbook loan program. Through Article 6, the Governor eliminated the requirement that school committees provide free textbooks to all students in grades kindergarten through 12th grade who reside in the community. The Budget restores the statutory requirement and level funds the program in FY2016.

Federal Department of Justice Monitoring ***\$125,000***

The Budget includes \$125,000 for potential federal monitoring expenses due to with a possible violation of the Americans with Disabilities Act associated with the Training Thru Placement program at Mount Pleasant High School.

In January of 2013, the USDOJ notified Rhode Island that it initiated an investigation to determine whether or not the State violated Title II of the Americans with Disabilities Act of 1990, which prohibits discrimination on the basis of disability in the services, programs, or activities of all State and local governments. The investigation focused on the wages and conditions of people with disabilities working at the Training Thru Placement program housed at the Harold H. Birch Vocational Program at Mount Pleasant High School. This investigation involved several state agencies, including: the Department of Elementary and Secondary Education, the Office of Health and Human Services, the Department of Human Services, the Department of Behavioral Health, Developmental Disabilities, and Hospitals, and a local school department.

An interim agreement has been reached and settles the case as filed in federal court and requires the Department to carry out certain remedial actions to address the rights of people with disabilities to receive state- and city-funded employment and daytime services in the broader community, rather than in segregated facilities.

Grant for Channel 36 ***(\$50,000)***

The Budget eliminates \$50,000 in general revenue funding for a grant to provide transitional support to the Public Telecommunications Authority (Authority), leaving a balance of \$200,000 in FY2016. Since the FY2014 Budget, the State has not provided any direct funding for the Authority. Instead, the FY2014 Budget as Enacted included a \$300,000 grant to help transition the program and employees from the state Authority to the private, not-for-profit Rhode Island Public Broadcasting Service (PBS) Foundation. In FY2015, a \$250,000 grant was also provided. The Governor’s FY2016 budget included \$250,000 in transitional support; however, it appears that the intent was to provide \$200,000.

MET School HVAC (RICAP funds) ***\$3.7 million***

The Budget includes an additional \$3.7 million in RICAP funds for the HVAC project at the MET School. The funds were not included in the Governor’s budget due to a delay in beginning phase II of the project. Phase II is expected to be started and completed in FY2016.

This project replaces and repairs the HVAC systems for five buildings at the MET School’s Peace Street and Public Street campuses. The HVAC equipment at the Public Street campus was installed in 2000-2001. Due to the “value engineering” of the system’s original design and balancing, many of the controls and systems are unable to work together efficiently. Despite measures to correct problems, heating,

cooling and air quality issues persisted. RISE Engineering, in conjunction with the State of Rhode Island Office of Energy Resources, conducted a preliminary audit of the HVAC systems in 2009 and the audit confirmed that the systems were inefficient and that units were operating 24/7 with no ability to control them. In FY2011, the MET School procured an investment grade audit of the HVAC systems that identified \$4.2 million in necessary repairs. The Department has since issued a contract with Building Engineering Resources (BER), Inc. to design a full system upgrade/replacement.

Race to the Top Pre-School Development Grant (federal funds)

\$1.0 million

The Budget includes \$1.0 million in federal funds for a new Race to the Top Pre-School Development grant. This four-year grant will be used to increase funding for pre-school programs in high-need communities around the State. These funds will be used to accelerate funding for the early childhood grant program.

Davies Asset HVAC (RICAP)

\$500,000

The Budget increases RICAP funding for the Davies HVAC project by \$500,000 to reflect the current project schedule. This project replaces and repairs the HVAC system at the Davies Career and Technical Center. The existing equipment is over 30 years old, is inefficient, and is contributing to air quality issues in a number of areas in the building. The original submission includes \$1.5 million in FY2015 and \$395,000 in FY2016; however, the funding will not be needed until April 2016, with the major construction occurring between June and September of 2016. The Budget shifts \$1.4 million from FY2015 into FY2016 through FY2018 to reflect the updated project schedule, while leaving the total project funding intact.

PUBLIC HIGHER EDUCATION

Community Service Grants

\$311,868

The Budget makes several changes to community service grants in higher education, including:

Polaris Manufacturing Extension Partnership. The Budget adds \$350,000 to enable Polaris Manufacturing Extension Partnership (Polaris MEP) to improve manufacturing processes for small Rhode Island manufacturers.

Polaris MEP is a statewide nonprofit organization that provides competitive manufacturing business improvement programs to grow RI's manufacturing industry. Polaris MEP is an affiliate of the National Institute of Standards and Technology's Manufacturing Extension Partnership (NIST MEP) and a business unit of the University of Rhode Island Research Foundation. Polaris MEP provides one-on-one consulting, public workshops and in-house training in the following: Strategic Growth, Technology Acceleration, Innovation Engineering, Sustainability, Change Management, Supply Chain, Lean Solutions, ISO/Six Sigma/Quality, Facilities Planning, and Workforce Development.

Senior Standard Medical Information System. The Budget discontinues \$68,132 in funding for Senior Standard Medical Information System, a community service grant received by the University of Rhode Island. Funding was granted to ER Card LLC, which developed an electronic personal health records system to support this program. This company ceased operations in June 2014. The College of Pharmacy, which administered this grant, has determined that there are no other companies that can provide this service.

Institute for Labor Studies and Research. The Budget includes an additional \$30,000 in community grant funding for the Institute for Labor Studies and Research (ILSR), providing a total of \$194,444 to that organization. ILSR is a private, non-profit educational institution that provides a variety of education

and training programs which are open to members of the labor community as well as the community at large.

Rhode Island College ***\$300,000***

The Budget includes an increase of \$300,000 in general revenue for Rhode Island College. A three-year tuition freeze, along with stagnant enrollment, has forced the College to reduce its budgeted expenses. The administration has stated that it is finding it difficult to offer comparable salaries to compete with area schools for qualified faculty. These funds will help stabilize the College's budget.

Other Funds Changes (RICAP) ***\$2.6 million***

URI – Asset Protection. The Budget increases RICAP funding for the University of Rhode Island (URI) by \$2.2 million, bringing total funding for Asset Protection projects at URI to \$7.7 million in FY2016, \$166,900 more than the FY2015 Budget as Enacted. This funding will allow the University to continue to maintain and improve its aging infrastructure.

URI/RIC Nursing Education Center Program Support. The Budget adds \$400,000 in RICAP funding for program support and planning for the new URI/RIC Nursing Education Center, which will be located on the South Street Landing property in Providence. There was no funding for program support and planning in the Governor's FY2016 Budget.

RIHEAA Downsizing (all funds) ***(\$815,610)***

Article 7 of the FY2016 Budget eliminates the Rhode Island Higher Education Assistance Authority (RIHEAA), creating a Division of Higher Education Assistance within the Office of the Postsecondary Commissioner, and transferring the duties and responsibilities of RIHEAA to the Office of the Postsecondary Commissioner, except for the administrative responsibilities of the *Collegeboundfund*, which are transferred to the Office of the General Treasurer. The Budget transfers \$300,000 from the Tuition Savings Program - Administration within the Office of the Postsecondary Commissioner to the Office of the General Treasurer for these responsibilities. The Budget also includes a decrease of \$350,000 federal funds and \$165,610 in funds from the Tuition Savings Program – Administration, reflecting a decrease of 5.0 unidentified FTEs from the Governor's original recommendation, which would have transferred 15.0 FTEs from RIHEAA to the Office of the Postsecondary Commissioner.

HISTORICAL PRESERVATION AND HERITAGE COMMISSION

Quonset Air Museum, Community Service Grant ***\$25,000***

The Budget includes a new community service grant to the Quonset Air Museum. The Museum, located in North Kingstown, preserves Rhode Island's aviation history through collections, research, education, and exhibits.

National Park Service Grant (federal funds) ***\$20,500***

Federal funds are increased by \$20,500 due to a new National Park Service grant. This grant, provided through the Department of the Interior, will be used for new listings in the National Register of Historic Places associated with under-represented communities. The grant totals \$25,000, with \$20,500 appropriated in FY2016 and the remainder appropriated in FY2015.

DEPARTMENT OF THE ATTORNEY GENERAL***Headquarters Renovation and Pastore Renovation (restricted receipts)* **\$6.0 million****

The Budget includes \$6.0 million in restricted receipts relating to Google forfeiture funds: \$5.0 million is intended to support the potential renovation of the Gloria McDonald building at the Pastore Center. This building will house certain divisions of the department, including the Bureau of Criminal Identification (BCI). The building requires significant renovations which will be funded solely through Google forfeiture funds. The \$1.0 million balance is intended to finance redesign and renovation of office space in the Attorney General's main headquarters building at 150 South Main Street in Providence. This project will include addition of interior office space and HVAC projects.

DEPARTMENT OF CORRECTIONS***Weapons Requalification* **\$500,019****

The Budget funds annual weapons qualification for correctional officers. The Governor proposed amending the current weapons qualification statute to clarify that the annual weapons qualification will only happen every two years. The Governor anticipated savings of \$500,019; the Budget restores this funding.

Personnel Savings* **(\$350,000)*

The Budget reduces general revenue by \$350,000 for personnel savings in the Central Management program.

Other Fund Changes (RICAP)* **(\$1.7 million)*

The Budget decreases \$1.7 million in Rhode Island Capital Plan (RICAP) funding in FY2016 due to project delays in design work and updated expenditure projections for several projects.

- \$1.5 million for the Medium Infrastructure project to FY2020. This ongoing project expands facility areas to accommodate the growing inmate population at this facility.
- \$250,000 decrease in RICAP for Asset Protection projects.
- \$250,000 for electrical upgrades at the Dix Building partially shifted from FY2015 due to delays in the procurement process.
- \$200,000 for Intake Service Center renovations delayed to FY2019 based on updated project timeline.

JUDICIARY***District Court Judge* **\$234,000****

The Budget adds \$234,000 in general revenue to fund personnel costs for one District Court judge who will preside over the Veteran's Court.

Noel Shelled Courtroom Build-Out (RICAP)* **\$3.0 million*

This Budget shifts \$3.0 million in Rhode Island Capital Plan funding from FY2019 to FY2016 to allow the Judiciary to begin completion of unfinished courtroom space at the Noel Judicial Complex in Warwick. The build out will also include an addition to the existing parking structure. The Budget also shifted funds (\$3.0 million in FY2017; \$4.0 million to complete the project in FY2018) to allow for the work to continue in subsequent years.

Case Management Vendor Payments (restricted receipts) \$940,500

The Budget includes \$940,500 in additional restricted receipts to allow the Judiciary to make payments to the vendor managing its case management system, Tyler Corporation. Based upon revised cost projections, a total \$1.1 million will be required, based on the Judiciary's estimate of 64,000 cases to be filed at \$17.50 per case payable to the vendor.

Veteran's Grant – District Court (federal funds) \$213,416

The Budget includes \$213,416 in federal funds, reflecting the second year of a new Veterans Grant which will be used by the Judiciary to expand outreach to an estimated 250 additional veterans as part of its Veteran's Court activities. The new activities will be focused on a jail diversion program and substance abuse issues of veterans appearing before the court.

DEPARTMENT OF PUBLIC SAFETY**Shift Fire Academy Positions to General Revenue \$304,374**

The Governor's budget shifted \$304,374 in general revenue funds to a restricted receipt account (Fire Academy Training Fees) in the fire marshal program to finance the Director of Fire Training, a Fire Safety Training Officer, a Clerk Secretary and 20.0 percent of the cost of the Fire Marshal positions. The Budget restores the funding to general revenue.

10.0 Training Academy Recruits \$301,820

The Budget includes \$301,820 in general revenue costs to increase the size of the 56th Training Academy class from 30.0 to 40.0 recruit positions. The training academy is scheduled to begin February 2016. Cost per recruit (\$39,953) includes salary, benefits, and equipment for the six month academy. Total expenses of \$399,529 for the 10.0 additional recruits are supplemented by \$97,709 in restricted receipts.

Sex Offender Registry Grant - State Police (federal funds) \$202,581

The Budget increases federal funds by \$202,581 associated with the Sex Offender Registry grant. These funds represent unexpended grant awards from prior years. The timeline for using these funds has been extended.

Assistant Firefighters Grant (federal funds) \$193,800

The Budget includes \$193,800 in federal funds for the Assistant Firefighters Grant awarded through the U.S. Department of Homeland Security.

Byrne Grant - Municipal Police Training Academy (federal funds) \$21,334

The Budget includes \$21,334 in federal Byrne Grant funds to conduct training and pay instructor fees at the Municipal Police Training Academy.

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT**Facilities Centralization Reversal \$592,049**

The Governor originally proposed consolidating construction, property, and asset management functions within the Department of Administration to prevent further delays in capital project management. Through an amendment, the Governor reversed this proposal. Since the FTEs were not removed from the

Department in the original proposal, there is no adjustment to the FTE cap; however, the Budget replaces the \$592,049 in personnel expenses within the Department.

Community Service Grants

\$450,000

The Budget increases community service grants by \$450,000 to provide \$250,000 for improvements to the athletic field in Woonsocket and \$200,000 for North Providence drainage remediation. The Woonsocket grant was provided in FY2015 but was excluded from the recommended budget on the assumption that it was a one-time grant.

Local Agriculture and Seafood Grant

\$100,000

The Budget dedicates \$100,000 in general revenue to fund the Local Agriculture and Seafood Grant program. The Local Agriculture and Seafood Grant program was established to support the growth, development, and marketing of local food and seafood within Rhode Island. The program was launched in FY2014 and is co-administered by the Division of Agriculture, within the Rhode Island Department of Environmental Management, and the Rhode Island Food Policy Council. Grants are awarded through a competitive process open to farmers, fishermen/women, non-profits, and producer groups based in Rhode Island.

Seasonal Recreational Positions

(\$61,231)

The Budget decreases funding for the minimum wage increase by \$61,231, providing total funding of \$359,597. The 2014 General Assembly increased the minimum wage from \$7.75 per hour to \$8.00 per hour, effective January 1, 2014, and again from \$8.00 per hour to \$9.00 per hour, effective January 1, 2015. The increase impacts management area rangers, park rangers, park clerks, and seasonal clerical support. According to the Department, the increase impacts less than 200 workers; however, the budgeted amount provides wage increases to bring workers up to the minimum wage and to workers making above the minimum wage to maintain the relative pay range for different steps.

Natural Resources Offices and Visitor's Center (RICAP)

\$2.5 million

The Budget includes \$2.5 million in RICAP funds in FY2016 and \$3.0 million in FY2017 for the Natural Resources Offices and Visitors' Center project. This project involves the construction of a new building to coordinate staff programming by providing office space, laboratories, storage, and workshop areas for mosquito abatement testing, the state veterinarian, and the administrative office, including the Freshwater Fisheries and Wildlife sections of the Division of Fish & Wildlife. The administrative offices are currently located in temporary quarters at the Forestry Management Headquarters in Scituate and the Freshwater Fisheries and Wildlife Departments are located in the Great Swamp Management Area in South Kingstown. Many of the facilities currently being used to house staff do not meet building code requirements. The Department had previously requested a facility be built in the Great Swamp Wildlife Management Center; however, it now believes that a facility in the Arcadia Management Area would better serve its needs. According to the Department, the design is complete and all permitting has been approved.

Recreational Facilities (RICAP)

\$2.1 million

The Budget includes an additional \$2.1 million for improvements to recreational facilities, relative to the Governor's original proposal. The additional funds were originally requested by the Department but not included in the Governor's budget. This project is for the design and construction of a new beach facility at Lincoln Woods State Park; the design and construction of improvements to Fisherman's Memorial Campground; the construction of a new shower/restroom facility at George Washington Campground in Gloucester; and asset protection projects such as roof replacement, waterline connections, and roadway

repair. The increase reflects updated estimates and includes an additional \$1.0 million for waterline updates at Colt State Park that include installing a new waterline from Poppasquash Road to the park headquarters, replacing fire hydrants, adding sprinklers, connecting two restrooms to the new water supply, and replacing water supply piping. The original budget submission included \$4.2 million in FY2016 (\$1.3 million in federal funds and \$2.9 million in RICAP funds).

Rocky Point (RICAP)

\$200,000

The Budget includes \$200,000 for a feasibility study on the future use and development of Rocky Point in Warwick. Rhode Island voters approved a November 2010 ballot referendum that provided \$10.0 million in general obligation bond funding to purchase 81 acres of land in the City of Warwick. This land, the site of the former Rocky Point Amusement Park, abuts 41 acres of coastal shoreline protected through a joint effort of the City of Warwick and the Department of Environmental Management (DEM). The demolition and removal of derelict buildings, the removal of debris piles and cottages, and the grading of the property were completed in the fall of 2014 and the park opened in October 2014.

COASTAL RESOURCES MANAGEMENT COUNCIL

South Coast Restoration Project (RICAP)

\$321,775

The Budget shifts \$321,775 in RICAP funding from FY2015 into FY2016 to account for changes to the project schedule. This project is designed to prevent shoaling and high nutrient concentrations that choke aquatic vegetation and shellfish habitat. The Governor's Budget includes \$582,432 in FY2015 in state matching funds for the federal National Fish & Wildlife Service grant for sediment removal and habitat restoration in Ninigret Pond. However, since dredging can only be done between November and January, the funds will not be used by the end of the fiscal year.

DEPARTMENT OF TRANSPORTATION

RIDOT Gas Tax Adjustment (other funds)

\$3.0 million

The Budget increases assumed gas tax funding by \$3.0 million. An estimate provided by the Department of Revenue increases the per-penny yield of the gas tax from \$4,274,912 to \$4,428,478, an increase of \$153,566 per penny. RIDOT receives 19.25 cents of the 34.0 cent gas tax, 2.0 cents of which is set aside for repayment of Motor Fuel Tax Revenue bond debt. The change in the per-penny yield results in an additional \$2.6 million for department operations and \$307,132 allocated for service on the Motor Fuel Tax Revenue bonds for the GARVEE program.

RITBA Gas Tax Adjustment (other funds)

\$537,481

The Budget increases assumed gas tax funding by \$537,481. An estimate provided by the Department of Revenue increases the per-penny yield of the gas tax from \$4,274,912 to \$4,428,478, an increase of \$153,566 per penny. The Rhode Island Turnpike and Bridge Authority will receive 3.5 cents of the 34.0 cent gas tax, resulting in a revenue gain of \$537,481 in FY2016.

Rhode Island Highway Maintenance Account (other funds)

(\$75,751)

The Budget decreases funding to the Rhode Island Highway Maintenance Account (HMA) by \$75,751, which reflects revised estimates to the various revenue sources deposited into the account.

Net Change to Transportation Fee Shift (other funds)

\$33,333

The Budget includes a transfer of \$13.0 million from transportation fees collected by the Division of Motor Vehicles to the Highway Maintenance Account in the Department of Transportation. The

Governor had suspended this transfer, and instead supplanted these funds with \$20.0 million in RICAP funds. The Budget removes \$13.0 million of the proposed \$20.0 million RICAP appropriation, resulting in a net gain of \$33,333 from transportation related fees.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

RIPTA Gas Tax Adjustment (other funds)

\$1.5 million

The Budget increases assumed gas tax funding by \$1.5 million. An estimate provided by the Department of Revenue increases the per-penny yield of the gas tax from \$4,274,912 to \$4,428,478, an increase of \$153,566 per penny. The Rhode Island Public Transit Authority will receive 9.75 cents of the 34.0 cent gas tax, resulting in a revenue gain of \$1.5 million in FY2016.



FY2015 SUPPLEMENTAL BUDGET

Revenue Changes

The Governor proposed \$3,488.4 million in general revenues for FY2015, an increase of \$3.2 million (0.1 percent) over the enacted level. The Budget increases general revenue collections for FY2015 by \$106.9 million for the following adjustments:

May Revenue Estimating Conference ***\$105.5 million***

The May 2015 Revenue Estimating Conference increased net available general revenues for the State for FY2015 by \$105.5 million. The FY2015 estimate for personal income tax is \$59.1 million above the previous revenue estimate mainly due to higher estimated and final payments in FY2015 that are not expected to repeat in FY2016 as they are primarily thought to be related to increased capital gains. Estimated business corporation taxes also increase by \$30.4 million.

Hospital Licensing Fee Adjustment ***\$1.1 million***

The Budget increases from 5.703 percent to 5.745 percent the licensing fee assessed on hospital net patient revenue. This fee will raise \$1.1 million additional revenue as compared to the FY2015 Budget as Enacted.

Verizon/Sprint Settlements ***\$275,400***

The Attorney General anticipates approximately \$131,000 from the Sprint settlement and \$175,000 from the Verizon settlement to be received in June. 90.0 percent of these funds (\$275,400) will be deposited as general revenue, while the remaining 10.0 percent (\$30,600) will be deposited as restricted receipts within the Department of Attorney General (forfeiture funds).

Expenditure Changes by Agency

The Budget for FY2015 includes general revenues of \$3,476.6 million, \$11.8 million less than proposed by the Governor and \$31.5 million more than enacted.

Expenditures by Source	FY2015 Enacted	FY2015 Governor	FY2015 Budget	Change to Governor
General Revenue	\$3,445.2	\$3,488.4	\$3,476.6	(\$11.8)
Federal Funds	3,086.5	3,140.5	3,051.2	(89.3)
Restricted Receipts	283.1	278.3	283.6	5.4
Other Funds	1,965.4	1,932.4	1,919.7	(12.7)
Total	\$8,780.2	\$8,839.5	\$8,731.2	(\$108.4)
FTE Authorizations	15,086.0	15,100.7	15,100.7	-

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

(Any agency or department whose budget is unchanged from the Governor’s recommendation or has only statewide adjustments does not appear below.)

DEPARTMENT OF ADMINISTRATION

Debt Service – School for the Deaf **(\$1.2 million)**

The Budget shifts \$1.2 million in general revenue certificates of participation debt service payments for the Rhode Island School for the Deaf from FY2015 to FY2016.

Snow Removal **\$881,525**

The Budget includes \$881,525 in general revenue to cover the Department’s unanticipated expenditures for snow removal as a result of this past winter’s severe storms.

Community Service Objectives – General **(\$10,222)**

The Budget eliminates \$10,222 in general revenue funding to one community service grant appropriated within the Department of Administration. The award was appropriated for the Center to Advance Minority Participation in the Construction Industry, Inc., and it no longer exists.

IT Judicial Case Management (restricted receipts) **\$1.5 million**

The Judiciary has been developing a new Case Management System and an E-Filing System. The new system will integrate information throughout the justice system and diminish the requirement for paper storage of case materials as all the information will be stored electronically. The Budget includes \$1.5 million in FY2015 to fund expenses related to the project through the Information Technology Investment fund.

Other Fund Changes (RICAP) **(\$2.1 million)**

The Budget includes a net decrease of \$2.1 million in Rhode Island Capital Plan (RICAP) funding in FY2015 based on current expenditures and projections on various projects.

- Add \$110,000 for the Zambarano Building Rehabilitation project to reflect the Department of Administration’s revised project timeline.
- Decrease funding by \$310,000 for the Chapin Health Laboratory RICAP project to reflect the Department of Administration’s revised project timeline.

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- Add \$40,000 for the Ladd Center Building Demolition RICAP project. The Governor recommends adding the funds to complete the warehouse roof project.
- Shift \$1.4 million for the Dunkin Donuts Center RICAP project from FY2015 to FY2017 based on a revised Rhode Island Convention Center Authority project timetable. The project is delayed due to the severity of the past winter that prevented the authority from moving forward on the project.
- Decrease funding by \$680,000 for the Mathias Building RICAP project to reflect the Department of Administration's revised project timeline.
- Increases funding by \$225,000 for the Harrington Hall Renovation RICAP project based on a recent Department analysis on expenditure estimates. The project involves roof and envelop repairs as well as masonry work to Harrington Hall, which is owned by the State as an overnight homeless shelter.
- Adds \$57,000 to support architectural and engineering work as part of the State House Energy Management Improvements project.
- Decrease funding by \$80,000 for the Pastore Center Parking RICAP project to reflect the Department of Administration's revised project timeline.
- Decrease funding by \$50,000 for the Pastore Utilities Water Tank RICAP project to reflect the Department of Administration's revised project timeline.

EXECUTIVE OFFICE OF COMMERCE

Turnover **(\$114,330)**

The Budget decreases general revenue by \$114,330 based on anticipated turnover savings for Commerce.

DEPARTMENT OF LABOR AND TRAINING

Summer Youth Program **(\$431,444)**

The Budget shifts \$431,444 in general revenue expenses to federal Temporary Assistance to Needy Families (TANF) funds. The Department utilized \$431,444 in general revenues allocated to other job development programs for expenditures associated with the subsidized summer employment program.

Police and Fire Relief **\$135,724**

The Budget adds \$135,724 in general revenue reflecting the projected statutory one-time death benefit payment to the family of a deceased law enforcement officer whose death is attributable to an in-line-of-duty injury. In December 2014, the Department of Environmental Management lost an environmental police officer. As per RIGL 45-19-4.3, the officer's family is entitled to the one time death benefit which shall be in the sum of forty percent (40%) of the federal death benefit for law enforcement officers killed in the line of duty. The current federal benefit is \$339,310, of which 40.0 percent equates to \$135,724.

Other Fund Changes (RICAP) **\$1.0 million**

The Budget adds \$1.0 million in RICAP funds for the replacement of slate roofs on buildings housing the Department of Labor and Training and the Department of Business Regulation. The funding for the project was mistakenly omitted in the Governor's FY2015 Revised Budget.

OFFICE OF THE GENERAL TREASURER***Unclaimed Property (restricted receipts)*** **\$4.4 million**

The Budget increases \$4.4 million in restricted receipt expenses associated with the transfer to the state general fund, reduced claim payments, and an increase in the fund liability reserve costs to support the Unclaimed Property program. The need for the additional expenditures was determined during the May 2015 Revenue Estimating Conference.

Special Legal Counsel (restricted receipts) **\$550,000**

The Budget adds \$550,000 in restricted receipts for special legal services regarding litigation associated with the 2011 pension reform. The Governor anticipated litigation costs to the state retirement system would occur in FY2015. To that end, the Governor includes \$1.0 million for legal services in the FY2015 Revised Budget. The 2015 Pension Settlement Agreement accelerated the need for legal services in the current fiscal year above the initial amount recommended by the Governor, increasing the total cost for special legal services to \$1.6 million.

Accounting and Audit Services (restricted receipts) **\$150,000**

The Budget adds \$150,000 in restricted receipts for actuarial services to complete the review of municipal retirement systems in FY2015, increasing the total appropriation for actuarial services to \$300,000.

COMMISSION FOR HUMAN RIGHTS***Rental of Outside Property*** **\$10,010**

The Budget adds \$10,010 in general revenue for the payment of real estate taxes as part of the Commission's lease agreement with the building owner Capstone Properties. The owner recently determined that the Commission was not billed for the proportional share of the City of Providence real estate taxes for years 2011 through 2014. The payment of the real estate taxes as part of the lease was approved by the State Properties Committee in 2001.

DEPARTMENT OF REVENUE***Groundfish Disaster Funding Grant (federal funds)*** **\$1.4 million**

The Budget includes \$1.4 million in federal funds to provide direct assistance to qualifying fishery participants from the Groundfish Disaster Funding grant. This grant will support payments of \$32,500 each to 43 eligible permit holders. It is being housed in the Division of Taxation through an MOU with the Department of Environmental Management. Grants will not be transferred to participants if they have an outstanding tax liability with the State.

OFFICE OF HEALTH AND HUMAN SERVICES***May 2015 Caseload Estimating Conference*** **(\$16.7 million)**

The Conference reduced its estimate for FY2015 caseload general revenue expenditures by \$16.7 million, primarily due to lower than anticipated costs associated with Hepatitis C treatment. All funds expenditure estimates for FY2015 were reduced by \$154.5 million, primarily due to lower estimates of the cost for persons enrolled in the Medicaid expansion program.

Graduate Medical Education**\$1.0 million**

The Budget restores funding for the Graduate Medical Education Program at academic medical centers that provide inpatient care to at least 25,000 indigent patients each year, have a Level 1 Trauma Center, and provide medical education to at least 250 interns and residents per year. Rhode Island Hospital is currently the only hospital that meets these criteria.

The Governor had eliminated FY2015 and FY2016 funding for this program. The Budget restores this funding, \$1.0 million in general revenue (\$2.0 million all funds) in each fiscal year, and adds an additional \$1.0 million in general revenue (\$2.0 million all funds) in FY2016.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES**Third Quarter Report - Deficit****\$1.0 million**

The Budget adds \$1.0 million (\$967,562 from all fund sources) to offset overspending identified in the Department's third quarter report for FY2015. Although there are various drivers resulting in the variance between the Governor's recommended budget and the Department's actual expenditure trends in the current fiscal year, DCYF's overspending is primarily attributable to increased costs for reimbursements for families with foster children and a lower level of federal reimbursement for other costs.

Other Fund Changes (RICAP)**(\$2.2 million)**

The Budget shifts RICAP funding to FY2016 based upon project delays as reported by the Department and the State Budget Office. Information provided by the Department indicates that it will not be able to begin and/or complete the following projects in FY2015:

- **RITS Repairs and Improvements:** The Budget shifts \$1.1 million in RICAP funds from FY2015 to FY2016 to reflect project delays.
- **Fire Code Upgrades – Youth Group Homes:** This item reduces current year expenditures by \$590,000 to reflect revised projections for FY2015. There has consistently been an issue with the Department's ability to properly track and inventory individual upgrades within this project. According to the Department, this project is now on hold as it conducts a review to determine who has ownership and is responsible for leadership of this project.
- **RITS Maintenance Building:** The Budget decreases FY2015 funding by \$535,000 to reflect anticipated expenditure trends. This funding is shifted to FY2016 and the project is anticipated to be completed in FY2016.

DEPARTMENT OF HEALTH**Community Service Objective – Rhode Island Blood Center****(\$12,024)**

The Budget reduces general revenue funding for the Department by \$12,024, eliminating funding for the Rhode Island Blood Center. This funding previously supported a multi-year pilot program for cord blood collection, a project which has since been ceased by the Center.

State Revolving Fund Administration (federal funds)**\$2.6 million**

The Budget shifts funds associated with the administration of a state revolving fund from restricted receipts to federal funds to ensure compliance with federal requirements (\$2.6 million). The Department of Health (DOH) receives a portion of funding from a Clean Water Finance revolving fund to offset the costs of administering the clean water drinking program. This item shifts administrative costs funded by

this revenue stream from a restricted receipt account to a federal funds account to comply with federal reporting requirements.

Women's Cancer Screenings (federal funds) \$21,908

The Budget adds \$21,908 in federal funds to reflect actual awards received for women's cancer screenings. This program provides screenings for breast and cervical cancer for low income women who may be uninsured, underinsured, cultural minorities, or disabled.

DEPARTMENT OF HUMAN SERVICES

SNAP Penalty \$341,675

The Budget includes nearly \$350,000 in additional funding to offset the cost of a federal penalty associated with the Supplemental Nutrition Assistance Program (SNAP). A penalty is assessed when DHS exceeds the national average, or target error rate for a given fiscal year. For FFY2013 the target was 3.20 percent, however, DHS incurred an error rate of 8.25 percent and thereby exceeding its target rate. This will be the third consecutive penalty associated with SNAP for DHS.

Analyst's Note: The full penalty assessed by the federal government for FFY2013 is \$638,350. The Department indicated that it does not anticipate a penalty for FY2014. In the event that no penalty is assessed for FFY2014, only half of the FFY2013 penalty will be due (\$341,675), while the remaining half of the penalty may be reinvested internally to improve the accuracy of SNAP benefits awarded. DHS will receive notice regarding its FFY2014 penalty by the end of June 2015.

Caseload Estimating Conference (\$197,561)

The Budget adjusts cash estimates based upon the results of the May 2015 Caseload Estimating Conference and reduces general revenues by \$197,561 and federal funds by \$1.5 million (all funds reduction of \$1.7 million). The general reduction is primarily attributable to a reduced number of persons eligible for SSI as well as reduced monthly cost per person. The federal funds reduction is primarily due to a reduction in persons and the monthly cost per person for the RI Works program.

GPA Hardship (\$117,250)

Consistent with testimony provided by DHS during the May 2015 Caseload Estimating Conference (CEC), the Budget reduces funding for the General Public Assistance (GPA) Hardship Contingency Fund by \$117,250 to \$92,750. This fund is intended as the benefit of last resort for Rhode Islanders who do not qualify for Rhode Island Works or Supplemental Security Income. This benefit is authorized in law, and the funding level is outside of the caseload estimating conference.

DHS projected an average of 107 persons will receive assistance from this Fund in FY2015, representing a decline of nearly 20 individuals from the prior year. DHS also indicated that as the monthly benefit has declined from \$200 to \$100, so has the number of individuals seeking to apply for funds. Recipients must reapply for assistance each month and are approved on a case-by-case basis, as determined by the director of DHS.

RI Housing Financed Assisted Living SSI State Supplement \$23,914

Based upon testimony provided by DHS during the May 2015 Caseload Estimating Conference, the State Budget Office increases funding for SSI state-only payments (\$206 per month) to residents living in Rhode Island Housing financed assisted living facilities. DHS indicated 32 participants will be receiving the payment in FY2015.

Analyst's Note: The Governor provides \$335,284 in FY2015 and FY2016 to fund this payment as well as the \$206 monthly payment to those in non-Medicaid assisted living facilities. Although these costs are not projected as part of the Caseload Estimating Conference (CEC), DHS projected in the May 2015 CEC that the state SSI payment to both of these populations would total \$359,198. The Budget adds general revenue to account for this difference in both years to ensure proper funding within DHS for both payments.

Community Service Objectives - Division of Elderly Affairs (DEA) Grants **(\$11,711)**

The Budget includes a reduction of \$9,059 to the Retired Senior Volunteer Association, which will be closing and therefore not applying for the funding in FY2015. The Budget also includes savings of \$2,652 associated with a grant allocated to the Town of North Smithfield for elderly transportation as DEA was notified by the Town that it will not submit an application for the funding in the current fiscal year.

Intermodal Surface Transportation Fund (other funds) **\$234,842**

To adjust for the results of the May 2015 Revenue Estimating Conference, the State Budget Office increases funding in this account by \$234,842 to \$4.4 million.

79.0 percent of DHS' gas tax share are dedicated to RIPTA to fund paratransit services; bus services for the elderly, disabled, reduced, and no fare riders; the purchase of vehicles allocated for paratransit services; and provide for maintenance, inspection, and back-up service for wheelchair lifts on RITPA's vehicles. 21.0 percent of this account is dedicated to fund specialized paratransit services for the elderly, or the Logisticare contract.

Veterans' Cemetery Survey (restricted receipts) **\$50,000**

To correct for an error within the Governor's budget, \$50,000 in restricted receipts is added to fund a survey to determine the specific number of plots, site the plot, and identify the number of additional burials that would be permissible within unused acreage at the Rhode Island Veterans' Memorial Cemetery. The Budget Office inadvertently included the funding in the total restricted receipts amount, but failed to include a separate line for this item within DHS's budget for FY15.

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS

Services for the Developmentally Disabled – FY2015 Deficit **\$4.2 million**

The Budget includes \$4.2 million in additional general revenue funding (\$7.8 million all funds) for services for individuals with developmental disabilities. The program incurred a deficit in FY2015 due to an increase in caseload and a change in service mix towards more expensive services as mandated by the federal Department of Justice's consent decree. Due to procurement delays experienced by OHHS, the electronic visit verification program has not been implemented and savings have not been realized, further adding to the program's deficit.

Eleanor Slater Hospital Overtime **\$240,000**

The Budget adds funding for Eleanor Slater Hospital for overtime costs incurred during Blizzard Juno.

Eleanor Slater Hospital – Increase in Licensing Fee **\$23,796**

The increase from 5.703 percent to 5.745 percent in the hospital licensing fee assessed on hospital net patient revenue increases the fee paid by the Eleanor Slater Hospital by \$23,796.

Other Fund Changes (RICAP) (\$540,000)

The Budget decreases Rhode Island Capital Plan (RICAP) funding in FY2015 by \$540,000 based on current expenditures and projections on various projects. Funding for fire upgrades to mental health and developmental disabilities community facilities is reduced by \$340,000 while funding for improvements to mental health community facilities is reduced by \$100,000. Funding for improvements to regional mental health centers is reduced \$100,000.

GOVERNOR'S COMMISSION ON DISABILITIES**Other Fund Changes (RICAP) (\$250,000)**

The Budget decreases Rhode Island Capital Plan (RICAP) funds by \$250,000 in FY2015 based on current expenditures and projections on various handicapped accessibility projects. For FY2015, the Governor's Commission on Disabilities coordinates the expenditure of capital improvement funding for projects to bring State governmental facilities into compliance with the Americans with Disabilities Act (ADA). Addressing deficiencies at facilities throughout the State, this project includes restroom upgrades; interior and exterior entry upgrades, including automated door openers; parking enhancements, including the installation of curbcuts and ramps; Braille and directional signage; and other enhancements intended to improve handicapped accessibility at state-owned facilities.

ELEMENTARY AND SECONDARY EDUCATION**Personnel Savings (\$458,712)**

The Budget reduces general revenue funding for the Department by \$458,712 to reflect savings from holding vacant positions open longer than anticipated. The Third Quarter Report submitted by the Department indicates general revenue savings of \$686,531 from the enacted budget. The Governor's FY2015 revisions include a general revenue reduction of \$227,819. The difference is \$458,712.

Teacher Retirement (\$384,367)

Teacher retirement costs are reduced by \$384,367 in general revenue to reflect lower-than-projected wages through March 2015. The third quarter report includes \$908,714 in general revenue savings. The Governor's FY2015 revisions include savings of \$524,347. The difference is \$384,367.

Davies – Statewide Medical Benefits Adjustment \$16,796

The Budget restores the statewide medical benefits adjustment inadvertently removed in the Governor's original submission. Since Davies is funded through the education funding formula, the financing cannot be adjusted for statewide adjustments.

Davies Asset HVAC (RICAP) (\$1.4 million)

The Budget decreases RICAP funding for the Davies HVAC project by \$1.4 million to reflect the current project schedule. This project replaces and repairs the HVAC system at the Davies Career and Technical Center. The existing equipment is over 30 years old, is inefficient, and is contributing to air quality issues in a number of areas in the building. The original submission includes \$1.5 million in FY2015 and \$395,000 in FY2016; however, the funding will not be needed until April 2016, with the major construction occurring between June and September of 2016. The Budget shifts \$1.4 million from FY2015 into FY2016 through FY2018 to reflect the updated project schedule, while leaving the total project funding intact.

Race to the Top Early Learning Challenge Grant (federal funds) ***\$1.0 million***

The Budget increases federal funding for the Race to the Top Early Learning Challenge grant by \$1.0 million to provide funding for an accelerated program schedule. In December 2011, Rhode Island was awarded a Race to the Top - Early Learning Challenge grant for \$50.0 million over four years. The focus of the grant is to improve access to early learning programs as a strategy to close the preparation gap among children entering kindergarten. The federal grant supports work to expand the child-care program quality-rating system, provide professional development for individuals working in early-learning programs, build upon the statewide data system to monitor students from birth through their college years, and develop a statewide kindergarten assessment. This program ends December 31, 2015.

Woonsocket Career and Technical School Project (RICAP) ***(\$1.0 million)***

The Budget reduces RICAP funding for the Woonsocket Career and Technical School project by \$1.0 million to reflect the delayed project schedule. This project replaces the roofing system and makes other improvements to meet building code requirements at the state-owned, Woonsocket Career and Technical Center. Both the roof and the HVAC system are original to the building and over 40 years old. Although the Department did not have an agreement with Woonsocket to transfer ownership of the facility, \$56,950 was spent on feasibility study in 2012 focusing on the roof and HVAC system. Woonsocket is not willing to accept ownership of the building in its current condition. The City has completed a facility assessment to determine the cost of repairing the building. The original submission includes \$1.0 million in RICAP funds in FY2015, \$1.0 million in FY2016, and \$1.2 million in FY2017 in RICAP funds for this project. The Budget shifts \$1.0 million in RICAP funds from FY2015 to FY2018.

HIGHER EDUCATION***Senior Standard Medical Information System*** ***(\$68,132)***

The Budget discontinues \$68,132 in general revenue funding for Senior Standard Medical Information System, a community service grant received by the University of Rhode Island. Funding was granted to ER Card LLC, which developed an electronic personal health records system to support this program. This company ceased operations in June 2014. The College of Pharmacy, which administered this grant, has determined that there are no other companies who can provide this service.

CCRI Asset Protection – (RICAP) ***\$48,306***

The Budget adds \$48,306 in RICAP funding for Asset Protection projects at the Community College of Rhode Island (CCRI). This restores funding to the FY2015 Enacted level. CCRI uses asset protection funds to maintain and improve its aging infrastructure.

HISTORICAL PRESERVATION AND HERITAGE COMMISSION***National Park Service Grant (federal funds)*** ***\$4,500***

Federal funds are increased \$4,500 due to a new National Park Service grant. This grant, provided through the Department of the Interior, will be used for new listings in the National Register of Historic Places associated with under-represented communities. The grant totals \$25,000, with \$4,500 budgeted in FY2015 and the remainder budgeted in FY2016.

ATTORNEY GENERAL***Turnover and Operating Savings*** ***(\$184,000)***

The Budget reduces general revenue funding by \$184,000 to reflect current year savings associated with personnel and operating. The Department has averaged 6.2 vacant FTE positions for the fiscal year.

DEPARTMENT OF CORRECTIONS***RICAP Shifts*** ***(\$6.8 million)***

Based upon revised expenditure projections and timelines provided by DOC and the Governor's budget amendment 24, this item shifts funding for capital projects which are incomplete or have yet to begin.

- \$3.0 million for the Minimum Kitchen Expansion in FY2015 shifted to FY2017. The Department has not been able to initiate the design work required to issue an RFP; \$1.1 million remains in FY2016 for this purpose.
- \$2.0 million for Medium Infrastructure renovations is delayed as the Department has yet to award the design contract.
- \$800,000 for the Intake Service Center renovations which are delayed as the Department awaits results of feasibility studies on exterior work and outstanding requests for proposals (RFPs) for HVAC upgrades.
- \$500,000 for Dix Building renovations, with \$250,000 shifted to FY2016.
- \$500,000 decrease in RICAP for Bernadette Guay renovations based on updated projections for current projects and expenditures for other projects which were completed in the fiscal year.

JUDICIARY***Case Management Vendor Payments (restricted receipts)*** ***\$473,625***

The Budget includes \$473,625 in additional restricted receipts to allow the Judiciary to make payments to the vendor managing its case management system, Tyler Corporation. Based upon revised cost projections, a total \$1.1 million will be required, based on the Judiciary's estimate of 64,000 cases to be filed at \$17.50 per case payable to the vendor.

Veterans Grant – District Court (federal funds) ***\$218,803***

The Budget increases federal funds by \$218,803, reflecting the first year of a new Veterans Grant which will be used by the Judiciary to expand outreach to an estimated 250 additional veterans as part of its Veteran's Court activities. The new activities will be focused on a jail diversion program and substance abuse issues of veterans appearing before the court.

MILITARY STAFF***Personnel and Operating*** ***\$50,000***

The Budget adds \$50,000 in restricted receipts for the Google Counter Drug account that is used for training and equipment purchases as authorized by the U.S. Department of Justice, increasing the appropriation to \$138,300.

DEPARTMENT OF PUBLIC SAFETY***Shift Fire Academy Positions to General Revenue*** **\$308,351**

The Budget adds \$308,351 in general revenue to fund personnel costs in the Fire Marshal program. The Governor's budget included these costs under a restricted receipt account (Fire Academy Training Fees) in the fire marshal program to finance the Director of Fire Training, a Fire Safety Training Officer, a Clerk Secretary and 20.0 percent of the cost of the Fire Marshal position.

Grants Administration Personnel (federal funds) **\$82,872**

The Budget includes \$82,872 in federal funds for a grant awarded to cover personnel costs in the Grants Administration Office.

Sex Offender Registry Grant - State Police (federal funds) **\$50,619**

The Budget increases federal funds by \$50,619 associated with the Sex Offender Registry grant. These funds represent unexpended grant awards from prior years. The timeline for using these funds has been extended.

Byrne Grant - Muni Police Training Academy (federal funds) **\$28,000**

The Budget includes \$28,000 in federal Byrne Grant funds to conduct training and pay instructor fees at the Municipal Police Training Academy.

OFFICE OF PUBLIC DEFENDER***Turnover and Operating Savings*** **(\$100,000)**

The Budget reduces general revenue funding by \$100,000 to reflect current year savings associated with personnel and operating. The Office has averaged 5.0 vacant FTE positions for the fiscal year.

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT***Blackstone Valley Bike Path (RICAP)*** **(\$659,170)**

The Budget shifts funding from FY2015 into FY2017 to reflect the revised project schedule. This project provides funds to the Friends of the Blackstone River for improvements to areas around the Blackstone River Valley focused on enhancing river access and safety, and complimenting the State's efforts to improve this river corridor. The Friends of the Blackstone River is a non-profit organization, recognized by the Rhode Island Rivers Council and dedicated to making the Blackstone River fishable and swimmable.

COASTAL RESOURCES MANAGEMENT COUNCIL***South Coast Restoration (RICAP)*** **(\$582,432)**

The Budget shifts RICAP funding from FY2015 into FY2016 and FY2017 to account for changes to the project schedule. This project is designed to prevent shoaling and high nutrient concentrations that choke aquatic vegetation and shellfish habitat. The Governor's Budget includes \$582,432 in FY2015 in state matching funds for the federal National Fish & Wildlife Service grant for sediment removal and habitat restoration in Ninigret Pond. However, since dredging can only be done between November and January, the funds will not be used by the end of the fiscal year.

DEPARTMENT OF TRANSPORTATION***Infrastructure Engineering Program Federal Highway Funds*** ***\$35.0 million***

The Budget increases federal funding from the Department's Federal Highway Program by \$35.0 million. Since the Governor's original budget submission, additional reimbursements has been received for ongoing projects from the Federal Highway Administration.

National Highway Traffic Safety Administration Grants (federal funds) ***\$3.7 million***

The Budget adds \$3.7 million for new and existing federal Highway Traffic Safety Administration (NHTSA) grants that the Department has received, as follows:

Grant Name	Amount
Occupant Protection Grant	\$10,000
Motorcyclist Safety Grant	100,000
Child Safety Seat Grant	200,000
Alcohol Impaired Driving	350,000
DWI or DUI Offenders	2,000,000
Seatbelt Grant	1,000,000
Total	\$3,660,000

RIDOT Gas Tax Adjustment (other funds) ***\$1.8 million***

The Budget increases assumed gas tax funding by \$1.8 million. An estimate provided by the Department of Revenue increases the per-penny yield of the gas tax from \$4,299,099 to \$4,397,823, an increase of \$98,724 per penny. RIDOT receives 18.25 cents of the 33.0 cent gas tax, 2.0 cents of which is set aside for repayment of Motor Fuel Tax Revenue bond debt. The per-penny increase results in additional \$1.6 million for department operations and \$197,448 for debt service on the Motor Fuel Tax Revenue bonds for the GARVEE program.

Rhode Island Highway Maintenance Account (other funds) ***(\$1.5 million)***

The Budget decreases funding to the Rhode Island Highway Maintenance Account (HMA) by \$1.5 million, reflecting adjustments to the various revenue sources deposited into the account, including a decrease of \$1.7 million in emission inspection sticker fees, an increase of \$214,755 in motor vehicle title fees, and an increase of \$39,672 in rental car surcharges.

Third Party Payments (restricted receipts) ***\$1.3 million***

The Budget adds \$1.3 million to the Department's third party account. These are payments received from municipalities for work done by the Department on their behalf.

RITBA Gas Tax Adjustment (other funds) ***\$345,534***

The Budget increases assumed gas tax funding for the Rhode Island Turnpike and Bridge Authority by \$354,534. An estimate provided by the Department of Revenue increases the per-penny yield of the gas tax from \$4,299,099 to \$4,397,823, an increase of \$98,724 per penny. RITBA receives 3.5 cents of the 33.0 cent gas tax, resulting in a revenue gain of \$354,534 in FY2015.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY***RIPTA Gas Tax Adjustment (other funds)*** ***\$962,559***

The Budget increases assumed gas tax funding by \$962,559 for the Rhode Island Public Transit Authority. An estimate provided by the Department of Revenue increases the per-penny yield of the gas

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tax from \$4,299,099 to \$4,397,823, an increase of \$98,724 per penny. RIPTA receives 9.75 cents of the 33.0 cent gas tax, resulting in a revenue gain of \$962,559 in FY2015.



SPECIAL REPORTS

Proposed FTE Position Authorization

The FY2015 Budget as Enacted authorizes 15,086.0 FTE positions. At the start of the fiscal year, 13,851.1 FTE positions (91.8 percent of the original enacted authorized amount) were filled, leaving 1,234.9 FTE positions vacant. Over the last six fiscal years, the state vacancy rate has averaged 7.9 percent, or 1,172.0 FTE positions. Since the start of the fiscal year, the State has a net decrease of 55.4 filled FTE positions. As of May 30, 2015, 13,753.8 FTE positions (91.2 percent of the authorized amount) were filled, leaving 1,332.2 FTE positions vacant.

Function	FY2015 Enacted	FY2015 Governor	FY2015 Budget	Change to Governor	FY2016 Governor	FY2016 Budget	Change to Governor
General Government	2,298.7	2,307.7	2,307.7	0.0	2,331.8	2,332.8	1.0
Human Services	3,744.0	3,744.0	3,744.0	0.0	3,743.6	3,747.6	4.0
Education	3,890.3	3,896.0	3,896.0	0.0	3,889.0	3,882.0	(7.0)
Public Safety	3,221.6	3,221.6	3,221.6	0.0	3,228.6	3,229.6	1.0
Natural Resources	428.0	428.0	428.0	0.0	428.0	428.0	0.0
Transportation	752.6	752.6	752.6	0.0	752.6	752.6	0.0
Subtotal	14,335.2	14,349.9	14,349.9	0.0	14,373.6	14,372.6	(1.0)
Higher Ed. Sponsored Research	750.8	750.8	750.8	0.0	745.8	745.8	0.0
Total FTE Positions	15,086.0	15,100.7	15,100.7	0.0	15,119.4	15,118.4	(1.0)

FY2015 FTE CHANGES TO THE GOVERNOR

The Budget includes a total of 15,100.7 FTE positions, consistent with the level proposed in the Governor's Supplemental Budget.

FY2016 FTE CHANGES TO THE GOVERNOR

The Budget includes a total of 15,118.4 FTE positions, a net decrease of 1.0 FTE positions from the Governor's proposed FTE authorization for FY2016, and 17.7 FTE positions more than the Governor's FY2015 Revised Budget recommendation.

Department of Administration 1.0 FTE: The Budget maintains the 1.0 Ombudsman position in the Office of Management and Budget in the Department of Administration. The Governor proposed shifting this position in an effort to move the position to the Department of Business Regulation.

Department of Business Regulation (1.0 FTE): This Budget returns the 1.0 Ombudsman position to the Office of Management and Budget. This position was transferred to the Department as part of the Governor's FY2016 Budget. Instead the position will remain within the Department of Administration.

Office of the General Treasurer 1.0 FTE: The Budget adds \$300,000 in other funds for the administration of the CollegeBoundfund Program and to effectuate the transfer of the CollegeBoundfund Program to Treasury, the Budget includes the authorization for 1.0 additional unspecified FTE position to administer the CollegeBoundfund Program. This increases the FTE position authorization in Treasury from 83.0 to 84.0 FTE positions in FY2016.

OHHS (15.0 FTEs): The Budget removes the 17.0 FTE positions transferred from the advocacy agencies to the Governor's proposed new Division of Advocacy within OHHS. It adds two paralegal FTE positions within the Office of Program Integrity in order to increase program integrity of the Medicaid program utilizing existing laws, rules and regulations.

Department of Health 2.0 FTEs: The Budget restores 2.0 FTE positions that were eliminated through the Governor's consolidation of 25 non-prescribing health boards. These positions are responsible for the administration and staffing of the non-prescribing boards. The Budget rejects the Governor's proposal to consolidate 25 non-prescribing health professional boards overseen by the Department of Health (DOH) into one new board, the Health Professions Board of Review.

Office of the Child Advocate 6.0 FTEs: The Budget does not include the Governor's proposal to consolidate the State's advocacy agencies into a single Division of Advocacy within the Office of Health and Human Services. The Budget restores both the current services level of funding and staff to the Office.

Commission on the Deaf and Hard of Hearing 3.0 FTEs: The Budget does not include the Governor's proposal to consolidate the State's advocacy agencies into a single Division of Advocacy within the Office of Health and Human Services. The Budget restores both the current services level of funding and staff to the Commission.

Governor's Commission on Disabilities 4.0 FTEs: The Budget does not include the Governor's proposal to consolidate the State's advocacy agencies into a single Division of Advocacy within the Office of Health and Human Services. The Budget restores both the current level of staff to the Commission.

Office of the Mental Health Advocate 4.0 FTEs: The Budget does not include the Governor's proposal to consolidate the State's advocacy agencies into a single Division of Advocacy within the Office of Health and Human Services. The Budget restores both the current services level of funding and staff to the Office.

RIDE (2.0 FTEs): The Budget reduces 2.0 FTE positions for maintaining systems implemented with federal Race to the Top funds. The Governor's budget funded 3.0 FTE positions with general revenue that were previously funded with federal RTTT funds. The Department considers the positions crucial to the Department's mission and the priority in the strategic plan to Ensure Educator Excellence, as well as ensuring that the progress made through the RTTT grant continues and is not lost.

Office of the Postsecondary Commissioner (5.0 FTEs): The Budget includes a decrease of 5.0 FTE positions in Public Higher Education. The Governor proposed to transfer 15.0 FTE positions to Office of the Postsecondary Commissioner (OPC) from the Rhode Island Higher Education Assistance Authority (RIHEAA), reflecting the elimination of RIHEAA and the transfer of its functions and responsibilities to the OPC. The Budget includes a transfer of 10.0 unidentified FTE positions, a decrease of 5.0 FTE positions from the Governor's recommendation.

Judiciary 1.0 FTE: The Budget adds \$224,293 in general revenue to fund personnel costs for a new 1.0 Associate Judge position which will be assigned to proceed over the veteran's court.

The Working Group to Reinvent Medicaid

The Budget includes over forty initiatives that result in \$55.3 million in general revenue savings (\$112.7 million all funds) to the Medicaid program. These initiatives are based on the recommendations of the Working Group to Reinvent Medicaid, a group of twenty-nine stakeholders charged by the Governor with developing \$91.1 million in general revenue reductions for FY2016 as well as a long-range plan for improving care, improving outcomes, and reducing costs of the Medicaid program.

The Working Group recommended \$91.1 million in reductions and revenue enhancements. Of these, the Governor included \$78.6 million in initiatives in the proposed budget. The Budget includes \$71.1 million: \$58.2 million in Medicaid savings and \$13.0 million in revenue enhancements. It excludes the recommended increase in the nursing home provider tax (\$1.7 million net), omits the increase in the insurance mandate for the children's health account (\$2.7 million), restores the cut and increases the funding for the Graduate Medical Education program (\$1.0 million restoration with funding increased to \$2.0 million), and reduces the cut in nursing home rates from 2.5 percent to 2.0 percent (\$1.0 million).

The Medicaid reductions included in the Budget are presented below. The revenue enhancements resulting from Reinventing Medicaid are discussed elsewhere in this report. The statutory language required for these changes to the Medicaid program is included in Article 5.

Reinvent Medicaid Initiatives Included in the Budget	General Revenue
Suspend Hospital Scheduled Rate Increase, Reduce Rates 2.5 percent	(\$11.1)
Reduce Nursing Home Rates, Delay Scheduled Increase, Delay Methodology Phase-in	(8.7)
Reduce Medicaid Managed Care Contracts	(5.6)
Reform Long-term Services and Supports	(3.0)
Pilot a Hospital-Based Accountable Care Organization	(3.0)
Pilot a SPMI Coordinated Care Management Program	(3.0)
Privatize or Reorganize RICLAS Group Homes for the Developmentally Disabled	(2.0)
Reduce Neonatal Intensive Care Unit Rates	(1.9)
Expand Home and Health Stabilization Pilot	(1.8)
Refine Incentive Programs for Federally-Qualified Health Centers	(1.7)
Implement Electronic Visit Verification	(1.5)
Improve Medicaid Eligibility Processes - Expansion First	(1.5)
Reduce Rates for Hospital Laboratory Tests	(1.2)
Redesign CEDARR Services	(1.0)
Improve Care Coordination for Children with Special Health Care Needs	(1.0)
Expand Community Health Teams and Medical Home Pilots	(1.0)
Establish Lower-Cost Settings for Eleanor Slater Hospital Residents	(1.0)
Uncover Opportunities for Operational Efficiencies and Administrative Simplification	(1.0)
Enhance Identification of Medicare Coverage	(1.0)
Increase Program Integrity	(1.0)
Remove Private Insurance Cap on Early Intervention, Autism Services	(1.0)
Implement Predictive Modeling to Reduce Waste Fraud and Abuse	(1.0)
STOP Program	(0.5)
Redesign Connect Care Choice Community Partners (C4P) Program	(0.5)
Increase Pharmacy Rebates through Combined Purchasing	(0.5)
Ensure Third-Party Coverage of Veterans	(0.5)
Close two Zambarano group homes	(0.4)
Strengthen Residency Confirmation Protocols	(0.3)
Consolidate Food and Laundry Services at Eleanor Slater Hospital	(0.3)
Redesign Payments for Personal Choice Program	(0.2)
Total	(\$58.2)

\$ in millions

Suspend Hospital Scheduled Rate Increase, Reduce Rates**(\$11.1 million)**

The Budget suspends the scheduled rate increase (COLA) for inpatient and outpatient hospital services in FY2016 in both the fee-for-service and managed care environments resulting in general revenue savings of \$5.3 million (\$14.8 million all funds). Typically, the base price for hospital services is annually adjusted for trends in a nationally recognized price index. For FY2016, however, this adjustment, an anticipated increase of 2.5 percent on inpatient services and 2.1 percent on outpatient services, is suspended as it was in FY2014 and FY2015.

Additionally, the Budget reduces rates paid for hospital services. Through this initiative, hospital rates paid through both the fee-for-service system and through managed care organizations are reduced 2.5 percent for \$5.8 million in general revenue savings (\$16.1 million all funds).

Reduce Nursing Home Rates, Suspend Scheduled Increase, Delay Methodology Phase-in (\$8.7 million)

The Budget reduces nursing home rates, suspends the scheduled increase and delays the last year of the scheduled phase-in of a new reimbursement methodology for total general revenue savings of \$8.7 million (\$17.5 million all funds).

<i>Summary of Initiatives Impacting Nursing Homes</i>		
Nursing Homes	General	
	Revenue	All Funds
Reduce Rates 2%	\$4.3	\$8.6
Suspend COLA	4.0	8.1
Delay Methodology Phase-in	0.4	0.8
<i>\$ in millions</i>	\$8.7	\$17.5

Reduce Rates. The Budget reduces by 2.0 percent rates paid to skilled nursing facilities and associated hospice organizations that provide services to Medicaid-eligible individuals for general revenue savings of \$4.3 million (\$8.6 million all funds).

Suspend Scheduled COLA Increase. The Budget provides that payments to skilled nursing facilities and associated hospice organizations will not be adjusted by the change in the national nursing home inflation index. This adjustment was to be made on October 1, 2015, but is suspended for FY2016 for \$4.0 million in general revenue savings (\$8.1 million all funds).

The Budget suspends the anticipated 2.6 percent rate increase and reduces rates paid to nursing homes through the traditional fee-for-service (per diem) delivery system and through the managed care delivery system. This rate increase, referred to as the nursing home COLA, was suspended by the FY2012 and FY2014 Budgets as Enacted. The FY2015 Budget as Enacted included a six-month delay in the COLA from October 1, 2014, to April 1, 2015.

Delay Methodology Phase-In. The Budget includes \$420,812 in general revenue savings (\$847,045 all funds) from the delay of the phase-in of a new methodology for nursing home reimbursement.

The FY2013 Budget as Enacted included a policy adjuster to payments to nursing homes to ease the transition from a cost-based payment methodology to a price-based methodology. Under this modification, each nursing home's direct care costs were initially maintained, and the impact of the new methodology on per diem rates was limited to a maximum of \$5.00. The full price-based model was to be phased-in over four years.

FY2016 is scheduled to be the fourth and final year of the phase-in. The Budget suspends the phase-in for FY2016 for both "winners" and "losers" under the new methodology.

Reduce Medicaid Managed Care Contracts**(\$5.6 million)**

This initiative includes a rate cut to Medicaid managed care capitation rates (\$2.8 million), a reduction in the rates paid for administrative costs (\$1.0 million), and an increase in the risk assumed by the managed care organizations in their agreements with State (\$1.8 million).

These reductions impact Neighborhood Health Plan of RI, which enrolls approximately 65.0 percent of managed care enrollees, and United Healthcare, which enrolls approximately 35.0 percent of enrollees.

Reform Long-term Services and Supports**(\$3.0 million)**

The Budget reforms the long-term supports and services continuum of care. These reforms will streamline and standardize internal processes, make home and community-based services (HCBS) more accessible as an alternative to nursing home care, and incentivize HCBS and assisted living providers to care for those with more complex needs.

Savings of \$4.4 million from reduced nursing home expenditures are offset by \$1.5 million in additional expenditures for HCBS and SSI state supplement payments for net general revenue savings of \$3.0 million (\$6.2 million all funds).

Eligibility Reforms

- Expedited eligibility processes will allow Medicaid-eligible individuals to access HCBS more quickly. Currently, while awaiting an eligibility determination, individuals are more likely to use nursing home services (where homes can manage the delay in payment from Medicaid) than HCBS (which are typically smaller providers with insufficient cash flow to sustain delays in payments). (\$200,000 general revenue, \$403,000 all funds)
- Tighten clinical eligibility for the level of care that requires institutional care to three activities of daily living (ADLs). This aligns the Rhode Island program with the eligibility criteria used in Massachusetts and Connecticut. (\$500,000 general revenue, \$1.0 million all funds)
- Standardize internal eligibility processes, which are now, because of legacy processes, spread across a number of DHS and OHHS doors to the program. The Unified Health Infrastructure Project (UHIP) will help create a platform for standardization. The long-term plan is also to evaluate the need for and efficiency of multiple eligibility doorways, with perhaps savings from reduced staff. (\$250,000 general revenue, \$503,221 all funds)

HCBS and Housing Accessibility

- A fuller continuum of services is envisioned. Currently there are few Medicaid-funded options except at the ends of the care continuum: home and institution. OHHS plans to create capacity between these two ends with services such as adult supportive housing, which will provide housing plus possibly aid with ADLs. According to currently issued rules and regulations, this option requires licensure as a nursing home but OHHS hopes to work with the Department of Health to create a new licensure for this type of care, where two to five people will live in congregate (but non-custodial) settings. The Budget does not associate any savings with this initiative.

Provider Payments

- OHHS plans to reform payments to providers of adult day services for individuals who require supervised daily care and who often have some level of dementia and multiple chronic conditions. Rather than flat per-diem rates, provider payments will be tiered according to the level of care required by an individual. In this way, OHHS hopes to incentivize providers to build a fuller range of services to meet more complex needs and increase the ability of individuals to remain at home

longer. This initiative assumes that the program will divert approximately 50 patients per year into lower-acuity settings (\$500,000 general revenue, \$1.0 million all funds).

- Payments to Medicaid-funded assisted living providers are increased through the SSI-state supplement payment mechanism. As well as increasing these payments that cover assisted living room and board, reforms also included the establishment of acuity-based tiered payments for clinical services for assisted living residents. These tiered payments will be available only to those individuals enrolled in the Rhody Health Options managed care program. Additional payments will also be available to providers to care for those transitioning from a nursing facility, have short term acute care needs, or require stabilization services. Performance standards and associated incentive payments for both health and social outcomes will be established (\$1.8 million general revenue, \$3.3 million all funds).

Pilot a Hospital-Based Accountable Care Organization (ACO)

(\$3.0 million)

This initiative engages an established provider network that includes hospitals, physicians, and other providers, to provide care for a defined population for a set, per-person rate for general revenue savings of \$3.0 million (\$6.0 million all funds). This represents six months of savings in FY2016.

In the proposal for this initiative currently being considered, CharterCare and its parent company Prospect Medical Holdings will coordinate the care of 25,000 Medicaid individuals in coordination with Medicaid managed care organizations. CharterCare will receive 95.0 percent of the current capitation rate to care for this population, with the State saving the remaining 5.0 percent. In this full-risk arrangement, CharterCare will be responsible for providing all of the population's healthcare needs, including primary care, physician series, hospital care, behavioral health series and social services and for achieving better patient outcomes, higher patient satisfaction and cost reduction.

CharterCare, whose network includes hospitals Roger Williams Medical Center and Our Lady of Fatima, extended care facility Elmhurst, and CharterCare Home health services, St. Joseph Health Centers, and 18 dental operatories. Thundermist Health Centers have expressed an interest in becoming partners in the core network of this ACO.

Pilot a SPMI Coordinated Care Management Program

(\$3.0 million)

The Budget includes savings from a behavioral health-based accountable care organization for those with severe and persistent mental illness (SPMI). Mental health providers, including The Providence Center and partner Care New England, will provide comprehensive, coordinated and integrated behavioral healthcare to between 3,000 and 4,000 adults with SPMI. For a single bundled rate, providers will provide all levels of behavioral health services, including community-based services, outpatient care, partial hospitalization, crisis stabilization, emergency room engagement and diversion and inpatient services.

This initiative seeks to implement new payment mechanisms by January 1, 2016. The initiative assumes 10,500 individuals will be involved in the program and savings of 3.0 percent. CMS approval is required for this initiative.

Privatize or Reorganize RICLAS Group Homes for the Developmentally Disabled

(\$2.0 million)

The Governor's budget included a \$2.0 million placeholder for savings to be specified by the Working Group to Reinvent Medicaid. Consistent with the working group recommendation, the Budget specifies this \$2.0 million (\$4.0 million all funds) savings as achieved through the privatization or reorganization of Rhode Island Community Living and Supports (RICLAS) group homes for individuals with developmental disabilities. Established as part of closure of The Ladd School in Exeter, RICLAS

currently provides residential services to about 209 individuals in 24 group homes, 4 apartment buildings, and 3 special care facilities.

There are 370.0 FTE positions represented by four labor unions in the RICLAS system. Under this initiative, RICLAS would remain as a provider of services only to those unable to be placed in private group homes. This initiative also presents the option of achieving these savings through a negotiated reorganization of RICLAS homes to lower its cost structure.

Reduce Neonatal Intensive Care Unit Rates ***(\$1.9 million)***

In FY2016, savings will be achieved through a reduction in the rates paid for hospital neonatal intensive care unit (NICU) services.

Going forward, OHHS will develop a bundled payment for maternity services, including pregnancy, birth and post-partum care to achieve equivalent savings while focusing on improved outcomes and quality.

Rather than pay for maternity, childbirth, and post-partum care on a fee-for-service basis, this initiative will develop a bundled payment rate whereby hospitals would receive a single pre-determined rate for all services related to childbirth and be incentivized to provide efficient and quality care whereby if the cost of care exceeds the bundled rate, the providers would be at risk for the loss. If the cost of care is less than the bundled rate, the providers share in the excess.

Expand Home and Health Stabilization Pilot ***(\$1.8 million)***

The Health Begins with a Home initiative will make an organized set of Medicaid-funded health and home-stabilization services available to members of certain at-risk populations through care teams. This initiative will scale-up a current pilot program which offers a hybrid benefit that incorporates medical care coordination with community treatment. Services can include home stabilization interventions such as locating a home, managing a household, financial counseling, homemaking, with health service supports such as disease and medication management, substance abuse counseling, relapse prevention and self-care.

Target populations include Medicaid-eligible children and youth with behavioral health needs in the custody of DCYF, adults who are homeless or at risk of homelessness, and persons transitioning from institutional care who have a history of homelessness.

Refine Incentive Programs for Federally-Qualified Health Centers ***(\$1.7 million)***

This initiative refines incentives currently offered to FQHC through managed care organizations. It will focus the quality measures used to determine incentive payments more tightly on program outcomes and less on processes or inputs.

Savings will be achieved through a shared savings model whereby the State benefits from reduced utilization by FQHC, or from reductions in the incentive paid to FQHCs. General revenue savings are \$1.7 million; all funds savings total \$3.5 million.

Implement Electronic Visit Verification ***(\$1.5 million)***

The Budget includes general revenue savings from increased program integrity through the implementation of an electronic visit verification program that will monitor the delivery of Medicaid home based services such as personal care and homemaker services. The program utilizes technology to verify point-of-care service delivery by the correct caregiver to the correct patient.

The FY2015 Budget as Enacted included \$500,000 in general revenue savings associated with this initiative, but these savings were downwardly revised at the November 2014 Caseload Estimating

Conference to \$200,000 and at the May 2015 Caseload Estimating conference to \$0, citing procurement delays.

Improve Medicaid Eligibility Processes - Expansion First ***(\$1.5 million)***

This initiative changes internal processes to ensure that those eligible for Medicaid through Medicaid expansion criteria are enrolled through this channel, where federal support is 100.0 percent, before they are found to be eligible through the aged, blind and disabled categories, where federal support is approximately 50.0 percent. Since this initiative represents a cost-shift to federal funds, there are no all funds savings associated with this initiative.

Reduce Rates for Hospital Laboratory Tests ***(\$1.2 million)***

The average cost per service at a hospital-based lab is approximately 250.0 percent of the average cost at a community based lab, or \$134 as compared to \$54. Savings associated with this initiative will result from obtaining more favorable pricing for laboratory services currently being performed at the higher prices.

Redesign CEDARR Services ***(\$1.0 million)***

The Budget includes \$1.0 million savings (\$2.0 million all funds) from the redesign of Comprehensive, Evaluation, Diagnosis, Assessment, Referral, Re-evaluation (CEDARR) Family Center services.

Since 2001, CEDARR family centers have worked with children with disabilities and their families to develop care plans and to connect them with services. Once care is established, OHHS currently requires families to continue to access services through CEDARR centers, which help manage appropriate utilization of services.

With the transfer of services for CSHCN from fee-for-service to managed care delivery systems, families will no longer be required to access services through CEDARR centers. Managed care organizations will now be responsible for helping families utilize services in effective and appropriate ways.

The Budget recognizes this redesign and, while continuing to fund the development and establishment of care plans through CEDARR centers, it reduces funding for ongoing services, which are now within the role of managed care organizations.

Analyst's Note: This initiative does not include any loss of direct services for children with special health care needs, though it does reduce administrative revenue to the four CEDARR centers by approximately one-third.

Improve Care Coordination for Children with Special Health Care Needs ***(\$1.0 million)***

The Budget includes general revenue savings from a thorough review of the currently-covered “out-of-plan” services for children with special health care needs (CSHCN), such as those with autism, developmental disabilities, and Asperger's syndrome.

The Budget includes six months of savings associated with the formalization of a continuum of care for special needs children. These services, currently being paid for on a fee-for-service basis, will be incorporated into the capitated rates paid to managed care organizations, which will then ensure that children are moving through the following service continuum and are receiving the least intensive services required.

- Home-based Therapeutic Services (HBTS) are intensive one-on-one treatments for disabled children that are provided in the child's home and serve to improve communication, behavioral, psychosocial and developmental skills and to enable a child to participate in his or her family and community. Children are generally approved for up to 20 hours of services per week (25 hours per week for the most severe needs) and for no longer than two years.

- Personal Assistance Services and Supports (PASS) are also home-based services in which direct support workers help special needs children with life skills such as activities of daily living, taking the bus, and counting money so that they can live independently in the community.
- Respite care, the short-term accommodation of a special needs child in a facility outside the family's home, provides a temporary reprieve for caregivers and serves as the least intensive service on the continuum.

There are currently approximately 6,000 special needs children who receive medical care through Medicaid managed care programs and as well as specialized out-of-plan services through a fee-for-service program. These children include those who qualify for the federal SSI program, those in DCYF foster care, and adopted children. Another approximately 1,000 children have commercial insurance but receive these Medicaid-funded services through the Katie Beckett program.

Expand Community Health Teams and Medical Home Pilots ***(\$1.0 million)***

In order to achieve \$1.0 million in general revenue savings, OHHS will scale up the pilot program currently run by the RI Care Transformation Collaborative. This primary care-based accountable care organization identifies high-risk patients and cares for them using the medical home model for a single bundled rate in which the team is at full-risk for the cost of care.

In a second initiative to achieve these savings, current community health team efforts will be scaled up for savings. Here, inter-disciplinary community health teams of nurses, pharmacists, nutritionists, social workers, and behavioral and mental health providers care for high-risk patients. This model is currently being piloting in South County and Pawtucket; this initiative includes six additional teams, each servicing 500 high-utilizing members.

Establish Lower-Cost Settings for Eleanor Slater Hospital Residents ***(\$1.0 million)***

The Budget includes savings associated with the relocation of potential Eleanor Slater Hospital residents currently residing in acute care hospitals but who do not require acute care services. These individuals would be placed in group homes, where providers will be paid an enhanced rate to service this high-risk population, which includes those with criminal histories, forensic and sex offense backgrounds, and high medical needs.

Savings will result from a reduction in acute care hospital services, where 16 individuals are currently awaiting admission to ESH.

Uncover Opportunities for Operational Efficiencies and Administrative Simplification ***(\$1.0 million)***

The Office will uncover opportunities for increased efficiency within OHHS and across agencies. The Budget includes \$500,000 in general revenue savings in OHHS central management program and \$500,000 in the Department of Human Services resulting from a review of staff assignments and its resultant efficiencies and staff reductions.

Enhance Identification of Medicare Coverage ***(\$1.0 million)***

This initiative seeks to avoid the payment by Medicaid for services, drugs, or products covered by Medicare for \$993,600 in general revenue savings (\$2.0 million all funds). This effort will potentially be modeled after, and perhaps in conjunction with, the University of Massachusetts Medical Center, which, though use of proprietary tools and specialized personnel, would find Medicare coverage on a contingency basis. The University of Massachusetts model also includes a customer service component that helps Medicare-eligible individuals apply for and obtain coverage.

Specifically, this initiative includes:

- Recoupment of Medicaid-paid Medicare co-pays for those claims recovered by CMS through post-payment review
- Identification of drugs or products paid for by Medicaid but are covered by Medicare Part B, which covers medically-necessary services such as lab tests and supplies such as wheelchairs.
- Review current Medicare status of members age 65 and older and those who meet the disability criteria of the Social Security Administration for possible Medicare enrollment that may be unknown to the State due to errors in data transmission between the State and federal data files.

Increase Program Integrity***(\$1.0 million)***

The Budget funds two additional paralegal positions within the Office of Program Integrity in order to increase program integrity of the Medicaid program utilizing existing laws, rules and regulations. Efforts will focus on the integrity of eligibility processes for long-term supports and services. General revenue savings of \$1.0 million is offset by increased personnel costs of \$46,920.

Remove Private Insurance Cap on Early Intervention and Autism Services***(\$1.0 million)***

The Budget includes savings associated with the increase in private insurance coverage for services currently covered by Medicaid.

Early Intervention. Commercial insurers currently pay for the first \$5,000 in Early Intervention (EI) services before Medicaid funds these services. The Budget removes this cap and requires insurers to cover all EI services and thus shifting the cost of these services from Medicaid to the privately-insured.

Early intervention services include speech and language therapy, occupational therapy, physical therapy, evaluation, case management, service plan development, and assistive technology services and devices for children birth to age three.

Autism Services. The State also requires insurers to cover a range of services for the treatment of autism spectrum disorder, though it currently limits insurers' coverage to the first \$32,000 in applied behavior analysis (ABA) per person per year. Medicaid currently covers any services in a calendar year above that amount. The Budget removes the current cap on ABA services, thus requiring insurers to cover all of these services and shifts the cost from Medicaid to the privately-insured.

Applied behavior analysis is a form of behavioral modification, whereby skills are taught so that autistic children can achieve the greatest degree of independence and the highest quality of life possible. It typically involves the repetition and reinforcement of small behavior sub-skills until mastery.

Implement Predictive Modeling to Reduce Waste, Fraud, and Abuse***(\$1.0 million)***

The Budget includes general revenue savings from the implementation of predictive modeling and analytics technologies within the State's current Medicaid Management Information System (MMIS). These saving are offset by \$241,476 in general revenue spending within the Central Management program for contracts with Hewlett Packard and BAE Systems.

The goal of this initiative is to improve the Medicaid program's ability to recoup and prevent overpayments to providers due to fraudulent or abusive activity. It will also enable the program to eliminate fraudulent providers from the program. The project timeline has a go-live date in October 2015.

STOP Program***(\$500,000)***

This initiative achieves savings through a current program that diverts chronic inebriates from frequent non-emergency use of hospital emergency departments (ED) and instead transports them to a sobering center for short-term recovery programs, detoxification services and/or referral arrangements.

The program, Sobering Treatment Opportunity Program (STOP), is modeled after those in existence in other cities across the country, including Boston. Under STOP, first responders are authorized to transport inebriated individuals to an alternative treatment center where licensed clinical staff and peer specialists are utilized.

Redesign Connect Care Choice Community Partners (C4P) Program **(\$500,000)**

The Medicaid program currently pays primary care practices a per-member-per-month fee to coordinate care of those enrolled in the fee-for-service long-term care delivery system. This initiative eliminates this fee and instead funds nurse care managers in the practice for members moved into managed care. For members remaining in the fee-for-service delivery system, nurse care managers and social workers will support members through community health teams and primary care medical homes.

Increase Pharmacy Rebates through Combined Purchasing **(\$500,000)**

The Medicaid program will achieve savings through negotiating for rebates for its entire pharmacy spend, rather than having the State and its managed care organizations each negotiate separately for their own lines of business.

Ensure Third-Party Coverage of Veterans **(\$500,000)**

This initiative will improve program administration to ensure that Medicaid does not cover services that are eligible for coverage by Veterans Administration Health Care.

Closure of Zambarano Group Home **(\$449,742)**

The Budget includes savings from the closure of Rogler group home for the developmentally disabled. This home is part of Zambarano Hospital network and is located in Smithfield.

Rogler is one of four group homes in the network that was formed in the 1980's. As residents of this network have aged, the census of the homes has declined, allowing for the opportunity to consolidate residents and close homes.

Zambarano Group Homes	Capacity	Current Census
East Wallum Lake	6	4
Mallory	6	5
Rogler	6	2
Southwick	4	Closed
Total	22	11

The FY2014 Budget as Enacted included \$346,443 in general revenue savings from the closure of the Southwick group home, also part of the Zambarano network, though the home was not closed until the first half of FY2015. Three of the four original homes in the network remain open, including Rogler as shown in the accompanying table.

Strengthen Residency Confirmation Protocols **(\$292,489)**

Through this initiative, the Office will partner with the Department of Human Services and Medicaid managed care organizations (MCOs) to strengthen protocols for confirming the Rhode Island residency of Medicaid enrollees. Currently, continued verification of Rhode Island residency does not occur on a regular basis.

Out-of-state prescription drug claims will be identified monthly by MCO's (for managed care claims) and by the State's fiscal agent (for fee-for-service claims) and referred to DHS, who will outreach to members to confirm Rhode Island residency. If DHS cannot confirm Rhode Island residency of a member, upon proper notification and opportunity for a correction of residency, that member will be disenrolled from the Medicaid program and benefits will be terminated.

OHHS reports that there are currently 205 Medicaid members currently seeking pharmacy and/or medical services in another state. Current Medicaid enrollment is approximately 250,000.

Consolidation of Food and Laundry Services at Eleanor Slater Hospital ***(\$300,000)***

The Budget includes \$300,000 in general revenue savings (\$600,000 all funds) from the consolidation of Eleanor Slater Hospital services.

Eleanor Slater Hospital food services will be consolidated with that of the Department of Corrections (DOC). DOC currently purchases and warehouses food for its facilities and for the State's school lunch program. Under this initiative, the Hospital will purchase food through DOC's contracts, which are more competitive than the Hospital's, for savings of approximately 20.0 percent. Staffing levels remain unchanged.

BHDDH will also pursue savings through the consolidation of laundry services at Eleanor Slater Hospital, resulting in \$150,000 in general revenue savings (\$300,000 all funds).

Redesign Payments for Personal Choice Program ***(\$198,720)***

This initiative changes the payment structure from a flat monthly case rate of \$125 per participant to an hourly rate of \$60 for agencies that help members coordinate their own long-term care. This is expected to result in general revenue savings of \$198,720 (\$400,000 all funds).

The Medicaid program offers a Personal Choice program to those eligible for long-term supports and services. Through this program, elderly and disabled persons are provided a flexible budget and choice from among an array of services that best meet their needs. Participants select from among services such as personal care services and help with activities of daily living, grocery shopping, laundry, or wheelchair transfers. Service advisement agencies are paid a monthly fee for case management, advising members regarding selection and management of services. While this requires several hours upon initial enrollment and the establishment of a care plan, subsequent servicing is typically much lower.

This proposal changes the fee structure from a monthly per person rate to an hourly rate for services. The proposal caps monthly services for new enrollees at four hours per month. For existing enrollees, services are capped at one hour per month.

This initiative also reduces provider payments by patient co-pay amounts, charging providers to collect co-pays in order to receive full reimbursement for services.

Municipal Issues

For FY2016, Distressed Community Relief Aid, Payment in Lieu of Taxes (PILOT), Motor Vehicle Excise Tax Reimbursement, and Library Aid are funded at the FY2015 Enacted level. For FY2016, the Budget maintains funding for Municipal Incentive Aid at the FY2015 level of \$5.0 million. An expansion of the hotel tax to include vacation home rentals, small bed and breakfasts, hotel room resellers, and unlicensed lodging rentals will increase funding to municipalities by \$1.3 million, Meal and Beverage Tax is projected to increase slightly for FY2016 based on historic collection rates, while Public Service Corporation Tax will decrease based on actual tax collections. The FY2015 Revised Budget includes an additional \$6.4 million for the Municipal Road and Bridge Revolving Loan Fund.

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

Program	Municipal Aid FY2014 - FY2016							
	FY2014	FY2015 Enacted	FY2015 Revised	Change from Enacted		FY2016 Budget	Change from Enacted	
Payment in Lieu of Taxes	\$35.1	\$40.1	\$40.1	\$0.0	0.0%	\$40.1	(\$0.0)	0.0%
Distressed Communities	10.4	10.4	10.4	-	0.0%	10.4	-	0.0%
Motor Vehicle Excise Tax	10.0	10.0	10.0	-	0.0%	10.0	-	0.0%
Municipal Incentive Aid	4.8	5.0	5.2	0.2	3.3%	5.0	-	0.0%
State Aid to Libraries								
Grant-in-Aid	8.7	8.7	8.7	-	0.0%	8.7	-	0.0%
Library Construction	2.5	2.3	2.3	-	0.0%	2.7	0.3	14.2%
Total Direct Aid	\$71.5	\$76.5	\$76.7	\$0.2	0.2%	\$76.8	\$0.3	0.4%
Public Service Corporations Tax	\$13.2	\$14.3	\$14.3	\$0.0	0.0%	\$13.0	(\$1.3)	-8.8%
Meals & Beverage Tax	21.8	23.0	23.6	0.6	2.8%	24.1	1.1	4.7%
Hotel Tax	6.5	7.2	7.4	0.3	3.6%	9.0	1.8	25.5%
Airport Impact Fees	1.0	1.0	1.0	-	0.0%	1.0	-	0.0%
Total Indirect Aid	\$42.5	\$45.5	\$46.4	\$0.9	2.0%	\$47.1	\$1.7	3.7%
Total Aid	\$114.0	\$122.0	\$123.0	\$1.1	0.9%	\$124.0	\$2.0	1.6%

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

DIRECT AID TO LOCAL GOVERNMENT

Payment in Lieu of Taxes (PILOT)

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

For FY2016, PILOT is funded at the FY2015 level. A \$5.0 million increase in funding for the Payment in Lieu of Taxes (PILOT) program in FY2015 from the one-time sale of Tobacco Securitization Bonds

Fiscal Year	PILOT Funding Trends		
	Total Funding	% Change	% Reimbursed
2007	\$27.8	2.9%	27.0%
2008	27.8	0.0%	25.4%
2009	27.6	-0.7%	25.2%
2010	27.6	0.0%	23.8%
2011	27.6	0.0%	21.1%
2012	33.1	20.0%	23.4%
2013	35.1	6.0%	23.8%
2014	35.1	0.0%	22.0%
2015	40.1	14.2%	25.4%
2016	40.1	0.0%	23.7%

\$ in millions.

was not included in the Governor's FY2016 budget; however, the General Assembly restored the increase with general revenue. Current law requires reimbursement at 27.0 percent of forgone tax

revenue, but allows for a ratable reduction if the appropriation is less than this amount. The FY2016 Budget represents a reimbursement rate of 23.7 percent.

Distressed Community Relief

The Distressed Community Relief program was established in 1990 to provide state assistance to communities with the highest property tax burdens relative to the wealth of taxpayers. For FY2015, \$10.4 million was appropriated and distributed to 7 qualifying municipalities. The City of Cranston, however, no longer qualifies as a distressed community and will receive a 50.0 percent appropriation of \$1.2 million. The remaining 50.0 percent of Cranston's appropriation was divided among the remaining 6 distressed communities.

For FY2016, the Distressed Community Relief Fund is maintained at the FY2015 level of \$10.4 million. The City of East Providence has met 3 of the 4 indices in FY2015 and became newly eligible for the Distressed Community Relief program. As a newly qualifying community, the City receives 50.0 percent of the funding it would be entitled to in the first year (FY2016), and then the full amount thereafter. This has a distributional impact on other distressed communities eligible for these funds.

Distressed Community Relief Fund Distribution

Municipality	FY2015 Enacted	FY2016 Budget	Change
Central Falls	\$197,930	\$211,123	\$13,193
Cranston	1,160,322	-	(1,160,322)
East Providence	-	685,142	685,142
North Providence	948,672	989,710	41,038
Pawtucket	1,387,409	1,430,131	42,722
Providence	5,071,751	5,332,583	260,832
West Warwick	783,095	835,708	52,613
Woonsocket	835,279	900,062	64,783
Total	\$10,384,458	\$10,384,458	-

Motor Vehicle Excise Tax

The Motor Vehicle and Trailer Excise Tax Elimination Act of 1998 was enacted to offer broad-based property tax relief to the residents of Rhode Island. The FY2010 Budget as Enacted included \$135.4 million for Motor Vehicle Excise Tax Reimbursement. The FY2010 Revised Budget reduced that amount to \$117.2 million. In FY2011, funding was reduced to \$10.0 million, funding for fire districts was eliminated from the budget, and the state-mandated motor vehicle tax exemption was reduced from \$6,000 to \$500. These provisions remain in effect through FY2016.

For FY2016, the Budget includes level funding for payments to cities and towns for the Motor Vehicle Excise Tax Reimbursement Program at \$10.0 million and excludes funding for fire districts. The mandatory motor vehicle tax exemption at \$500 per vehicle is maintained. Municipalities are authorized to provide an additional exemption; however, these additional exemptions are not subject to reimbursement.

Motor Vehicle Excise Tax

Fiscal Year	Total Funding	% Change
2007	\$136.2	15.8%
2008	135.3	-0.7%
2009	135.4	0.0%
2010	117.2	-13.4%
2011	10.0	-91.5%
2012	10.0	0.0%
2013	10.0	0.0%
2014	10.0	0.0%
2015	10.0	0.0%
2016	10.0	0.0%

\$ in millions.

The mandatory motor vehicle tax exemption at \$500 per vehicle is maintained. Municipalities are authorized to provide an additional exemption; however, these additional exemptions are not subject to reimbursement.

FY2013 - FY2015 Motor Vehicle Exemptions

Municipality	FY2013	FY2014	FY2015	Municipality	FY2013	FY2014	FY2015
Barrington	\$500	\$1,000	\$1,500	Narragansett	\$6,000	\$6,000	\$6,000
Bristol	3,000	3,000	3,000	Newport	6,000	6,000	6,000
Burrillville	1,500	1,500	1,250	New Shoreham	6,000	1,000	1,000
Central Falls	1,000	1,000	1,250	North Kingstown	3,000	3,000	3,000
Charlestown	500	500	500	North Providence	500	500	500
Coventry	500	500	500	North Smithfield	500	675	675
Cranston	500	500	500	Pawtucket	500	500	500
Cumberland	500	500	500	Portsmouth	3,000	3,000	3,000
East Greenwich	6,000	6,000	6,000	Providence	1,000	1,000	1,000
East Providence	500	500	500	Richmond	500	500	500
Exeter	500	500	500	Scituate	6,000	6,000	6,000
Foster	3,100	3,100	2,000	Smithfield	1,000	1,000	2,000
Glocester	500	500	500	South Kingstown	3,000	3,000	3,000
Hopkinton	500	500	500	Tiverton	6,000	6,000	6,000
Jamestown	6,000	6,000	6,000	Warren	500	500	500
Johnston	500	500	500	Warwick	2,000	2,000	2,000
Lincoln	3,000	3,000	3,000	Westerly	1,500	1,500	1,500
Little Compton	6,000	6,000	6,000	West Greenwich	500	500	500
Middletown	3,000	3,000	3,000	West Warwick	2,500	1,000	1,000
				Woonsocket	500	500	500

Source: RI Dept. of Revenue, Division of Municipal Finance.

Municipal Incentive Aid

The FY2014 Budget as Enacted created a 3-year Municipal Incentive Aid Program to encourage municipalities to improve the sustainability of their retirement plans and to reduce unfunded liabilities; however, there is no requirement that the additional state aid be spent for this purpose. The FY2015 Budget as Enacted made changes to Municipal Incentive Aid:

- Maintains Municipal Incentive Aid funding for 3 years at the \$5.0 million level; however, a new provision will allow the program to continue beyond FY2016 subject to appropriation.
- Changes the distribution of Municipal Incentive Aid to allow that if a municipality does not meet the eligibility requirements to receive an appropriation in any fiscal year, those funds are reappropriated into the next year. If that community becomes eligible in the second year, then it will receive the appropriations from both years; if not, the funds will be distributed among all other eligible communities.

The Division of Municipal Finance within the Department of Revenue administers and manages the program, and aid is distributed in March to eligible communities based on municipal population as a share of the total state population, as reported by the U.S. Department of Commerce, Bureau of the Census.

Eligibility Requirements FY2015 and each year thereafter: For FY2015 and each year thereafter, municipalities will be eligible to receive Incentive Aid if they comply with at least one of the following requirements:

- The municipality has no locally-administered pension plans.
- The municipality has transitioned all locally-administered pension plans into MERS by June 30, 2014.
- The municipality has submitted a Funding Improvement Plan (FIP), meeting the guidelines of the Locally Administered Pension Plan Study Commission to DOR for every locally-administered pension plan, and the FIP meets the guidelines of the Study Commission on Locally-Administered Pension Plans (or otherwise applicable guidelines or regulations), and the municipality has

implemented the original FIP pursuant to chapter 45-65, and the FIPs are approved by the plan sponsor and the local governing body. The municipality must notify plan participants, beneficiaries and others pursuant to Chapter 45-65.

- The municipality has implemented the original recommended FIP or an amended FIP within one months after the close of the fiscal year and made the required funding payments (formerly referred to as annually Required Contributions or “ARC”) in compliance with the municipality’ adopted FIP(s) and the funding guidelines established by the pension study commission; and the FIPs are approved by the plan sponsor and the local governing body.
- There exists a locally-administered pension plan in the municipality, but no FIP was required, and either (A) the municipality is funding 100.0 percent of its required funding payment; or, (B) if a lesser funding payment is made, the municipality has maintained a funded ratio of at least 100.0 percent, or a FIP is required pursuant to chapter 45-65; however the due date for the FIP submission or implementation is after the March payment of this municipal incentive aid.

Analyst’s Note: For FY2015, the Town of Johnston is not eligible to receive Municipal Incentive Aid. Its allocation will be transferred to FY2016, to allow the Town time to meet eligibility requirements. Its appropriation will be disbursed to all other eligible communities in May 2016 if the Town again fails to meet the eligibility requirements. The Town of Coventry, which previously had its allocation withheld, is now in compliance has received its payments.

State Aid to Libraries Grant-in Aid

State aid to libraries is distributed based on the city or town’s expenditure level as a percentage of the total expenditures by all communities statewide. In order to be eligible for these funds, cities and towns must maintain their level of support for public library services at 100.0 percent of the previous year’s funding from the local tax base. The Budget includes funding for FY2016 at the FY2015 level of \$8.7 million; however, distribution is based on qualifying data from the statutory reference year. Current law reimbursement of 25.0 percent of second prior year expenses would require an additional appropriation of \$1.1 million.

State Aid to Libraries Construction Reimbursement

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

Fiscal Year	Library Aid		Total Aid	% Change
	Grant in Aid	Construction		
2007	\$8.7	\$2.8	\$11.5	4.0%
2008	8.7	2.7	11.4	-0.4%
2009	8.7	2.6	11.3	-1.0%
2010	8.8	2.7	11.5	1.9%
2011	8.7	2.5	11.2	-2.4%
2012	8.7	2.8	11.5	2.6%
2013	8.7	2.5	11.2	-3.0%
2014	8.7	2.5	11.2	0.3%
2015	8.7	2.3	11.0	-1.8%
2016	8.7	2.7	11.4	3.6%

For FY2015, the Budget includes \$2.3 million for Library Construction Aid, and for FY2016, the Budget includes \$2.7 million, an increase of \$330,964 to reflect actual reimbursement costs. *\$ in millions.*

The moratorium on the acceptance of new applications for library construction projects, enacted in 2011 by the General Assembly, ended on July 1, 2014. No new applications for library construction have been received since the moratorium ended; however, letters of intent from Barrington, Jamestown, and the Providence Community Library have been received. For the Barrington Public Library and the

Providence Community Library, reimbursement is expected to begin in FY2018. No cost or time frame has been received for the Jamestown Public Library.

Property Revaluation Reimbursement

In 1997, the General Assembly enacted legislation requiring municipalities to conduct full property revaluations every nine years and statistical updates at year 3 and year 6. Communities are responsible for appropriating funds to cover the costs of full property revaluations; however, the State reimbursed municipalities for 100.0 percent of the first statistical update. Reimbursements for subsequent updates were set at 80.0 percent (up to \$16 per parcel) for the second statistical update and 60.0 percent (up to \$12 per parcel) for the third and subsequent statistical revaluations.

Property Revaluation Reimbursement		
Fiscal Year	State Reimbursement	% Change
2007	\$2.1	78.0%
2008	0.7	-66.5%
2009	1.1	61.9%
2010	1.5	35.2%
2011	0.7	-53.1%
2012	0.9	25.3%
2013	1.6	79.0%
2014	0.5	-69.0%
2015	0.6	26.6%
2016	1.8	184.3%

\$ in millions.

The Budget includes funding of \$1.8 million for the Property Revaluation program in FY2016, an increase of \$1.1 million over the FY2015 Budget as Enacted, and is based on anticipated reimbursements. The following communities will be reimbursed for statistical updates in FY2016:

Community	Amount	Community	Amount
Burrillville	\$68,893	North Smithfield	\$54,886
Central Falls	45,158	Providence	596,650
Jamestown	37,001	Scituate	49,475
Johnston	134,168	Smithfield	84,305
Lincoln	86,044	South Kingstown	148,770
Little Compton	33,869	West Warwick	159,120
New Shoreham	22,172	Westerly	141,307
North Kingstown	116,942	Total	\$1,778,760

Source: RI Dept. of Revenue, Division of Municipal Finance.

INDIRECT AID TO LOCAL GOVERNMENT

Public Service Corporation Tax

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

Public Service Corporation		
Fiscal Year	Total Funding	% Change
2007	\$10.3	-15.2%
2008	10.3	0.0%
2009	9.2	-11.1%
2010	10.2	10.9%
2011	11.4	11.8%
2012	11.8	3.5%
2013	12.7	7.6%
2014	13.2	3.9%
2015	14.3	8.3%
2016	13.0	-9.0%

\$ in millions.

The revenue from this tax flows through the State: it is not appropriated. The State is allowed to keep 0.75 percent of this tax for administrative fees. The remainder of the revenue is deposited into a restricted receipt account and apportioned to the cities and

towns based on the ratio of each municipality's population relative to the total population of the State.

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

The FY2016 Budget provides \$13.0 million be distributed to municipalities on July 31, 2015. This is a decrease of \$1.3 million (8.8 percent) based on actual tax collections in FY2015.

Meals and Beverage Tax

During the 2003 session, the General Assembly enacted a 1.0 percent gross receipt tax on retail sales of meals and beverages in or from eating and/or drinking establishments. The revenue from this tax flows through the State: it is not appropriated. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the meals and beverages were delivered. For FY2015, the Office of Revenue Analysis anticipates growth of 8.4 percent in collections, yielding \$23.6 million.

For FY2016, the Office of Revenue Analysis anticipates growth of 2.1 percent in collections, yielding \$24.1 million.

Meals & Beverage Tax		
Fiscal Year	Total Funding	% Change
2007	\$18.8	6.9%
2008	18.7	-0.4%
2009	18.8	0.3%
2010	19.0	0.9%
2011	19.5	2.6%
2012	21.0	7.8%
2013	21.4	1.7%
2014	22.3	4.4%
2015	23.6	5.8%
2016	24.1	2.1%

\$ in millions.

Hotel Tax

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

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

Hotel Tax		
Fiscal Year	Total Funding	% Change
2007	\$5.7	5.6%
2008	5.8	1.8%
2009	5.6	-3.4%
2010	5.7	1.8%
2011	5.9	2.7%
2012	6.3	8.0%
2013	6.7	5.3%
2014	6.5	-2.2%
2015	7.4	13.5%
2016	9.0	21.6%

\$ in millions.

The Budget expands the hotel tax to include vacation home rentals, small bed and breakfasts, hotel room resellers, and unlicensed lodging rentals (such as those listed on the Airbaab.com website). The expansion is expected to increase aid to municipalities by \$1.3 million in FY2016.

An additional 1.0 percent tax, which was enacted in FY2005, is distributed entirely to the city or town where the occupancy occurred. The 1.0 percent tax will apply to the expanded tax base, and is included in the \$1.3 million generated by the expansion. Additional revenue of \$260,322 results from non-expansion growth.

Total distribution to municipalities is estimated at \$7.4 million for FY2015 and \$9.0 million for FY2016.

OTHER AID TO LOCAL GOVERNMENT

Warwick Rental Car Tax Revenue

The RI Airport Corporation levies a \$5.00 per rental vehicle, per day, customer facility charge (CFC) for all vehicle rentals from companies operating at T.F. Green Airport. Revenues from the CFC are to be used to pay for the construction, expansion, reconfiguration, operation and maintenance of the Warwick Intermodal Transit Station. The CFC is applied prior to the application of the sales tax and rental vehicle surcharge. Since 2003, per RIGL 1-2-17.1, all sales taxes (7.0 percent) and rental vehicle surcharges (6.0 percent) collected from the application of the CFC are deposited into a restricted receipt account for the City of Warwick. These payments totaled \$631,132 in FY2010 and are projected to reach \$922,013 in FY2015. FY2016 budget includes \$922,013 in CFCs for the benefit of the City of Warwick.

Airport Impact Fees

Airport impact aid payments to municipalities that have airports are level funded at approximately \$1.0 million for FY2015 and FY2016. The funding is provided annually through Article 1 of the budget and flows through the Rhode Island Commerce Corporation. The aid is distributed based upon a statutory formula that provides 60.0 percent of the first \$1.0 million (\$600,000) for communities with airports serving more than 1.0 million passengers per year. T.F. Green is the only airport in the State that meets this threshold. The remaining 40.0 percent is distributed to communities based on each airport’s share of total landings in a calendar year, including T.F. Green. No community that hosts an airport receives less than \$25,000.

FY2015 Actual	1.0 million passengers	Distribution on landings	All Airports and Communities to \$25,000	Total
Warwick - T.F. Green	\$600,000	\$190,578	\$0	\$790,578
Block Island	-	37,411	-	37,411
Middletown-Newport Airport ¹	-	49,063	-	49,063
North Central				
Smithfield	-	20,634	4,366	25,000
Lincoln	-	20,634	4,366	25,000
North Kingstown - Quonset	-	38,714	-	38,714
Westerly	-	42,967	-	42,967
Total	\$600,000	\$400,000	\$8,732	\$1,008,732

¹ Located in Middletown

Municipal Road and Bridge Fund

The FY2014 Budget as Enacted transferred \$7.0 million of bond premium proceeds derived from the sale of 2013 general obligation bonds from the Rhode Island Capital Plan Fund (RICAP) to capitalize a Municipal Road and Bridge Revolving Fund. The FY2014 Revised Budget increased this amount by \$3.3 million, for a total of \$10.3 million. The FY2015 Budget includes an additional \$5.0 million in funding made available from the sale of Tobacco Settlement Bonds, and the Clean Water Finance Agency will contributed \$3.5 million from its board designated administrative fund to capitalize this program in FY2015. The Budget includes \$6.4 million from bond premiums in the FY2015 Revised Budget. The program is not funded in FY2016.

These funds are available for municipalities to borrow for road and bridge projects. Loans began in FY2014, and future capitalizations combined with the revolved funds allow state-sponsored financing on an ongoing basis. This fund is administered by the Rhode Island Clean Water Finance Agency (CWFA).

Applications are submitted to the Rhode Island Department of Transportation (RIDOT), based on regulations development by RIDOT. RIDOT developed a project priority list based on 6 criteria:

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

To date, the Clean Water Finance Agency has approved applications from thirteen municipalities for road and bridge projects as follows:

Municipality	Approved by CWFA Board for FY2014	Approved by CWFA Board for FY2015	Total
Bristol	\$0	\$500,000	\$500,000
Burrillville	680,000	-	680,000
Coventry	340,000	900,000	1,240,000
Cumberland	500,000	-	500,000
East Greenwich	-	2,000,000	2,000,000
East Providence	1,215,000	-	1,215,000
Hopkinton	-	253,000	253,000
New Shoreham	255,000	-	255,000
Newport	1,500,000	-	1,500,000
Pawtucket	3,500,000	5,000,000	8,500,000
Warwick	1,600,000	-	1,600,000
West Warwick	-	150,515	150,515
Westerly ¹	625,000	-	625,000
Total	\$10,215,000	\$8,803,515	\$19,018,515

¹Westerly did not borrow its entire authorization; therefore, an additional \$300,000 was available for borrowing in FY2015 by other municipalities.

Central Falls Retiree Payments

The FY2012 Revised Budget included a \$2.6 million Stabilization Payment to the City of Central Falls, to be deposited into a restricted account to provide transition payments over five years to retirees, to municipal retirees who sustained significant pension reductions as a result of actions by the City Receiver to improve the financial condition of the City, based on a “Settlement and Release Agreement” between the Receiver for the City of Central Falls, the Department of Revenue, and the negotiating team for the Central Falls retirees. The Agreement was reached to avoid protracted litigation in federal court.

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

Legislation passed by the 2014 General Assembly requires the State to appropriate sufficient funds to the city of Central Falls for payment to Central Falls’ city retirees so that those retirees would continue to

receive 75.0 percent of their base pension benefit as of July 31, 2011, for their lifetime, and to the extent applicable, up to 67.5 percent for the lives of their beneficiaries. An actuarial study estimates that the State will need to contribute an additional \$4.8 million to the Central Falls pension fund, beginning with \$328,561 on July 1, 2016, and ending with a payment of \$4,166 on July 1, 2044.

Fire Districts in Fiscal Stability Act

Legislation passed by the General Assembly during the 2014 session includes fire districts in the Fiscal Stability Act and provides financially distressed fire districts with assistance through the appointment of a Fiscal Overseer, Budget Commission, or Receiver by the State. The Central Coventry Fire District, after several failed attempts to pass a budget, was ordered by the Rhode Island Superior Court to liquidate by May 16, 2014. Due to a lack of financial information available to the State, it is not known how many other fire districts are in fiscal distress. The FY2015 Revised Budget includes \$414,000 in general revenue to provide funds for the Division of Municipal Finance within the Department of Revenue to pay for salary and benefit costs associated with oversight of the Central Coventry Fire District. The Budget includes an additional \$50,000 in FY2016.

The legislation does the following:

- Includes fire districts in the Fiscal Stability Act and provides financially distressed fire districts with assistance through the appointment of a Fiscal Overseer, Budget Commission, or Receiver by the State.
- Provides a mechanism for the State to work with fire districts undergoing financial distress that threatens the fiscal well-being, public safety and welfare of these communities, others, or the State.
- Provides varying levels of support and control depending on the particular circumstances of the district.
- Sets out financial reporting requirements for fire districts that are similar to those that are required of cities and towns.
- Requires quarterly budget reports be submitted to the Division of Municipal Finance and the Auditor General, and requires a corrective action plan should a fire district anticipate a year-end deficit.
- Requires an annual audit of financial statements by an independent auditing firm; however, the auditor General may waive or modify the requirement based on the size of the district.
- Requires the tax roll be certified by the Division of Municipal Finance.
- Allows fire districts to contract with the tax administrator to allow the tax administrator to collect taxes for the fire districts.
- Extends the provision for 5-year contracts for fire districts that are under the jurisdiction of a budget commission or a reviewer. This is current law for cities and towns.
- Provides that this legislation applies to all pending state judicial receiverships.
- This bill does NOT make fire districts subject to the “3050” tax cap.
- Any changes to collective bargaining agreements must be negotiated.
- Tax levy changes can be made at the budget commission or receivership level.

this legislation, the State, acting primarily through the Department of Revenue, in consultation with the Auditor General, has the power to exercise varying levels of support and control, depending on the

circumstances. The Director of Revenue, in consultation with the Auditor General, is authorized to appoint a receiver in the event of a fiscal emergency.

- Creates three levels of State oversight and control
 - 1) Fiscal Overseer
 - Appointed by the Director of Revenue, in consultation with the Auditor General
 - 2) Budget Review Commission
 - Appointed by the Director of Revenue, in consultation with the Auditor General
 - 5 members:
 - 3 designees of the Director of Revenue
 - Chairperson of the district's governing body
 - Fire chief of the district
 - 3) Receivership
 - Appointed by the Director of Revenue

OTHER MUNICIPAL ISSUES

Main Street RI Streetscape Improvement Program

Article 19 creates a statewide Main Street Rhode Island Streetscape Improvement Fund. The Budget designates \$1.0 million in general revenue to fund this initiative in FY2016 and intends to recommend \$1.0 million in general revenue in FY2017. The purpose of the program is to provide loans, matching grants, or other forms of financing to upgrade streetscapes in local business districts (lighting, street furniture, medians). The section does not delineate who or what entity may receive funding or individual award or community award limits, but it does include language requiring the Commerce Corporation to promulgate the rules and regulations of the program.

Tax Stabilization Incentive

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

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

FY2015 (Revised) Direct Municipal Aid to Cities and Towns

Municipality	FY2015		Payment In		Distressed Communities		Municipal Incentive Aid ²	Motor Vehicle Excise Tax	Library Grant in-Aid ¹	Construction Aid	FY2015		Change from FY2015
	Enacted	Lieu of Taxes	Relief Fund	Communities	Enacted	Revised					Municipal Aid	Enacted	
Barrington	\$740,496	\$15,625	\$0	\$77,873	\$230,537	\$341,488	\$68,534	\$734,057	(\$6,439)				
Bristol	1,464,578	825,101	-	109,663	95,718	139,595	274,019	1,444,096	(20,482)				
Burrillville	844,421	134,639	-	75,643	201,655	141,022	283,801	836,760	(7,661)				
Central Falls	417,176	21,572	197,930	91,844	94,066	17,569	-	422,981	5,805				
Charlestown	125,223	-	-	37,260	44,361	47,766	-	129,387	4,164				
Coventry	608,167	-	-	332,252	246,097	222,474	-	800,823	192,656				
Cranston	9,058,249	6,043,928	1,160,322	381,765	1,006,431	539,079	30,479	9,162,004	103,755				
Cumberland	865,704	118	-	158,222	247,431	273,112	211,377	890,260	24,556				
East Greenwich	729,021	360,281	-	62,403	81,789	121,085	63,277	688,835	(40,186)				
East Providence	1,453,646	222,995	-	224,226	505,623	363,025	67,115	1,382,984	(70,662)				
Exeter	234,784	-	-	30,874	92,010	45,664	75,968	244,516	9,732				
Foster	120,902	431	-	21,699	57,184	31,550	-	110,864	(10,038)				
Glocester	211,049	-	-	46,378	103,123	71,631	-	221,132	10,083				
Hopkinton	135,279	-	-	38,721	69,637	34,685	-	143,043	7,764				
Jamestown	149,111	-	-	25,703	22,069	87,697	-	135,469	(13,642)				
Johnston	637,712	-	-	-	422,956	124,729	-	547,685	(90,027)				
Lincoln	528,772	-	-	100,146	197,861	191,018	-	489,025	(39,747)				
Little Compton	71,048	-	-	16,614	12,978	30,298	-	59,890	(11,158)				
Middletown	356,877	-	-	76,967	69,136	137,973	57,207	341,283	(15,594)				
Narragansett	294,986	-	-	75,677	60,561	122,983	-	259,221	(35,765)				
Newport	2,171,921	1,315,321	-	116,689	77,876	381,739	224,234	2,115,859	(56,062)				
New Shoreham	154,453	-	-	4,521	6,564	78,270	64,538	153,893	(560)				
North Kingstown	660,361	1,594	-	125,830	184,758	273,440	33,280	618,902	(41,459)				
North Providence	2,258,003	631,707	948,672	152,463	393,578	176,242	-	2,302,662	44,659				
North Smithfield	296,486	-	-	56,226	181,773	63,304	-	301,303	4,817				
Pawtucket	3,272,486	545,565	1,387,409	338,637	792,999	329,493	-	3,394,103	121,617				
Portsmouth	290,384	-	-	82,157	78,523	103,554	-	264,234	(26,150)				
Providence ¹	37,171,580	27,109,512	5,071,751	845,052	1,868,582	2,145,198	287,746	37,327,840	156,260				
Richmond	121,026	-	-	36,481	66,715	26,531	-	129,727	8,701				
Scituate	268,405	-	-	48,939	69,579	95,113	-	213,631	(54,774)				
Smithfield	1,297,084	646,892	-	101,773	253,182	269,275	-	1,271,122	(25,962)				
South Kingstown	700,849	186,170	-	144,389	138,803	199,345	-	668,707	(32,142)				
Tiverton	284,681	-	-	74,510	58,977	102,842	-	236,329	(48,352)				
Warren	186,601	-	-	50,918	91,943	53,916	-	196,777	10,176				
Warwick	3,899,552	1,595,654	-	394,569	964,785	691,943	167,779	3,814,730	(84,822)				
Westerly	985,513	146,095	-	108,439	208,608	255,839	253,767	972,748	(12,765)				
West Greenwich	115,777	-	-	28,597	59,278	28,154	-	116,029	252				
West Warwick	1,296,193	-	-	138,805	233,530	155,644	-	1,311,074	14,881				
Woonsocket	2,028,692	277,209	835,279	196,763	408,725	196,505	168,470	2,082,951	54,259				
Total	\$76,507,248	\$40,080,409	\$10,384,458	\$5,029,688	\$10,000,000	\$8,710,790	\$2,331,591	\$76,536,936	\$29,688				

¹ Providence Library Aid includes \$1.0 million for the Statewide Reference Library Resource Grant.

² Coventry in compliance for FY2015; Johnston allocation will be reappropriated to FY2016.

FY2016 Direct Municipal Aid to Cities and Towns

Municipality	FY2015		Payment In		Distressed		Motor Vehicle		Library		Change from	
	Revised	Lieu of Taxes	Relief Fund	Incentive Aid	Excise Tax	in-Aid ¹	Construction	Total FY2016	Municipal Aid	Revised	FY2015	Revised
Barrington	\$734,057	\$14,638	\$0	\$77,484	\$230,537	\$337,167	\$66,417	\$726,243				(\$7,814)
Bristol	1,444,096	784,360	-	107,118	95,718	168,505	275,531	1,431,232				(12,863)
Burrillville	836,760	127,468	-	76,139	201,655	144,949	276,501	826,712				(10,048)
Central Falls	422,981	21,411	211,123	92,170	94,066	26,046	-	444,816				21,835
Charlestown	129,387	-	-	37,183	44,361	46,654	-	128,198				(1,189)
Coventry	800,823	-	-	166,346	246,097	217,150	-	629,593				(171,230)
Cranston	9,162,004	5,645,799	-	382,573	1,006,431	553,271	-	7,588,074				(1,573,930)
Cumberland	890,260	119	-	160,241	247,431	266,665	211,415	885,871				(4,390)
East Greenwich	688,835	341,085	-	62,395	81,789	121,208	61,265	667,742				(21,093)
East Providence	1,382,984	218,245	685,142	223,919	505,623	354,339	65,332	2,052,600				669,616
Exeter	244,516	-	-	31,773	92,010	45,910	75,968	245,661				1,145
Foster	110,864	415	-	22,003	57,184	30,796	-	110,398				(466)
Glocester	221,132	-	-	46,596	103,123	70,625	-	220,344				(788)
Hopkinton	143,043	-	-	38,737	69,637	31,101	-	139,475				(3,568)
Jamestown	135,469	-	-	25,782	22,069	87,375	-	135,226				(243)
Johnston	547,685	-	-	137,340	422,956	116,751	-	677,047				129,362
Lincoln	489,025	-	-	100,680	197,861	195,339	-	493,880				4,855
Little Compton	59,890	-	-	16,592	12,978	30,355	-	59,925				35
Middletown	341,283	-	-	76,771	69,136	135,162	54,568	335,637				(5,646)
Narragansett	259,221	-	-	75,160	60,561	120,040	-	255,761				(3,460)
Newport	2,115,859	1,250,492	-	115,718	77,876	380,016	217,409	2,041,511				(74,348)
New Shoreham	153,893	-	-	3,975	6,564	80,325	62,405	153,269				(624)
North Kingstown	618,902	1,494	-	125,293	184,758	266,128	32,047	609,720				(9,182)
North Providence	2,302,662	713,714	989,710	152,777	393,578	175,272	-	2,425,051				122,389
North Smithfield	301,303	-	-	57,141	181,773	65,478	-	304,392				3,089
Pawtucket	3,394,103	508,302	1,430,131	338,325	792,999	336,605	-	3,406,361				12,258
Portsmouth	264,234	-	-	82,434	78,523	101,476	-	262,433				(1,801)
Providence ¹	37,327,840	28,087,312	5,332,583	846,519	1,868,582	2,151,268	273,833	38,560,096				1,232,256
Richmond	129,727	-	-	36,403	66,715	26,246	-	129,364				(363)
Scituate	213,631	-	-	49,249	69,579	94,694	-	213,522				(109)
Smithfield	1,271,122	600,901	-	101,997	253,182	269,640	-	1,225,720				(45,402)
South Kingstown	668,707	173,565	-	145,475	138,803	201,734	-	659,577				(9,130)
Tiverton	236,329	-	-	75,141	58,977	100,382	406,000	640,500				404,171
Warren	196,777	-	-	50,381	91,943	54,101	-	196,425				(352)
Warwick	3,814,730	1,453,550	-	391,644	964,785	673,157	164,959	3,648,095				(166,635)
Westerly	972,748	137,538	-	108,016	208,608	274,847	253,767	982,776				10,028
West Greenwich	116,029	-	-	29,010	59,278	29,133	-	117,421				1,392
West Warwick	1,311,074	-	835,708	138,039	233,530	152,016	-	1,359,293				48,219
Woonsocket	2,082,951	-	900,062	195,461	408,725	178,865	165,138	1,848,251				(234,700)
Total	\$76,536,936	\$40,080,408	\$10,384,458	\$5,000,000	\$10,000,000	\$8,710,791	\$2,662,555	\$76,838,212				\$301,276

¹ Providence Library Aid includes \$1.0 million for the Statewide Reference Library Resource Grant.

FY2015 Indirect Local Aid to Cities and Towns

Municipality	FY2014				FY2015 Total Indirect Aid	Change from FY2014
	Public Service Indirect Aid	Corp. Tax	Meals and Beverage Tax	Hotel Tax		
Barrington	\$346,355	\$221,639	\$159,119	\$0	\$380,758	\$34,403
Bristol	672,980	308,928	370,537	37,350	716,815	43,835
Burrillville	376,174	216,868	199,327	-	416,195	40,021
Central Falls	346,641	262,600	114,968	-	377,568	30,927
Charlestown	229,134	106,035	136,864	20,857	263,756	34,622
Coventry	881,882	474,601	391,283	80,558	946,442	64,560
Cranston	2,535,839	1,090,383	1,657,759	9,182	2,757,324	221,485
Cumberland	809,114	454,704	421,711	-	876,415	67,301
East Greenwich	649,942	178,130	574,014	875	753,019	103,077
East Providence	1,446,126	639,014	900,085	43,423	1,582,522	136,396
Exeter	157,809	90,136	87,589	-	177,725	19,916
Foster	72,032	62,363	16,469	245	79,077	7,045
Glocester	197,014	132,587	77,164	2,712	212,463	15,449
Hopkinton	151,481	110,548	51,684	-	162,232	10,751
Jamestown	162,146	73,464	87,272	9,146	169,882	7,736
Johnston	848,208	390,714	505,442	7,480	903,636	55,428
Lincoln	1,060,252	286,509	796,218	103,212	1,185,939	125,687
Little Compton	86,294	47,318	39,053	4,337	90,708	4,414
Middletown	1,447,066	218,914	689,053	685,117	1,593,084	146,018
Narragansett	834,031	214,997	554,739	81,446	851,182	17,151
Newport	3,936,961	330,398	1,959,698	1,928,482	4,218,578	281,617
New Shoreham	509,135	11,697	304,197	298,035	613,929	104,794
North Kingstown	877,665	358,048	500,892	77,876	936,816	59,151
North Providence	748,762	435,538	333,109	-	768,647	19,885
North Smithfield	339,478	161,729	242,771	3,034	407,534	68,056
Pawtucket	1,633,185	965,684	749,408	52,174	1,767,266	134,081
Portsmouth	404,486	234,854	185,646	11,612	432,112	27,626
Providence	8,586,673	2,415,159	5,022,959	1,951,194	9,389,312	802,639
Richmond	220,723	103,920	128,562	3,456	235,938	15,215
Scituate	195,708	140,191	67,681	4,866	212,738	17,030
Smithfield	978,076	291,036	688,109	147,543	1,126,688	148,612
South Kingstown	1,152,714	412,970	747,322	138,616	1,298,908	146,194
Tiverton	392,936	213,316	210,906	-	424,222	31,286
Warren	385,412	144,380	263,800	-	408,180	22,768
Warwick	4,343,733	1,120,907	2,649,727	1,023,194	4,793,828	450,095
Westerly	1,348,554	308,860	791,456	444,449	1,544,765	196,211
West Greenwich	261,583	82,423	132,141	95,181	309,745	48,162
West Warwick	779,090	394,835	340,406	98,978	834,219	55,129
Woonsocket	1,092,171	559,030	497,875	51,882	1,108,787	16,616
Total	\$41,497,563	\$14,265,427	\$23,647,015	\$7,416,512	\$45,328,954	\$3,831,391

FY2016 Indirect Local Aid to Cities and Towns

Municipality	FY2015				FY2016 Total Indirect Aid	Change from FY2015
	Public Service Indirect Aid	Corp. Tax	Meals and Beverage Tax	Hotel Tax		
Barrington	\$380,758	\$201,686	\$162,111	\$4,840	\$368,637	(\$12,121)
Bristol	716,815	278,819	377,506	56,246	712,571	(4,244)
Burrillville	416,195	198,184	203,076	1,543	402,803	(13,392)
Central Falls	377,568	239,912	117,130	1,029	358,071	(19,497)
Charlestown	263,756	96,784	139,438	92,261	328,483	64,727
Coventry	946,442	432,985	398,643	89,853	921,481	(24,961)
Cranston	2,757,324	995,808	1,688,939	16,367	2,701,114	(56,210)
Cumberland	876,415	417,096	429,643	-	846,739	(29,676)
East Greenwich	753,019	162,408	584,810	4,748	751,966	(1,053)
East Providence	1,582,522	582,845	917,015	50,607	1,550,467	(32,055)
Exeter	177,725	82,701	89,236	514	172,451	(5,274)
Foster	79,077	57,271	16,779	263	74,313	(4,764)
Glocester	212,463	121,286	78,615	4,372	204,273	(8,190)
Hopkinton	162,232	100,831	52,656	953	154,440	(7,792)
Jamestown	169,882	67,109	88,914	55,323	211,346	41,464
Johnston	903,636	357,486	514,948	8,524	880,958	(22,678)
Lincoln	1,185,939	262,063	811,193	111,019	1,184,275	(1,664)
Little Compton	90,708	43,188	39,787	44,706	127,681	36,973
Middletown	1,593,084	199,830	702,013	768,103	1,669,946	76,862
Narragansett	851,182	195,635	565,173	358,306	1,119,114	267,932
Newport	4,218,578	301,205	1,996,556	2,229,881	4,527,642	309,064
New Shoreham	613,929	10,345	309,919	374,713	694,977	81,048
North Kingstown	936,816	326,128	510,313	104,669	941,110	4,294
North Providence	768,647	397,667	339,375	1,029	738,071	(30,576)
North Smithfield	407,534	148,734	247,337	3,763	399,834	(7,700)
Pawtucket	1,767,266	880,635	763,503	58,948	1,703,086	(64,180)
Portsmouth	432,112	214,568	189,138	30,349	434,055	1,943
Providence	9,389,312	2,203,425	5,117,433	2,182,600	9,503,458	114,146
Richmond	235,938	94,755	130,980	4,214	229,949	(5,989)
Scituate	212,738	128,192	68,954	5,210	202,356	(10,382)
Smithfield	1,126,688	265,491	701,051	167,744	1,134,286	7,598
South Kingstown	1,298,908	378,660	761,377	217,045	1,357,082	58,174
Tiverton	424,222	195,585	214,872	9,739	420,196	(4,026)
Warren	408,180	131,137	268,762	6,384	406,283	(1,897)
Warwick	4,793,828	1,019,420	2,699,564	1,098,511	4,817,495	23,667
Westerly	1,544,765	281,158	806,342	560,026	1,647,526	102,761
West Greenwich	309,745	75,512	134,626	102,422	312,560	2,815
West Warwick	834,219	359,305	346,809	105,972	812,086	(22,133)
Woonsocket	1,108,787	508,769	507,239	55,548	1,071,556	(37,231)
Total	\$45,328,954	\$13,014,618	\$24,091,775	\$8,988,344	\$46,094,737	\$765,783

Education Aid

The FY2016 budget adds \$33.4 million to fully fund the fifth year of the education funding formula, and \$3.9 million for the categorical aid areas created through the Education Adequacy Act. The Budget also restores funding for the transportation categorical (\$2.0 million) and the textbook reimbursement program (\$240,000) that was eliminated by the Governor, and establishes a new School Building Authority within the Department of Elementary and Secondary Education. In addition, through Article 6 the Budget allows districts who do not implement full-day kindergarten programs in FY2016 to use the additional formula aid for transition costs.

EDUCATION AID

Education Aid Funding Formula

The Budget decreases the Governor's FY2016 Budget by \$340,560 in general revenue to adjust the fifth year formula calculation based on March 2015 data for student enrollment, free and reduced price lunch participation, and charter school growth. The updates also include a recalculation of full-day kindergarten funding based on the districts scheduled to implement full-day programs in FY2016. Total formula aid increases by \$33.4 million over the FY2015 enacted level.

Full-Day Kindergarten Projected Aid: The Budget includes \$1.2 million in formula aid for districts expected to convert to full-day kindergarten in FY2015. The aid has been updated to reflect the new March enrollment data and FY2016 share ratios, and, pursuant to Article 6, districts that do not convert to a full-day program will still receive the aid to help with transition costs. Article 6 requires all districts to provide a full-day kindergarten program by FY2017.

Charter Schools: The FY2016 Budget includes \$68.5 million for public charter schools, an increase of \$9.4 million from the FY2015 Budget as Enacted. The Budget includes the following charter school growth:

- Achievement First, which is located in Providence and enrolls 440 students from Cranston, North Providence, Providence and Warwick, will add a third grade, another kindergarten, and another first grade (264 new students).
- Highlander, which is located in Providence and enrolls 392 students, will add a 11th grade (40 new students).
- RIMA – Blackstone Valley Prep, which is located in Cumberland and currently enrolls 1,200 students, will add a fourth and tenth grade (262 new students).
- Trinity Academy for the Performing Arts, which is located in Providence and currently enrolls 170 students, will add a twelfth grade (34 new students).
- Village Green, a virtual charter high school located in Providence currently enrolls 200 students from around the state, will add a twelfth grade (68 new students).

The Budget also includes funding for a new charter school scheduled to open in FY2016.

- RISE Mayoral Academy, which will be located in Woonsocket and enroll students from Woonsocket, North Smithfield, and Burrillville, will have grades kindergarten through eight, starting with 81 students in kindergarten in FY2016.

Categorical Funds: When the education funding formula was passed in 2010, six categorical funds were identified that would not be distributed according to the formula, but according to other methodology. They include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, Central Falls Stabilization, and the Regionalization Bonus.

- Transportation:** This fund provides funding for transporting students to out-of-district, non-public schools and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$4.4 million in FY2016, level with the FY2015 Budget as Enacted; however, since the categorical distribution is based on actual district expenditures, funding shifts between districts.

FY2016 Education Aid		
Categorical	Change from Enacted	Total Funding
Transportation	\$0.0	\$4.4
High-Cost Special Education	1.0	2.5
Career & Tech. Schools	-	3.5
Early Childhood	1.0	4.0
Central Falls Stabilization	1.9	3.7
Regionalization Bonus	-	-
Total	\$3.9	\$18.1

\$ in millions.

- High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed five times the combined core instruction and student success factor funding (currently \$62,485 for FY2016). The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$2.5 million in FY2016, an increase of \$1.0 million over the FY2015 Budget as Enacted.
- Career and Technical Schools:** This fund contributes toward the initial investment needs to transform existing programs or create new programs and the costs associate with facilities, equipment maintenance and repair, and supplies of higher cost programs at career and technical schools. The Budget funds this category at \$3.5 million in FY2016, level funded with the FY2015 Budget as Enacted.
- Early Childhood Education:** This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds will be distributed through a request for proposals process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. The Budget funds this category at \$4.0 million in FY2016, an increase of \$1.0 million over the FY2015 Budget as Enacted.
- Central Falls Stabilization:** Central Falls schools are currently 100.0 percent state funded, with the State providing both the local and state contributions. Generally, the costs outside the foundation aid formula, such as transportation, facility maintenance and retiree health benefits, are paid by the district. This categorical was created due to concerns regarding the city's capacity to meet the local share of education costs. Previously the statute required Central Falls to pay its share of the local contribution prior to receiving stabilization funds. However, the 2012 General Assembly amended the statute to provide for an annual review of the respective shares and to allow stabilization funds to be provided without the district having to pay the entire local share as determined from the education funding formula. Although Central Falls has been working with the Department to reduce expenditures over the last several years, the district has not been able to reduce costs enough to keep pace with the phase in of the funding formula. Also, charter school tuitions have been increasing. The Budget funds this category at \$3.7 million in FY2016, an increase of \$1.9 million from the enacted level.

- Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that regionalize in the future. In the first year, the bonus is 2.0 percent of the State’s share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State’s share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget provides no funding in FY2016, the fifth year of funding for the regionalized districts, as no new regional districts have been formed. This represents level funding from the FY2015 Budget as Enacted.

Group Homes: The FY2016 budget includes \$5.1 million to fund group home beds. This is \$1.0 million less than the FY2015 Budget as Enacted, and represents a decrease of 17 beds (3.8 percent) system wide, a decrease of \$255,000. This reduction also includes a decrease of \$723,061, required pursuant to RIGL 16-7-22(1)(ii) to reduce the average daily membership of a district by the number of group home beds used in the group home aid calculation. This adjustment is shown in the group home aid category, rather than in the formula calculator.

LEA	FY2015		FY2016 Aid		Change from Enacted		Total Change	FY2016 Total Aid
	Enacted	Revised ¹	based on bed count	Number of Beds	Aid change due to bed count	Aid change due to RIGL 16-7-22(1)(ii)		
Burrillville	\$266,361	\$326,361	\$360,000	4	\$60,000	(\$42,987)	\$17,013	\$283,374
Coventry	107,883	107,883	120,000	-	-	(12,394)	(12,394)	95,489
Cranston	53,182	53,182	60,000	-	-	(6,828)	(6,828)	46,354
East Providence	575,275	575,275	636,000	-	-	(64,527)	(64,527)	510,748
Lincoln	123,826	123,826	135,000	-	-	(10,727)	(10,727)	113,099
Middletown	374,656	374,656	330,000	(4)	(60,000)	(12,638)	(72,638)	302,018
Newport	254,914	254,914	210,000	(4)	(60,000)	(10,890)	(70,890)	184,024
North Providence	211,819	211,819	240,000	-	-	(29,387)	(29,387)	182,432
North Smithfield	110,978	110,978	120,000	-	-	(9,128)	(9,128)	101,850
Pawtucket	606,854	621,854	750,000	1	15,000	(130,444)	(115,444)	491,410
Portsmouth	547,476	547,476	555,000	-	-	(11,293)	(11,293)	536,183
Providence	1,541,907	1,541,907	1,740,000	(10)	(150,000)	(308,171)	(458,171)	1,083,736
Smithfield	233,753	233,753	240,000	-	-	(14,733)	(14,733)	219,020
South Kingstown	308,034	308,034	315,000	-	-	(7,123)	(7,123)	300,911
Warwick	301,470	301,470	300,000	(2)	(30,000)	(24,126)	(54,126)	247,344
Woonsocket	98,870	98,870	90,000	(2)	(30,000)	(14,217)	(44,217)	54,653
Bristol-Warren	114,733	114,733	120,000	-	-	(5,057)	(5,057)	109,676
Exeter-West Greenwich ¹	261,242	261,242	270,000	-	-	(8,391)	(8,391)	252,851
Total	\$6,093,233	\$6,168,233	\$6,591,000	(17)	(\$255,000)	(\$723,061)	(\$978,061)	\$5,115,172

¹ The 5 bed increase was reported in the December 31, 2014, DCYF Group Home Report; and consequently, the \$75,000 increase in Group Home Aid will be applied to the FY2015 Revised Budget as well, pursuant to RIGL 16-64-1.1(b)(2). The increase includes four beds in Burrillville and one bed in Pawtucket.

FY2016 Education Aid¹

Districts	FY2015 Enacted (excludes group home and categoricals)	FY2016 (Year 5) formula Change	Full-Day Kindergarten Projected Formula Aid ²	Transportation	High-cost Special Education	Group Home (due to RIGL 16-7- 22(1)(ii)) ³	Group Home (due to bed count) ³	FY2016 Aid
Barrington	\$4,605,699	\$434,388	\$0	\$41,085	\$75,924	\$0	\$0	\$5,157,096
Burrillville	12,881,582	101,167	-	14,053	21,038	(76,626)	360,000	13,301,213
Charlestown	1,708,666	(2,245)	-	-	-	-	-	1,706,421
Coventry	20,875,838	648,865	240,622	27,727	30,662	(24,511)	120,000	21,919,203
Cranston	46,449,281	3,348,960	556,742	479,971	248,212	(13,646)	60,000	51,129,520
Cumberland	15,614,646	938,134	-	100,221	36,943	-	-	16,689,944
East Greenwich	2,393,842	355,262	21,326	31,635	109,501	-	-	2,911,566
East Providence	28,665,701	1,682,507	-	-	235,859	(125,252)	636,000	31,094,816
Foster	1,178,487	2,685	-	7,542	18,141	-	-	1,206,855
Glocester	2,616,917	(101,250)	-	18,288	12,651	-	-	2,546,606
Hopkinton	5,576,348	(105,613)	-	-	-	-	-	5,470,735
Jamestown	399,684	38,794	-	-	17,774	-	-	456,252
Johnston	12,903,199	1,017,406	-	255,621	65,164	-	-	14,241,390
Lincoln	9,663,767	561,393	-	-	95,990	(21,901)	135,000	10,434,249
Little Compton	401,928	(3,464)	-	-	-	-	-	398,464
Middletown	8,516,446	(147,034)	-	-	51,852	(27,982)	330,000	8,723,282
Narragansett	1,987,115	147,046	-	-	20,647	-	-	2,154,808
Newport	10,368,288	34,052	-	-	10,855	(25,976)	210,000	10,597,219
New Shoreham	82,308	3,192	-	-	18,248	-	-	103,748
North Kingstown	10,713,692	(82,562)	31,386	-	31,418	-	-	10,693,934
North Providence	16,205,220	1,739,117	-	106,104	117,852	(57,568)	240,000	18,350,725
North Smithfield	5,442,118	240,964	-	18,175	21,461	(18,150)	120,000	5,824,567
Pawtucket	74,103,107	4,135,376	-	82,505	64,933	(258,590)	750,000	78,877,331
Portsmouth	4,303,672	(91,110)	-	-	49,026	(18,817)	555,000	4,797,771
Providence	213,028,339	7,857,251	-	290,637	473,715	(656,264)	1,740,000	222,733,679
Richmond	5,205,437	(141,807)	-	-	-	-	-	5,063,630
Scituate	3,913,720	(4,035)	-	45,522	19,637	-	-	3,974,845
Smithfield	4,798,909	290,477	-	38,390	1,400	(20,980)	240,000	5,348,196
South Kingstown	7,533,977	(244,083)	-	133,892	32,463	(14,089)	315,000	7,757,160
Tiverton	5,800,664	165,889	60,486	-	41,493	-	-	6,068,532
Warwick	35,657,699	437,491	258,995	4,987	158,378	(52,656)	300,000	36,764,895
Westerly	7,620,089	652,172	-	-	146,557	-	-	8,418,818
West Warwick	20,973,995	859,724	-	47,523	-	-	-	21,881,242
Woonsocket	50,568,580	2,557,550	-	36,046	16,871	(35,347)	90,000	53,233,700
Bristol-Warren	15,946,146	(635,277)	-	647,124	139,648	(10,324)	120,000	16,207,316
Exeter-West Greenwich	5,642,766	(255,681)	-	527,118	63,022	(17,149)	270,000	6,230,076
Chariho	229,922	(38,320)	-	1,104,699	26,388	-	-	1,322,689
Foster-Glocester	4,947,131	(74,898)	-	225,831	15,791	-	-	5,113,855
Central Falls ⁴	39,010,583	509,520	-	66,665	10,486	-	-	39,597,254
District Total	\$718,535,508	\$26,832,003	\$1,169,557	\$4,351,360	\$2,500,000	(\$1,475,828)	\$6,591,000	\$758,503,600
Charter School Total	59,166,676	9,374,809	-	-	-	-	-	68,541,485
Davies ⁵	12,240,174	(600,021)	-	-	-	-	-	11,640,153
Met School	10,501,360	(636,935)	-	-	-	-	-	9,864,425
Urban Collaborative	574,513	281,690	-	-	-	-	-	856,203
Undistributed balance	-	-	877	-	-	-	-	877
Total	801,018,231	\$35,251,546	\$1,170,434	\$4,351,360	\$2,500,000	(\$1,475,828)	\$6,591,000	\$849,406,742

¹ Based on March 2015 enrollment updated for projected charter school growth. Subject to change based on outcome of the Superior Court case addressing the funding of Bristol-Warren.

² Estimate assumes communities implement full-day kindergarten program in FY2016. The estimate will be updated to reflect actual programs. Johnston has indicated that it will implement in FY2016; consequently, the funding for full day kindergarten is reflected in the "Formula Change" column. Likewise, in East Greenwich, funding for one classroom was moved to the "Formula Change" column. A balance of \$877 remains in the category.

³ Based on final 12/31/2014 report from Rhode Island Department of Education.

⁴ Includes \$3.7 million for the Central Falls Stabilization Fund.

⁵ Reflects \$113,664 adjustment for State share of teacher retirement.

Sources: Rhode Island Department of Education

FY2016 Enacted Education Aid - Change to FY2015 Budget as Enacted¹

Districts	FY2015 Enacted (includes group home and categorical)	FY2016 (Year 5) Formula Change	Full-Day Kindergarten Projected Formula Aid ²	Transportation (change from FY2015)	High-cost Special Education (change from FY2015)	Group Home (change due to RIGL 16-7-22(1)(iii)) ³	Group Home (change due to bed count) ³	FY2016 Education Aid Change from Enacted (including categorical)	FY2016 Education Aid
Barrington	\$4,701,418	\$434,388	\$0	(\$12,995)	\$34,284	\$0	\$0	\$455,677	\$5,157,095
Burrillville	13,173,610	101,167	-	(1,810)	11,233	(42,987)	60,000	127,602	13,301,213
Charlestown	1,708,666	(2,245)	-	-	-	-	-	(2,245)	1,706,422
Coventry	21,039,825	648,865	240,622	7,456	(5,170)	(12,394)	-	879,378	21,919,203
Cranston	47,040,378	3,348,960	556,742	87,220	103,048	(6,828)	-	4,089,142	51,129,520
Cumberland	15,756,437	938,134	-	8,177	(12,805)	-	-	933,506	16,689,943
East Greenwich	2,469,554	355,262	21,326	(807)	66,231	-	-	442,012	2,911,566
East Providence	29,373,000	1,682,507	-	(10,055)	113,890	(64,527)	-	1,721,815	31,094,815
Foster	1,193,192	2,685	-	(719)	11,696	-	-	13,662	1,206,854
Glocester	2,640,483	(101,250)	-	4,696	2,676	-	-	(93,878)	2,546,605
Hopkinton	5,576,348	(105,613)	-	-	-	-	-	(105,613)	5,470,735
Jamestown	406,834	38,794	-	-	10,624	-	-	49,418	456,252
Johnston	13,192,809	1,017,406	-	(6,914)	38,088	-	-	1,048,580	14,241,389
Lincoln	9,855,862	561,393	-	(6,395)	34,117	(10,727)	-	578,388	10,434,250
Little Compton	401,928	(3,464)	-	-	-	-	-	(3,464)	398,464
Middletown	8,905,309	(147,034)	-	-	37,646	(12,638)	(60,000)	(182,026)	8,723,283
Narragansett	1,993,920	147,046	-	-	13,842	-	-	160,888	2,154,808
Newport	10,623,201	34,052	-	-	10,855	(10,890)	(60,000)	(25,983)	10,597,219
New Shoreham	91,103	3,192	-	-	9,453	-	-	12,645	103,749
North Kingstown	10,725,468	(82,562)	31,386	-	19,642	-	-	(31,535)	10,693,933
North Providence	16,607,860	1,739,117	-	(21,014)	54,149	(29,387)	-	1,742,865	18,350,726
North Smithfield	5,587,845	240,964	-	(5,036)	9,923	(9,128)	-	236,722	5,824,566
Pawtucket	74,842,936	4,135,376	-	(3,934)	18,398	(130,444)	15,000	4,034,395	78,877,331
Portsmouth	4,882,427	(91,110)	-	-	17,748	(11,293)	-	(84,655)	4,797,771
Providence	215,122,639	7,857,251	-	65,766	146,193	(308,171)	(150,000)	7,611,040	222,733,678
Richmond	5,205,437	(141,807)	-	-	-	-	-	(141,807)	5,063,629
Scituate	3,960,437	(4,035)	-	4,283	14,159	-	-	14,407	3,974,844
Smithfield	5,115,211	290,477	-	(18,430)	(24,330)	(14,733)	-	232,985	5,348,196
South Kingstown	7,977,156	(244,083)	-	23,265	7,945	(7,123)	-	(219,995)	7,757,161
Tiverton	5,828,166	165,889	60,486	-	13,992	-	-	240,367	6,068,532
Warwick	36,064,777	437,491	258,995	(2,538)	60,294	(24,126)	(30,000)	700,117	36,764,894
Westerly	7,704,193	652,172	-	-	62,452	-	-	714,624	8,418,817
West Warwick	21,027,604	859,724	-	(1,862)	(4,224)	-	-	853,638	21,881,242
Woonsocket	50,690,277	2,557,550	-	14,183	15,907	(14,217)	(30,000)	2,543,424	53,233,701
Bristol-Warren	16,749,944	(635,277)	-	12,465	85,242	(5,057)	-	(542,627)	16,207,317
Exeter-West Greenwich	6,637,628	(255,681)	-	(167,177)	23,697	(8,391)	-	(407,551)	6,230,077
Chariho	1,316,444	(38,320)	-	40,662	3,902	-	-	6,244	1,322,688
Foster-Glocester	5,204,461	(74,898)	-	(14,979)	(730)	-	-	(90,607)	5,113,854
Central Falls ⁴	39,085,005	509,520	-	6,492	(3,762)	-	-	512,250	39,597,255
District Total	\$730,479,792	\$26,832,003	\$1,169,557	\$0	\$1,000,305	(\$723,061)	(\$255,000)	\$28,023,806	\$758,503,598
Charter School Total	59,166,982	9,374,809	-	-	(305)	-	-	9,374,504	68,541,486
Davies	12,240,175	(600,021)	-	-	-	-	-	(600,021)	11,640,153
Met School	10,501,360	(636,935)	-	-	-	-	-	(636,935)	9,864,425
Urban Collaborative	574,513	281,690	-	-	-	-	-	281,690	856,203
Undistributed balance	-	-	877	-	-	-	-	877	877
Total	\$812,962,822	\$35,251,546	\$1,170,434	\$0	\$1,000,000	(\$723,061)	(\$255,000)	\$36,443,921	\$849,406,742

¹ Based on March 2015 updates. Subject to change based on outcome of the Superior Court case addressing the funding of Bristol-Warren.

² Assumes communities implement program in FY2016. Johnston has indicated that it will implement in FY2016; consequently, the funding for full day kindergarten is reflected in the "Formula Change" column. Likewise, in East Greenwich, funding for one classroom was moved to the "Formula Change" column. Communities that implemented previously receive funding for program in the formula change column. A balance of \$877 remains in the category.

³ Based on final 12/31/2014 report from Rhode Island Department of Education.

⁴ Includes Central Falls Stabilization fund (\$1.9 million) in formula change column.

Sources: Rhode Island Department of Education

FY2016 Formula Aid versus Governor's Recommendation								
LEA	Updated Aid		Governor's		Difference			
	FY2016 Updated Change to the FY2015 Enacted	Full-Day Kindergarten Projected Formula Aid	FY2016 Governor Change to the FY2015 Enacted	Full-Day Kindergarten Projected Formula Aid	Change to the Enacted	Full-Day Kindergarten Projected Formula Aid	Total	
Barrington	\$434,388	\$0	\$520,279	\$0	(\$85,891)	\$0	(\$85,891)	
Burrillville	101,167	-	158,593	-	(57,426)	-	(57,426)	
Charlestown	(2,245)	-	12,745	-	(14,990)	-	(14,990)	
Coventry	648,865	240,622	822,582	240,622	(173,718)	-	(173,718)	
Cranston	3,348,960	556,742	3,481,239	572,993	(132,279)	(16,251)	(148,530)	
Cumberland	938,134	-	896,420	-	41,714	-	41,714	
East Greenwich	355,262	21,326	359,338	24,454	(4,076)	(3,128)	(7,204)	
East Providence	1,682,507	-	1,735,891	-	(53,384)	-	(53,384)	
Foster	2,685	-	(62)	-	2,747	-	2,747	
Glocester	(101,250)	-	(88,447)	-	(12,803)	-	(12,803)	
Hopkinton	(105,613)	-	(55,890)	-	(49,723)	-	(49,723)	
Jamestown	38,794	-	40,916	-	(2,122)	-	(2,122)	
Johnston	1,017,406	-	802,986	195,392	214,420	(195,392)	19,028	
Lincoln	561,393	-	613,860	-	(52,467)	-	(52,467)	
Little Compton	(3,464)	-	26	-	(3,490)	-	(3,490)	
Middletown	(147,034)	-	(157,608)	-	10,574	-	10,574	
Narragansett	147,046	-	182,555	-	(35,510)	-	(35,510)	
Newport	34,052	-	(41,517)	-	75,569	-	75,569	
New Shoreham	3,192	-	2,454	-	739	-	739	
North Kingstown	(82,562)	31,386	(90,287)	31,386	7,725	-	7,725	
North Providence	1,739,117	-	1,656,422	-	82,695	-	82,695	
North Smithfield	240,964	-	193,939	-	47,025	-	47,025	
Pawtucket	4,135,376	-	2,768,904	-	1,366,472	-	1,366,472	
Portsmouth	(91,110)	-	(72,944)	-	(18,166)	-	(18,166)	
Providence	7,857,251	-	7,240,611	-	616,641	-	616,641	
Richmond	(141,807)	-	(122,820)	-	(18,987)	-	(18,987)	
Scituate	(4,035)	-	22,035	-	(26,070)	-	(26,070)	
Smithfield	290,477	-	381,973	-	(91,496)	-	(91,496)	
South Kingstown	(244,083)	-	(233,972)	-	(10,110)	-	(10,110)	
Tiverton	165,889	60,486	180,121	63,626	(14,232)	(3,140)	(17,372)	
Warwick	437,491	258,995	535,515	289,747	(98,024)	(30,752)	(128,776)	
Westerly	652,172	-	659,592	-	(7,420)	-	(7,420)	
West Warwick	859,724	-	846,356	-	13,368	-	13,368	
Woonsocket	2,557,550	-	2,473,011	-	84,540	-	84,540	
Bristol-Warren	(635,277)	-	(583,665)	-	(51,612)	-	(51,612)	
Exeter-West Greenwich	(255,681)	-	(242,468)	-	(13,212)	-	(13,212)	
Chariho	(38,320)	-	(38,320)	-	-	-	-	
Foster-Glocester	(74,898)	-	(50,995)	-	(23,903)	-	(23,903)	
Central Falls	(1,381,271)	-	(1,532,037)	-	150,765	-	150,765	
Subtotal District Aid	\$24,941,212	\$1,169,557	\$23,277,331	\$1,418,220	\$1,663,881	(\$248,663)	\$1,415,218	
Charter School Total	9,374,809	-	10,998,741	-	(1,623,932)	-	(1,623,932)	
Davies ¹	(600,021)	-	(583,371)	-	(16,651)	-	(16,651)	
Met School	(636,935)	-	(513,855)	-	(123,080)	-	(123,080)	
Urban Collaborative	281,690	-	274,683	-	7,007	-	7,007	
Undistributed balance	-	877	-	-	-	877	877	
Total	\$33,360,755	\$1,169,557	\$33,453,529	\$1,418,220	(\$92,774)	(\$248,663)	(\$340,560)	

³ Funding for Davies is adjusted by \$113,664 to provide the state share of the employer contribution for teacher retirement.

Source: Rhode Island Department of Education

TEXTBOOK REIMBURSEMENT

The Budget restores the textbook reimbursement program and \$240,000 in general revenue funding eliminated by the Governor. Through this program, the State reimburses school districts for the cost of furnishing textbooks in the fields of English/language arts and history/social studies to resident students in grades K-12 attending non-public schools.

HOUSING AID

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community's need. For FY2014, the minimum state share is 35.0 percent and the maximum is 95.2 percent for Central Falls.

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

The 2011 General Assembly enacted legislation limiting the approval of new projects between FY2012 and FY2015, to those necessitated by immediate health and safety reasons. Any project requested during the moratorium must be reported to the chairs of the House and Senate Finance Committees. Any project approval granted prior to the adoption of the school construction regulations in 2007 which is currently inactive, and any project approval granted prior to the adoption of the school construction regulations in 2007, which did not receive voter approval or which has not been previously financed, is no longer eligible for reimbursement. This moratorium is scheduled to sunset on June 30, 2014; however, the Department does not expect to see a significant impact on the State's school housing aid obligations before FY2017.

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

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

Article 13 of the FY2014 Budget as Enacted provided an incentive to communities to refinance existing school housing bonds by allowing communities to receive 80.0 percent of the total savings, instead of distributing the savings based on the state share ratio. The increased savings to the communities would only apply to refinancing done between July 1, 2013, and December 31, 2015. However, through Article 9 of the FY2016 Budget, the Governor shortens the refinancing period to June 30, 2015.

For FY2016, the Department estimates that school housing aid will increase by \$3.0 million due to the anticipated completion of some significant health and safety projects in Burrillville, Coventry, Exeter-West Greenwich, North Providence, Pawtucket, and Warwick. For FY2016, the Budget includes \$70.9

million, an increase of \$3.0 million from the FY2015 Budget as Enacted. For FY2015, the Budget includes \$68.4 million in school housing aid, an increase of \$150,568 from the FY2015 Budget as Enacted.

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



ARTICLES

Articles

Article 1: Relating to Making Appropriations in Support of FY2016

This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. The article includes total appropriations of \$8,665.3 million, including \$3,355.9 million in general revenue.

Expenditures by Source	FY2015 Enacted	FY2016 Governor	FY2016 Budget	Change to Governor
General Revenue	\$3,445.2	\$3,491.6	\$3,552.9	\$61.3
Federal Funds	3,086.5	3,003.1	2,946.2	(56.9)
Restricted Receipts	283.1	239.4	245.5	6.1
Other Funds	1,965.4	1,893.5	1,920.7	27.2
Total	\$8,780.2	\$8,627.6	\$8,665.3	\$37.7

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

Article 1 also makes the following changes:

- Authorizes debt payments for the I-195 Redevelopment District Commission loan.
- Sets the airport impact aid formula.
- Requires that student financial aid at the University of Rhode Island (URI), Rhode Island College (RIC), and the Community College of Rhode Island (CCRI) not fall below the 2014-2015 academic year level.
- Caps at \$932,340 the amount the Judiciary may charge five state agencies (Public Defender's Office; Office of the Attorney General; Department of Corrections; Department of Children, Youth, and Families; and Department of Public Safety) for public courthouse occupancy costs.
- Requires that Rhode Island Housing continue to provide resources to support the Neighborhood Opportunities Program; an amount, however, is not designated. The Article requires a report on the number of housing units produced and funding be provided to the Director of Administration, chair of the Housing Resources Commission, State Budget Officer, and the chairs of the House and Senate Finance Committees.

Article 2: Relating to Debt Management

This article serves as a joint resolution required pursuant to RIGL 35-18-1 for the issuance of debt for infrastructure projects in the district known as "Fraternity Circle" at the University of Rhode Island and for the issuance of debt for various repairs, renovations, and improvements to the Pell Bridge, the Jamestown Verrazzano Bridge, the Sakonnet River Bridge, and the Mount Hope Bridge.

URI Fraternity Circle: The article authorizes the issuance of not more than \$5.1 million in debt to finance improvements to water distribution and storm water management systems, gas, electric and telecommunication infrastructure, and roadways, walkways, and parking lots in the district known as "Fraternity Circle" at the University of Rhode Island. Bonds will be financed through the Rhode Island Health and Educational Building Corporation (RIHEBC). Total debt service on the bonds, including principal and interest, is not expected to exceed \$8.1 million, or \$407,000 annually, for debt service at 5.0 percent borrowing rate over a 20 year repayment period. Payments are expected to begin in FY2016.

Rhode Island Turnpike and Bridge Authority (RITBA): The article authorizes the issuance of not more than \$65.0 million in revenue bonds for the renovation, renewal, repair, rehabilitation, retrofitting, upgrading and improvement of the Pell Bridge, the Jamestown Verrazzano Bridge, the Sakonnet River

Bridge, the Mount Hope Bridge, as well as working capital, capitalized interest, a debt service reserve, and the costs of issuing and insuring the bonds. Debt service on the bonds is estimated to average approximately \$5.1 million per year, or approximately \$152.3 million in the aggregate, prior to the receipt of any federal subsidy and or assistance, at a 6.75 percent borrowing rate over a term not to exceed thirty (30) years and six months. Payments are expected to begin in FY2016. Debt will be secured by a pledge of toll, transfers of motor fuel taxes, and/or other revenues.

This article also includes language establishing the rights of bondholders, providing that the State pledges to and agrees with the bond holders and note holders of the RITBA that it will not limit nor alter the rights of RITBA to fulfill agreements that it makes with its holders or bonds or notes while said notes of bonds are due and owing.

Article 3: Relating to Lease Agreements for Leased Office and Operating Space

This article provides the joint resolution pursuant to RIGL 37-6-2 (d) requesting authorization to enter into lease agreements for office space for the Department of Human Services, Department of Environmental Management, DCYF, Office of the Public Defender, and the Office of the Secretary of State. The individual leases include:

- Department of Human Services to renew the 5-year lease with Floyd Realty Company for 10,380 sq. ft. of space at 197-211 Buttonwoods Avenue in the City of Warwick. The annual rent is \$104,942 with an aggregate rent not to exceed \$540,902 after 5 years.
- Department of Human Services to renew the 5-year lease with 57 Associates, LP for 25,812 sq. ft. of space at 77 Dorrance Street in the City of Providence. The annual rent is \$362,659 with an aggregate rent not to exceed \$2.0 million after 5 years.
- Department of Environmental Management to renew the 10-year lease with Foundry Parcel 15 Associates, LLC for 126,184 sq. ft. of space at 235 Promenade Street in the City of Providence. The annual rent is \$2.5 million with an aggregate rent not to exceed \$25.2 million after 10 years.
- Department of Children, Youth, and Families to renew the 10-year lease with Provident Property, LLC for 99,500 sq. ft. of space at 101 Friendship Street in the City of Providence. The annual rent is \$2.3 million with an aggregate rent not to exceed \$23.0 million after 10 years.
- Office of the Public Defender to renew the 10-year lease with Forward Point, LLC for 19,777 sq. ft. of space at 160 Pine Street in the City of Providence. The annual rent is \$461,575 in the first 5-years and not to exceed \$488,867 in the following 5-years with an aggregate rent not to exceed \$4.8 million after 10 years.
- Office of the Secretary of State is authorized to enter into a new lease with a yet-to-be-determined property owner and location. The new lease will be a 10-year lease with an annual rent of \$270,000 with an aggregate rent not to exceed \$2.7 million after 10 years.

Article 4: Relating to Division of Motor Vehicles

This article shifts the start date for the license plate reissuance to July 1, 2016; the Governor proposed a delay until September 2016, saving \$2.6 million in general revenue. The Governor had proposed the delay to allow the administration time to redesign the plates to incorporate statewide branding. Current law requires the Division to reissue license plates by September 1, 2015.

The Budget includes \$3.0 million in general revenue in the Department of Revenue, Division of Motor Vehicles, to implement the license plate reissuance beginning July 1, 2016, or two months earlier than the Governor had proposed. The Department of Revenue anticipates producing 36,500 plate sets per

month at a cost of \$12.50 per plate. Current law allows a \$6 per plate customer fee, which partially offsets the cost per plate.

Under RIGL 31-3-33, the DMV is required to issue new reflective license plates for all registered vehicles beginning September 1, 2013, and every 10 years thereafter. The law was revised in 1995 to require plate reissuances every 10 years, and in 2009 the General Assembly required a full reissuance in 2011. This requirement has been delayed twice previously: In the FY2012 Budget as Enacted, the General Assembly changed the first full reissuance requirement from 2011 to 2013, and the FY2014 Budget as Enacted changed the reissuance until September 2015.

Article 5: The Reinventing Medicaid Act of 2015

This article makes statutory changes to the Medicaid program, including those required to realize the savings included in the FY2016 Budget. The Budget's savings initiatives are based on the recommendations of the Working Group to Reinvent Medicaid, a group of twenty-nine stakeholders charged by the Governor with developing \$91.1 million in general revenue reductions for FY2016 as well as with developing a long range plan for improving care, improving outcomes and reducing costs of the Medicaid program. The Working Group identified \$91.1 million in Medicaid reductions and revenue enhancements. Of these, the Governor included \$78.6 million in initiatives in the proposed budget. The Budget includes \$71.1 million in initiatives including \$58.2 million in Medicaid reductions.

Nursing Home Uncompensated Costs of Care. This article specifies the appeal process for patients who are being discharged from a nursing home for nonpayment of charges. It provides that the uncompensated costs of care provided by a licensed nursing facility may in some cases be recovered from a child of that patient.

Hospital Licensing Fee. This article increases the hospital licensing fee from 5.703 to 5.862 percent upon net patient services revenue of hospitals for the hospital's first fiscal year ending on or after January 1, 2014, except for those hospitals located in Washington County, Rhode Island, where the hospital license fee is discounted by 37.0 percent, lowering the rate paid by Westerly and Newport Hospitals. These license fees are payable by July 11, 2016.

The hospital license fee is a provider tax that the State levies to collect revenue from hospitals. In past fiscal years, it has been used as a mechanism to generate state funds that are then matched with additional federal Medicaid funds and returned to hospitals for their care for the uninsured and indigent through the Disproportionate Share Hospital (DSH) program. The fee is federally-limited to 6.0 percent.

This increase in the fee raises an additional \$13.0 million, for total revenue of \$169.1 million in FY2016.

Hospital Definition. The article clarifies the definition of "hospital" such that any hospital relicensed as a new entity would be considered the same entity under this definition. The definition is clarified for purposes of the hospital licensing fee, payments to hospitals for uncompensated care, and hospital rate setting.

This clarification is a result of litigation in the Rhode Island Supreme Court in which Prime-Landmark (the entity that purchased Landmark Hospital in receivership) contends that it is not subject to the established rate methodology baseline or existing managed care contracts since it is a new entity operating under a new license. The Superior Court found for the State in stating that the rate methodology statute applies to all hospitals participating in managed care, including those that transferred ownership. This article places that court finding in law.

Early Intervention and Autism Insurance Mandates (\$1.0 million general revenue savings). The State currently requires commercial insurers to pay for the first \$5,000 in Early Intervention (EI) services, with

Medicaid providing any additional services and expenses. The Budget removes this cap and requires insurers to cover all EI services, shifting the cost of these services to the privately-insured.

Early intervention services include speech and language therapy, occupational therapy, physical therapy, evaluation, case management, service plan development, and assistive technology services and devices for children birth to age three.

Insurers are required to cover a range of services for the treatment of autism spectrum disorders, though it currently limits insurers' coverage to the first \$32,000 in applied behavior analysis (ABA) per person per year. Medicaid currently covers any services in a calendar year above that amount. The article removes the current cap on ABA services, thus requiring insurers to cover all of these services and shifts the cost from Medicaid to the privately-insured.

Applied behavior analysis is a form of behavioral modification, whereby skills are taught so that autistic children can achieve the greatest degree of independence and the highest quality of life possible. It typically involves the repetition and reinforcement of small behavior sub-skills until mastery.

Medicaid Recovery Reporting. OHHS is required to report in more detail its estate recovery efforts. Included in its testimony at the semi-annual Caseload Estimating Conference, OHHS is to report on the number of estates attached to anticipated collections as well as to report monthly data on the number of open estate recovery cases.

SSI State Supplement. Article 5 increases SSI state supplemental payments for those residing in assisted living facilities that are eligible for Medicaid-funded long term services and supports (LTSS) from \$332.00 to \$465.00. This article also adds a new eligibility category for a monthly payment of \$465.00 for those eligible for LTSS but living in the community in adult supportive housing. Payments for those in an assisted living facility not eligible for LTSS services remain unchanged at \$332.00.

Analyst's Note: Currently, assisted living recipients retain only a small portion of the payment as a personal needs allowance and the balance of the payment goes to the assisted living facility. Thus, this existing entitlement vehicle is being used to provide capacity-building support to assisted living facilities and to rebalance long term care towards community-based settings.

The Supplemental Security Income (SSI) program is a federal income support program that provides basic cash assistance to individuals aged 65 or older and to adults and children with serious disabilities. Individuals eligible for SSI are also eligible for Medical Assistance (Medicaid) and the Supplemental Nutrition Assistance Program (SNAP, previously referred to as food stamps). Since federal SSI payments leave recipients below the federal poverty level, Rhode Island, like all but five states, pays beneficiaries a state supplement to the SSI benefit (RIGL 40-6-27).

Billing Requirements for Nursing Homes. Under this article, nursing homes and providers of therapy services are to bill Medicare first, before billing Medicaid.

Hospital Rates - Reduce 2.5 Percent (\$5.8 million general revenue savings). Through this initiative, hospital rates paid through both the fee-for-service system and through managed care organizations are reduced 2.5 percent.

Hospital Rates - Suspend COLA. (\$5.3 million general revenue savings). The article suspends the scheduled rate increase for inpatient and outpatient hospital services in FY2016 in both the fee-for-service and managed care environments. Typically, the base price for hospital services is annually adjusted for trends in a nationally recognized price index. For FY2016, however, this adjustment is suspended as it was in FY2014 and FY2015.

Hospital Incentive Program. Section 10 of the article establishes a Hospital Incentive Program whereby participating hospitals are eligible to obtain performance-based federally-matched payments that are made in addition to existing reimbursements for services. Payments begin in FY2017.

An example of a potential program, Delivery System Reform Incentive Program (DSRIP), is a CMS program that provides states with funding that can be used to support hospitals and other providers as they change how they provide care to Medicaid beneficiaries. To date, six states have approved DSRIP waivers and all fund incentive payments to providers that meet pre-determined process metrics in the early years of the waiver (such as health information infrastructure development) and outcome metrics in the later years (such as clinical health improvement).

Nursing Home Rates - Reduce 2.0 Percent (\$4.3 million general revenue savings). The article reduces current rates by 2.0 percent in FY2016.

Nursing Home Rates - Suspend COLA (\$4.0 million general revenue savings). The Budget provides that payments made to skilled nursing facilities and associated hospice organizations that provide services to Medicaid-eligible individuals will not be adjusted by the change in the national nursing home inflation index. This adjustment was to be made on October 1, 2015, but is suspended for FY2016.

The Budget delays the anticipated 2.6 percent increase to nursing home rates paid through the traditional fee-for-service (per diem) delivery system and through the managed care delivery system. This rate increase, referred to as the nursing home COLA, was suspended by the FY2012 and FY2014 Budgets as Enacted. The FY2015 Budget as Enacted included a six-month delay in the COLA from October 1, 2014, to April 1, 2015.

Nursing Home Rates – New Methodology Phase-in (\$0.4 million general revenue savings). This article removes the required phase-in of payment adjustment gains during FY2016 but allows for its resumption afterwards.

Nursing Home Incentive Program. The article also establishes a Nursing Home Incentive Program whereby participating nursing homes are eligible to obtain performance-based federally-matched payments that are in addition to existing reimbursements for services. Payments begin in FY2017.

Office of Program Integrity. To strengthen the Office of Program Integrity's (OPI) ability to combat waste, fraud and abuse, this article grants OPI access to information and data regarding current and former participants in the Medicaid program.

Hospital Uncompensated Care. This article provides the statutory authority for Disproportionate Share Hospital (DSH) payments in FFY2016 of \$140.0 million. It also adds language requiring OHHS to collect patient level data on uninsured patients. Beginning in FY2016, DSH payments will be made to hospitals based on this actual claims experience.

Analyst's Note: While the Governor's initial budget submission had eliminated the language requiring inpatient and outpatient Upper Payment Limit (UPL) payments, this article retains this language and the Budget includes the payments, which total \$27.9 million in FY2016.

Rhode Island's community hospitals receive payments from the Executive Office of Health and Human Services (OHHS) and the federal government for uncompensated care they provide to uninsured and indigent patients. These payments are commonly known as Disproportionate Share Hospital (DSH) payments.

Under current law (RIGL 40-8.3-3), DSH payments are distributed to hospitals based on the ratio of each hospital's uncompensated inpatient care costs to the total uncompensated inpatient care costs for all

hospitals. “Uncompensated care costs” are defined as the sum of the costs to each hospital for care attributable to charity care (free care or bad debt) and the hospital’s “Medicaid shortfall” (the difference between the cost of care provided to Medicaid beneficiaries and Medicaid reimbursements).

Graduate Medical Education. The article raises the ceiling on general revenue funding for the Graduate Medical Education Program from \$1.5 million to \$2.5 million. It provides that payments be made annually. The Budget includes \$2.0 million in general revenue (\$4.0 million all funds) for this fund.

This program supports medical education programs at hospitals that provide inpatient care to at least 25,000 indigent patients each year, have a Level 1 Trauma Center, and provide medical education to at least 250 interns and residents per year. Rhode Island Hospital is currently the only hospital that meets these criteria.

Long term care rebalancing – Eligibility. OHHS is authorized to adopt clinical and/or functional criteria for admission to a nursing facility, hospital, or intermediate care facility for individuals with developmental disabilities. Those eligible on June 30, 2015, are grandfathered into their current benefits.

This language will enable OHHS to pursue more stringent application of its current policy regarding activities of daily living (ADL) eligibility for long term care. It will also enable the Office to pursue expansion of the home and health pilot, which provides non-medical services and support to adults and children at risk for homelessness.

Long term care rebalancing – Payments for Elderly Home and Community-Based Services. The act authorizes OHHS to pursue reforms that increase access to homemaker, personal care, assisted living, adult supportive care homes and adult day services. It authorizes OHHS to:

- Develop payment strategies designed to incentivize specific quality and health outcomes
- Develop payments that are acuity-based and tied to level of beneficiary need
- Expand services to those at risk for Medicaid-funded long-term care; development of Medicaid certification standards for adult supportive care homes

The article authorizes OHHS to change the financial eligibility criteria for long term services and supports to enable beneficiaries receiving home and community waiver services to have the resources to continue living in their communities.

It also authorizes OHHS to obtain any state plan or waiver authorities required to maximize federal funds available to support home and community transition and stabilization services.

Assessment and Coordination Unit. This article eliminates the Assessment and Coordination Unit of the Department of Human Services, which had previously conducted assessments and determined care plans for applicants for long term care. The unit also established financial eligibility for long-term care, performed discharge planning, and tracked service utilization and monitored outcomes.

Long Term Care – Mandatory Enrollment in Managed Care. The article removes language that requires recipients of long term care to be given the choice of fee-for-service or managed care delivery systems. Under the current Medicaid program, recipients of LTSS are enrolled in Medicaid managed care but are allowed to opt-out into the fee-for-service program. This article removes this opt-out provision and requires enrollment in managed care.

Long Term Care – Floor for Managed Care Rates – This article creates a floor for Medicaid nursing home rates whereby nursing homes must be reimbursed under the Integrated Care Initiative an amount no less than they would be paid for the same care in Medicaid fee-for-service. It provides, however, that the requirement for a rate floor may be waived by a nursing facility.

Analyst's Note: The Governor had removed this language. The Budget, however, restores this floor for nursing home rates.

Secretary – Responsibilities. The Secretary is authorized to undertake all actions required to implement initiatives included in the enacted Budget. The Secretary is also given authority to direct the operation of UHIP, including the coordination with HealthSource RI as required. A biennial review of Medicaid eligibility criteria for one or more populations is required by this article.

Children's Cabinet. In an effort to increase and improve coordination between various state agencies (and potentially other stakeholders as membership is not limited to those identified in the proposal), this article modifies the composition of the Children's Cabinet and requires the Cabinet to draft a five-year statewide plan to integrate the State's child service system by December 1, 2015. It emphasizes the use of data and sharing of data between state agencies and outside research partners as part of this effort. Furthermore, the article directs OHHS to provide staff support to the Cabinet while preparing the statewide plan.

Membership will include the directors of the following: Department of Administration, OHHS, Department of Children, Youth, and Families, Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals, and Department of Health, Department of Human Services, Department of Labor and Training. Membership will also include the Governor (or his or her designee), the Commissioner of Post-secondary Education, the Commissioner of Elementary and Secondary Education, and the Child Advocate.

Analyst's Note: The Cabinet, which was created in 1991, convened at the discretion of the Governor on an ad hoc basis under prior administrations. According to the Department of Children, Youth, and Families, the Cabinet last convened in the early 2000s and has yet to do so again since the establishment of the Executive Office of Health and Human Services as the State's umbrella health and human service agency.

Additionally, a similar proposal was introduced by the Senate on February 26, 2015. Senate resolution S-0485 requests that the Governor convene the Children's Cabinet as soon as practicable with the goal of improving outcomes for children and families served by the State. This resolution was passed by the Senate on March 19, 2015.

Resolutions. The article includes the following resolutions, which grant OHHS the required General Assembly approval of initiatives contained in the FY2016 Budget.

- (a) **Nursing Facility Payment Rates and Incentive Program (\$8.7 million general revenue savings).** This article reduces nursing home rates by 2.0 percent, suspends the annual rate COLA, and delays the phase-in of the new payment methodology. It also establishes a Nursing Home Incentive Program whereby participating nursing homes are eligible to obtain performance-based federally-matched payments that are in addition to existing reimbursements for services.
- (b) **Medicaid Hospital Payment Rates, Incentive Program (\$11.1 million general revenue savings).** Hospital rates paid through both the fee-for-service system and through managed care organizations are reduced 2.5 percent by this article. The article also provides the authority for the suspension of the scheduled rate increase for inpatient and outpatient hospital services in FY2016 in both the fee-for-service and managed care environments. Finally, the article establishes a Hospital Incentive Program whereby participating hospitals are eligible to obtain performance-based federally-matched payments that are made in addition to existing reimbursements for services.
- (c) **Pilot a Hospital-Based Accountable Care Organization (ACO), CharterCare (\$3.0 million general revenue savings).** This initiative engages an established provider network that includes hospitals,

physicians, and other providers, to provide care for a defined population for a set, per-person rate.

In the proposal for this initiative currently under consideration, CharterCare and its parent company Prospect Medical Holdings will coordinate the care of 25,000 Medicaid individuals in coordination with Medicaid managed care organizations. CharterCare will receive 95.0 percent of the current capitation rate to care for this population, with the State saving the remaining 5.0 percent. In this full-risk arrangement, CharterCare will be responsible for providing all of the population's healthcare needs, including primary care, physician services, hospital care, behavioral health services and social services and for achieving better patient outcomes, higher patient satisfaction and cost reduction.

CharterCare, whose network includes hospitals Roger Williams Medical Center and Our Lady of Fatima, extended care facility Elmhurst, and CharterCare Home health services, St. Joseph Health Centers and 18 dental operatories. Thundermist Health Centers have expressed an interest in becoming partners in the core network of this ACO.

- (d) **Medicaid Managed Care Contracts (\$5.6 million general revenue savings).** This initiative includes a rate cut to Medicaid managed care capitation rates (\$2.8 million), a reduction in the rates paid for administrative costs (\$1.0 million), and an increase in the risk assumed by the managed care organizations in their agreements with State (\$1.8 million).
- (e) **Long Term Care Arrangements (\$3.0 million net total general revenue savings).** The Medicaid program proposes to reform its long term supports and services continuum of care. A set of initiatives will streamline and standardize internal processes, make home and community-based services (HCBS) more accessible as an alternative to nursing home care, incentivize HCBS and assisted living providers to care for those with more complex needs.
 - Eligibility will be expedited to remove bias towards nursing home admissions.
 - Eligibility will be tightened to require institutional level of care, but those admitted as of June 30, 2015, will be grandfathered in.
 - Medicaid will fund non-medical services and supports such as adult supportive housing. OHHS will work with Health to license this new type of provider.
 - Payments to adult day and assisted living providers will be reformed to consider acuity and include tiers.
- (f) **Integrated Care Initiative – Enrollment.** OHHS proposes to establish mandatory managed care enrollment for Medicaid beneficiaries receiving long term services and supports through the Integrated Care Initiative. This article authorizes OHHS to pursue the required waiver authority for this initiative.
- (g) **Behavioral Health – Coordinated Care Management for SPMI (\$3.0 million general revenue savings).** The Budget includes savings from a behavioral health-based accountable care organization for those with severe and persistent mental illness (SPMI). Mental health providers, including The Providence Center and partner Care New England, will provide comprehensive, coordinated and integrated behavioral healthcare to between 3,000 and 4,000 adults with SPMI. For a single bundled rate, providers will provide all levels of behavioral health services, including community-based services, outpatient care, partial hospitalization, crisis stabilization, emergency room engagement and diversion, and inpatient services.

This initiative seeks to implement a new payment mechanism by January 1, 2016. The initiative assumes 10,500 individuals will be involved in the program and savings of 3.0 percent. CMS approval is required for this initiative.

- (h) Community Health Teams and Targeted Services (\$1.0 million general revenue savings).** OHHS will scale up the pilot program currently run by the RI Care Transformation Collaborative. This primary care-based accountable care organization identifies high-risk patients and cares for them using the medical home model for a single bundled rate in which the team is at full-risk for the cost of care.

In a second initiative, current community health team efforts will be scaled up for savings. Here, inter-disciplinary community health teams of nurses, pharmacists, nutritionists, social workers, and behavioral and mental health providers care for high-risk patients. This model is currently being piloting in South County and Pawtucket; this initiative includes 6 additional teams, each servicing 500 high utilizing members.

- (i) Home and Health Stabilization Services (\$1.8 million general revenue savings).** The Health Begins with a Home initiative will make an organized set of Medicaid-funded health and home-stabilization services available to members of certain at-risk populations through care teams. This is a hybrid benefit that incorporates medical care coordination with community treatment. Services can include home stabilization interventions such as locating a home, managing a household, financial counseling, homemaking, with health service supports such as disease and medication management, substance abuse counseling, relapse prevention and self-care.

Target populations include Medicaid-eligible children and youth with behavioral health needs in the custody of DCYF, adults who are homeless or at risk of homelessness, and persons transitioning from institutional care who have a history of homelessness.

- (j) STOP Program (\$500,000 general revenue savings).** This initiative achieves savings through a current program that diverts chronic inebriates from frequent non-emergency use of hospital emergency departments (ED) and instead transport them to a sobering center for short-term recovery programs, detoxification services and/or referral arrangements.

This program is a result of the findings and recommendations of the Special Senate Commission to Study Rhode Island Emergency Department Room Diversion. The Commission found that 4.0 percent of high utilization Medicaid ED users accounted for over 40.0 percent of Medicaid ED costs, or more than \$20.0 million in 2008. Likewise, the City of Providence, which ranks first among RI municipalities for rescue runs (244 runs per 1,000 residents), estimated that only approximately 10.0 percent of ambulance transports were for actual medical emergencies.

The program, Sobering Treatment Opportunity Program (STOP), is modeled after those in existence in other cities across the country, including Boston. Under STOP, first responders are authorized to transport inebriated individuals to an alternative treatment center where licensed clinical staff and peer specialists will be utilized.

- (k) Medicaid Eligibility Criteria - Expansion First (\$1.5 million general revenue savings).** This initiative changes internal processes to ensure that those eligible for Medicaid through Medicaid expansion are enrolled through this channel, where federal support is 100.0 percent, before they are found to be eligible through the aged, blind, and disabled categories, where federal support is approximately 50.0 percent.

- (l) Long-term Care Eligibility Criteria (\$500,000 general revenue savings).** OHHS will restrict eligibility for the level of care that requires institutional care to three activities of daily living, aligning its program with the eligibility criteria used in Massachusetts and Connecticut.

- (m) **Alternate Payment Arrangements (\$500,000 general revenue savings).** This article allows for the reform of payments to providers of adult day services for individuals who require supervised daily care and who often have some level of dementia and multiple chronic conditions. Rather than flat per-diem rates, provider payments will be tiered according to the level of care required by an individual. In this way, OHHS hopes to incentivize providers to build a fuller range of services to meet more complex needs and increase the ability of individuals to remain at home longer.
- (n) **Behavioral Healthcare Services Reform.** OHHS, in partnership with BHDDH, will implement at least one population-based pilot for the care of those with chronic behavioral health conditions. This pilot is to be implemented by September 1, 2015.
- (o) **Payment Methodology for Services to Adults with Developmental Disabilities.** The article authorizes the reform of payment methodology and /or rates for adult DD services.
- (p) **Section 1115 Waiver Authorities.** This article permits OHHS to pursue programs previously authorized through its 1115 Global Waiver.
- (q) **ACA Opportunities.** The final section grants OHHS the authority to pursue all opportunities and requirements established under the Patient Protection and Affordable Care Act (ACA).

Article 6: Education Aid

This article modifies the Full-Day Kindergarten Accessibility Act to implement a requirement that all districts provide full-day kindergarten by August 2016. The Article also eliminates the one-time, start-up funding provided through the Full-Day Kindergarten Accessibility Act and replaces that funding with aid provided through the education funding formula. The full-day kindergarten aid is based on the March 2015 enrollment data and the funding formula transition rates; consequently, the districts will receive the aid for full-day kindergarten enrollment even if the program is not implemented in FY2016. The aid is intended to support costs associated with transitioning from a half-day to a full-day program.

Article 7: Relating to Higher Education Assistance Authority

This article eliminates the Rhode Island Higher Education Assistance Authority (RIHEAA), effective July 1, 2015, or upon approval of the US Department of Education, whichever is later. Its powers and programs are transferred to a newly-created Division of Higher Education Assistance (DHEA) within the Office of the Postsecondary Commissioner (OPC) and to the Office of the General Treasurer. The Commissioner of Postsecondary Education will serve as DHEA's Executive Director, and DHEA will be governed by the Council on Postsecondary Education. DHEA will assume all the rights, assets, programs and obligations of RIHEAA, including its role as a Guaranty Agency for the Federal Family Education Loan Program (FFELP). RIHEAA's Tuition Savings Program will be transferred to the Office of the General Treasurer.

The article further specifies that RIHEAA reserve funds shall be used for financial aid-related activities pursuant to federal statutes and regulations governing the use of those funds.

This impact of the transfer will shift 10.0 FTE positions (RIHEAA currently has a 22.0 FTE authorization) and \$18.3 million from RIHEAA to OPC. Of the \$18.3 million being transferred, \$7.4 million is from the Tuition Savings Program (other funds) and \$10.9 million is from the Guaranty Agency (federal funds), including \$4.0 million from the Guaranty Agency reserve fund. Eighteen FTE positions of the 22.0 FTE position authorization are currently filled as of the payroll period ending May 30, 2015.

The article provides that the commissioner of postsecondary education shall allocate annually the appropriation for need-based scholarships and grants, with the lesser of 20.0 percent or \$2.0 million

distributed to qualified students attending participating independent, non-profit higher education institutions in Rhode Island. The remainder of the funds shall be limited to public higher education institutions in Rhode Island. The Commissioner must submit a plan of how the need-based scholarships and grants funds will be allocated to each public institution receiving funds and to the students attending independent, non-profit institutions as part of the annual budget submission.

Article 8: Relating to Municipalities

This article imposes a deadline for Newport, Jamestown, or any municipality requesting reimbursement from the Division of Municipal Finance for Newport Bridge tolls paid by police, fire, ambulance service, or the school department as required during the course of duty. The deadline is September 30th of the fiscal year following the fiscal year for which reimbursement is being requested.

This article also allows municipalities to borrow funds from the Efficient Buildings Fund administered by the Rhode Island Infrastructure Bank (formerly Clean Water Finance Agency) or the School Building Authority Capital Fund, administered by the Rhode Island Health and Educational Building Corporation, for the period July 1, 2015, through June 20, 2016, without voter approval. As 2015 is not a year in which a general election will be held, this allows communities to seek funding without voter approval to avoid the costs of a special election in FY2016.

Article 9: School Housing Building Authority

This article creates a School Building Authority at the Department of Elementary and Secondary Education and a School Building Authority Capital Fund at the Rhode Island Health and Education Building Corporation (RIHEBC). The article increases the Board of Directors at the RIHEBC to seven members and eliminates the compensation for Board members permitted under current law. This article has no direct fiscal impact; however, the Budget includes a one-time appropriation of \$20.0 million in new general revenue to capitalize the School Building Authority Capital Fund.

Relative to the original submission, this article does not shorten the refinancing period for districts to receive 80.0 percent reimbursement of refunded bond savings, the deadline for refinancing remains December, 31, 2015. The article allows for the implementation of incentive points, to promote such practices as the use of highly efficient construction delivery methods and sustainable design and construction, but caps the allowable increase at five percentage points. Districts must have a comprehensive asset protection plan to receive aid, and the Authority must conduct a state-wide needs survey every five years. The article encourages the maximization of available space, the use of enrollment projection models, the collection of prototypical school plans, and the reduction of borrowing to fund school housing projects. The article as amended maintains district share ratios at the levels provided in current law.

As part of the annual budget process, the article requires the Governor to specify the amount of funding included in the capital fund for new projects and for qualified Departmental expenses. Subsequently, the General Assembly must authorize, on an annual basis, the maximum amount the Authority may commit to new projects. The School Building Authority must manage approvals under the existing school construction program to the funding levels provided by the General Assembly.

Article 10: Relating to Making Supplemental Appropriations in Support of FY2015

This article makes revised appropriations for general revenues, and includes revisions to authorized expenditures from federal, restricted and other funds, as well as authorized FTE levels for each agency and department. The article decreases total appropriations by \$108.4 million, including \$11.8 million less in general revenue appropriations. The article also includes \$6.4 million for the Municipal Road and Bridge Revolving Fund from bond premiums deposited in the Rhode Island Capital Plan Fund.

Expenditures by Source	FY2015 Enacted	FY2015 Governor	FY2015 Budget	Change to Governor
General Revenue	\$3,445.2	\$3,488.4	\$3,476.6	(\$11.8)
Federal Funds	3,086.5	3,140.5	3,051.2	(89.3)
Restricted Receipts	283.1	278.3	283.6	5.4
Other Funds	1,965.4	1,932.4	1,919.7	(12.7)
Total	\$8,780.2	\$8,839.5	\$8,731.2	(\$108.4)
FTE Authorizations	15,086.0	15,100.7	15,100.7	-

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

Article 11: Relating to Revenues

This article establishes tax enforcement activities, expands the current tax base, eliminates certain tax liabilities, and modifies funding directed at various state marketing programs. These changes are estimated to decrease revenue by \$26.4 million in FY2016. Descriptions of these changes can be found in the Revenue summary section of this publication.

Article 11 Revenue Changes	FY2016
Expansion	
<i>Increase Excise Tax on Cigarettes</i>	\$7.1
<i>Accommodations Subject to Taxation: Funding Shift to CommerceRI</i>	3.1
<i>Controlling Interest Transfer Tax</i>	0.7
Exemptions	
<i>Eliminate Sales Tax on Commercial Energy</i>	(19.5)
<i>Alcohol Tax Restructure</i>	(7.9)
<i>Income Tax Exemption on Taxable Social Security Benefits</i>	(5.5)
<i>Eliminate Surcharges on Net Patient Revenues for Imaging Services</i>	(1.7)
Enforcement	
<i>Increased Collections from Tax Compliance Contract</i>	1.8
<i>Taxation Self-Audit Program</i>	0.5
Other Revenue Changes	
<i>Changes to Earned Income Tax Credit</i>	(3.0)
<i>Minimum Corporate Tax Reduction</i>	(1.6)
<i>Lottery Marketing Expenses</i>	(0.8)
<i>Sunset Enterprise Zone Wage Tax Credit</i>	0.4
<i>New Personal Income Tax Credits*</i>	-
Total	(\$26.4)

**No estimated foregone revenue impact is included in the Budget.*

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

Article 12: Relating to State Police Pensions

Pay-as-you-go-pensions, typically known as “pay-go” pensions, are unfunded defined benefit plans paid out to retirees either directly from current workers’ contributions or state taxes (general revenue). Rhode Island State Police (RISP) troopers that were hired prior to July 1, 1987, along with their beneficiaries, fall under a cohort of troopers that qualify for these pay-go pensions. These troopers must have completed twenty years of service and must have retired upon twenty-five years of service. These costs are typically funded annually through the Department of Public Safety general revenue budget and have

increased over time as more retirements occur. The current Superintendent of the State Police is the remaining member to be added to this cohort upon his retirement.

Currently, pay-go benefit payments are calculated annually and funded through the budget appropriations process. On average, the State distributes \$17.6 million to beneficiaries.

Historical Pay-Go General Revenue Payments	
FY2012	\$17,369,905
FY2013	17,679,104
FY2014	17,695,188
FY2015*	17,676,010

**FY2015 Budget as Enacted*

This article establishes a pay-go trust to allow the State to make contributions in appropriate amounts which will amortize the unfunded liability associated with the current pay-go system. The Governor's proposal seeds the trust in FY2016 with \$16.7 million general revenue and \$15.0 million in Google forfeiture funds. If the State makes the proposed contributions for the next 18 years, realizes an annual rate of return on the contributions of 7.5 percent, and life expectancy is consistent with the most recent actuarial valuation for the trust, the liability for the pay-as-you-go retirement benefits will be advance funded. Proceeds are expected to save the State \$157.2 million over the 80-year life of the trust.

Article 13: Relating to Restricted Receipt Accounts

This article exempts two new and four existing restricted receipt accounts from the 10.0 percent indirect cost recovery provisions under RIGL 35-4-27. The proposed exemptions would impact the "Miscellaneous Donations/Grants from Non-Profits" account and the "State Loan Repayment Match" account in the Department of Health; the "Rhode Island Health Benefits Exchange" account in the Department of Administration; the "Defined Contribution – Administration - RR" account in General Treasury; the "Rhode Island Judiciary Technology Surcharge" account in Judiciary; and, the "Davies – National School Breakfast and Lunch Program" account in the Department of Elementary and Secondary Education. Exempting these accounts from the 10.0 percent indirect cost recovery provision is projected to reduce revenues by approximately \$775,685.

The article repeals RIGL 35-6-1 (d) that requires the State Controller to transfer general revenue receipts in excess of adopted estimates to the Employees' Retirement System of Rhode Island (ERSRI). Repealing the statute allows the excess revenues to remain in the general fund. The FY2015 Enacted Budget includes \$13.8 million in revenues from FY2014 that would remain in the general fund.

Article 14: Relating to Rhode Island Infrastructure Bank

This article renames the Clean Water Finance Agency (CWFA) as the Rhode Island Infrastructure Bank (RIIB), and expands the agency's functions to include the administration of a residential and commercial Property Assessed Clean Energy program, as expanded to include commercial properties; a new Efficient Buildings Fund; a brownfields revolving fund; and a storm water loan program for private commercial borrowers, consistent with changes to the federal program.

The article has no determinable fiscal impact on the State; however, savings could be realized through increased energy efficiency programs in public buildings and more favorable borrowing rates for projects. The article is also expected to increase jobs in the construction and energy industries.

Analyst's Note: While the law changes in the article do not have a specific fiscal impact, the Budget provides a one-time transfer to the RIIB in the FY2016 Budget, including \$3.0 million from Regional Greenhouse Gas Initiative (RGGI) proceeds.

The goals of this article are to centralize management of new and existing green infrastructure financing opportunities; create a marketable brand that maximizes economic growth, job creation, and a better business climate; build upon the CWFA's existing fiscal success; and create a long-term policy framework focused on addressing Rhode Island's energy needs through cost effective and environmentally-conscious policies.

Article 15: Relating to Government Reorganization

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

Veterans' Court: Establishes a veteran's court to address the special needs of defendants who have served in the United States armed forces. The intent of the court is not to dismiss an action, but to integrate support and treatment plans with the judicial process which will result in jail diversion, possible reduction of charges, or alternatives in sentencing. The chief of the district court will establish a separate veteran's treatment court calendar for hearings, trial, and disposition of offenses and assign staff as needed. The Budget adds \$224,293 in general revenue to fund personnel costs and 1.0 FTE position for a new associate judge position, which will be assigned to precede over the veteran's court.

Unclassified Positions: The article amends RIGL 36-4-2 concerning the Merit System. The Merit System refers to the statutes and rules governing the process of promoting and hiring government employees based on their ability to perform a job. The amendment adds several senior level agency positions including the director, deputy director, administrative assistant, senior policy analyst, a chief strategic planning monitoring, and evaluation positions employed under Healthsource RI as state employees in the unclassified service. The article includes a caveat that any unclassified position added after January 1, 2015, by the General Assembly and is occupied by a person in the classified service on June 30, 2015, shall remain in the classified service until the position becomes vacant. This item will not impact any collective bargaining agreement.

Director Salaries: The article also amends RIGL 36-4-16.4 extending the time period to July 2015 for the Department of Administration to conduct a public hearing to determine the salaries of state agency directors and to refer the proposed salaries to the General Assembly by August 30, 2015. The salaries may take effect in 30 days unless formally rejected by the General Assembly.

RIDOT Structure: This article changes the organizational functions of RIDOT by establishing a project management-based program and an asset management system. The Director of RIDOT would be required to appoint a chief operating officer to oversee day-to-day operations of the department.

The article also allows the Director to establish divisions that he/she deems necessary to carry out the responsibilities of the department, including:

- Division of Finance
- Division of Planning
- Division of Project Management
- Division of Operations and Maintenance
- Division of Civil Rights; Office of Safety
- Office of External Affairs; Office of Legal; Office of Personnel
- Office of Information Services

The article also requires RIDOT to report annually, no later than March 31, on the status of its 10-year transportation plan to the Speaker of the House, the President of the Senate, and the House and Senate fiscal advisors.

Article 16: Relating to Bays, Rivers and Watersheds

This article eliminates the Bay, Rivers, and Watersheds Coordination Team (BRWCT) and creates the Bays, Rivers and Watersheds Fund, a restricted receipt account within the Department of Environmental Management (DEM). DEM is empowered to use the funds to further the purposes of The Comprehensive Watershed and Marine Monitoring Act of 2004, Water Pollution, and the Resilient Rhode Island Act of 2014 – Climate Change Coordination Council, subject to appropriation by the General Assembly. The article further expands The Comprehensive Watershed and Marine Monitoring Act of 2004 to include freshwater habitats and environmental problems that may arise from climate change. As a result of this article, 2.0 FTE positions associated the BRWCT will be eliminated and responsibilities associated with this article will be performed by full-time employees in DEM, resulting in the shift of some personnel costs from general revenue to restricted receipts.

Article 17: Relating to Human Services - Child Care – State Subsidies

Article 17 increases reimbursement rates to child care providers and removes the sunset associated with the “Back to Work RI” child care assistance program.

Child Care Provider Increase: The Budget adds \$1.7 million in general revenue (\$2.2 million all funds) to fund increases to child care providers. Article 17 permits the Department of Human Services (DHS) to increase the maximum reimbursement rate paid to child care providers in the State’s Child Care Assistance Program (CCAP), by 3.0 percent for all providers. Certified family child care for infants and toddlers, and license-exempt providers also receive an additional \$10.00 per week. CCAP provides child care subsidies to working low income families and participants in the Rhode Island Works Program.

Currently, the amount of the weekly subsidy is set by statute (RIGL 40-6.2-1.1, last updated in 2008) to be the average of the 75th percentile of the weekly market rates for child care in 2002 and 2004.

The actual rate paid to the provider will either be the applicable maximum reimbursement rate, or the lowest rate paid by any child care customer (public or private), whichever is the lesser of the two rates. Consistent with current law, the Department is also permitted to establish alternative rates to incentivize providers to enhance the quality of care provided, or to develop innovative, alternative, or specialized child care. In addition, the article directs DHS, in conjunction with the Department of Labor and Training to conduct a statewide child care market survey on a triennial basis by July 1, 2016.

“Back to Work RI” Child Care Program: This article also eliminates the sunset for the “Back to Work RI” Child Care Program. the projected program growth in FY2016, the Budget provides approximately \$200,000 in federal TANF funding for this program.

This program provides short-term child care assistance to families who are not working, but engaged in approved job training and preparation activities and currently serves approximately 20 families. This cost projection is based upon the assumption that this number will grow to 29, and it is anticipated this caseload will remain level in future years as the program is intended to support participants on a short-term basis. As new program participants will come on, those who have been on for up to one year (as determined by DHS regulation) will transition out of the program.

Article 18: Health Reform Assessment

This article authorizes the Department of Administration (DOA) to assess individual and small group health insurance and dental plans purchased through the state-based health insurance marketplace, HealthSource RI (HSRI), in order to fund the marketplace’s operation.

The Budget includes a general revenue appropriation of \$2.6 million for HSRI to supplement the \$3.6 million raised by the assessment authorized under this article, which is 3.5 percent in FY2016.

Features of this premium assessment are as follows:

- The assessment's revenue is capped at the amount that would be able to be raised if those plans were sold through the federal exchange.
- Revenue is to be raised through user fee on insurers that conforms to that of the federal government's fee on insurers offering products on the federal exchange.
- Revenue is deposited into a restricted receipt account.

Though existing only through executive order since its beginning in 2011, this article establishes HSRI in statute as a division within DOA.

The article also provides that:

- Insurers offering plans through HSRI are required to offer at least one individual plan at each coverage level that excludes coverage for elective abortions. It requires small group insurers to offer a religious exemption plan that excludes elective abortions and that carries its own rate.
- Though establishing an assessment, the article allows for general revenue appropriation by the General Assembly in lieu of collecting of assessment or to supplement the assessment.
- If the assessment generates revenue in excess of HSRI's budget, it allows for the revision of HSRI's budget.
- HSRI may pursue opportunities to partner with other states to achieve economies of scale and lower costs.
- A publicly-available audit of HSRI's performance and/or finances is to be performed annually by the State Bureau of Audits or a firm qualified in performance audits.
- HSRI is to report monthly to the House Finance Committee and Senate Finance Committee on enrollment, premium costs by insurer, and subsidies received, along with call center data. Reporting is to begin in July 2015.

Article 19: Relating to Commerce Corporation and Economic Development

This article authorizes several new tax incentives and economic capital programs to be administered through the Rhode Island Commerce Corporation (Commerce Corporation) to promote and expand economic development opportunities in the State. The article authorizes the transfer of the Rhode Island Film and Television Office and 2.6 FTE positions from the General program in the Department of Administration to the Executive Office of Commerce, amends the Innovate Rhode Island Small Business Program under RIGL 42-64.16, and authorizes a new Rhode Island New Qualified Jobs Incentive.

The article provides standardized program reporting requirements to the General Assembly, provides a standard definition to the term "gap" financing and institutes a standard sunset provision prohibiting the issuance of credits, grants, loans or incentives after December 21, 2018. The article authorizes the Commerce Corporation to promulgate the rules and regulations to administer the programs contained in the article.

REBUILD RHODE ISLAND TAX CREDIT

The Budget includes a new tax credit to be administered by the Commerce Corporation, intended to promote investment in real estate development for commercial and/or residential use.

Along with technical changes, this article makes several substantive changes to the Rebuild RI tax credit program as originally proposed by the Governor:

- Creates new provisions for historic structures to follow under the Rebuild RI tax credit program. Specifically, the Division of Taxation remains responsible for determining eligibility for historic structures tax credits (HSTC); however, the Commerce Corporation has sole authority to determine eligibility and caps the total HSTC award at 15.0 percent of the annual amount appropriated for Rebuild RI in any fiscal year to applicants seeking Rebuild RI tax credits.
- Caps the maximum credit amount allowed to a single development project at \$15.0 million.
- Outlines administration of the program, including requirements of the commerce secretary to provide written confirmation to the Commerce Corporation board outlining the recommendation, analysis by the Office of Management and Budget making sure total credits recommended do not exceed revenue capacity of the State, and procedures for claiming the tax credit.
- Establishes a Rebuild RI tax credit fund for amounts appropriated for the reimbursement or redemption the tax credits. Each year, the Director of Revenue will request the amounts necessary to pay for the redemption of tax credits.
- Institutes reporting requirements for applicants receiving tax credits under this chapter due August 1st of each year to the Commerce Corporation; Commerce Corporation is required to report this information, along with identifying information about the applicant, the Governor and General Assembly leaders and staff. Beginning October 1, 2016, the division of taxation is required to report information on total approved projects for the prior fiscal year; and by November 1 of each year, required to report in aggregate the information on the Rebuild RI credits.
- Sunsets the program on December 31, 2018. No credits will be authorized after this date. If any surplus exists in the account over the amounts necessary to cover fund incentives in a fiscal year, the director of the department of revenue may transfer this surplus to the general fund.

TAX INCREMENT FINANCING (TIF)

This proposal allows the Commerce Corporation to enter into an agreement to close a demonstrable financing gap for a redevelopment project, funded by a rebate of new state tax revenue generated by this project.

The Tax Increment Financing program is largely unchanged from the Governor's original proposal; however, the Budget creates restricted receipt account known as the TIF fund to be used to pay for TIF incentives granted. In addition, the article creates reporting requirements for state agencies and applicants. TIFs may be granted for up to 75.0 percent of the difference between taxes that would be owed and those due under the agreement. Lastly, a maximum agreement amount is established which may not exceed 30.0 percent of the total project cost.

TAX STABILIZATION INCENTIVE

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

Under this program a community can grant a stabilization agreement for the rehabilitation of an existing structure where the total cost of development budget exceeds 50.0 percent of the adjusted basis in the property, or for a new construction project that begins within twelve months of the approval of the tax stabilization agreement and is completed within 36 months. The qualifying property must be used or intended to be used for offices or commercial enterprises or residential purposes. The terms of the

stabilization agreements must be for a minimum of twelve years; and reimbursements will cease upon any termination of the underlying tax stabilization agreement or upon exhaustion of funds appropriated to the reimbursement fund.

The capital investment may include any capital investment made or acquired within twenty-four months prior to the date of the community's application to the Commerce Corporation so long as the amount of capital investment made or acquired by the business, any affiliate of the business, or any owner after the date of application equals at least 50.0 percent of the amount of capital investment.

The stabilization agreement granted by the community can also include furnishings and machinery, apparatus, or equipment for the operation of the business (personal property).

The aggregate value of the reimbursements approved by the Commerce Corporation cannot exceed the lesser of 10.0 percent of the property tax revenue that would have otherwise been collected or the annual appropriations received by the Commerce Corporation for the program.

The tax stabilization agreement can be granted for a project meeting one of the following criteria:

- Results in the creation of at least 50 new full-time jobs, and the developer must commit a capital investment of not less than \$10.0 million towards the project.
- Results in the creation of at least 25 new full-time jobs, and the developer must commit a capital investment of not less than \$5.0 million towards the project. (Hope Community only)
- The re-use of a historic structure that results in the creation of at least twenty units of residential housing, 20.0 percent of which must be affordable or workforce housing.
- The creation of at least twenty units of residential housing. (Hope Community only)

A Hope Community is defined as a community where family poverty level exceeds the state median. Currently, Providence, Central Falls, West Warwick, Pawtucket, and Woonsocket meet this definition. A qualified community is defined as any community that is not a Hope Community.

There is no fiscal impact in FY2016; however, the Governor plans to establish a \$500,000 fund for reimbursements in FY2017 using funds that will become available from debt refinancing. It is estimated that this fund will cover costs for two years. The Governor's Office states beyond that, funds would be available subject to appropriation.

REGULATORY REFORM INCENTIVE

State Building and Fire Code Initiative: The article allows all capital investment projects receiving incentives from the Rhode Island Commerce Corporation to bypass local building and fire codes. Projects would be subject to state building and fire codes, and required inspections would be conducted by the State Building Commissioner.

ECONOMIC DEVELOPMENT INCENTIVES

The Governor includes \$44.5 million in general revenue to create and fund an Economic Development Initiatives Fund under the Executive Office of Commerce. In addition the Governor includes new economic development programs appropriated as part of the quasi-public Rhode Island Commerce Corporation operations. The economic development programs created by Article 19 include:

First Wave Closing Fund: The article authorizes the creation of a First Wave Closing Fund program to attract, expand, or retain businesses, and create jobs in the state, by providing a "gap financing" mechanism to close deals on projects. The proposed statute defines "gap financing" as the portion of the project cost that remains to be financed after all other sources of capital have been considered or the

amount that the State may invest in a project to gain a competitive advantage over another state. The Budget includes \$5.0 million in general revenue in FY2016 to capitalize this fund.

I-195 Development Fund: The article authorizes an I-195 Development Fund to serve as a catalyst for real estate development on the former highway land. The Budget includes \$25.0 million in general revenue in FY2016 to capitalize this fund. Additional resources from federal programs, private contributions, loan repayments, and from the sale of assets and collateral can be deposited into this Fund. The I-195 Redevelopment District Commission will be sole administrator of the Fund. The article contains language stipulating that I-195 Development Funds cannot be expended to finance a stadium or a facility primarily used for sports.

Small Business Assistance Program: The article creates a state-backed Small Business Assistance Program to help small businesses under (200 employees) gain access to capital. The Budget includes \$5.5 million in general revenue in FY2016 to capitalize this initiative, but sets the maximum grant at \$750,000 that the Commerce Corporation may provide to an applicant. According to the Executive Office of Commerce, this program will offer more operating flexibility than the current Small Business Loan Fund, which is subject to federal regulations from the U. S. Economic Development Administration. The Commerce Corporation is authorized to partner with a private lending institution to administer the applications and program. Approximately 10.0 percent of the funds will be allocated for “micro loans” of \$2,000 to \$25,000.

Stay Invested in RI Wavemaker Fellowship: The article establishes a competitive Stay Invested in RI Wavemaker Fund to provide tax credits against the taxpayers’ tax liability but shall not exceed 100.0 percent of the educational loan expenses incurred and paid by a taxpayer during a twelve month period for up to four consecutive years. The amount of the tax credit depends upon the degree earned by the taxpayer, i.e. \$1,000 for an associate degree up to \$6,000 for a graduate or post-graduate degree. Approximately 70.0 percent of the eligible candidates must be either a permanent Rhode Island resident or a graduate of a school in Rhode Island where the student loan debt occurred.

The Rhode Island Commerce Corporation operating budget includes \$1.8 million to fund the Stay Invested in RI Wavemaker program. This funding is separate and distinct from the general revenue appropriations to the Executive Office of Commerce.

Main Street RI Streetscape Improvement Program: The article creates a statewide Main Street Rhode Island Streetscape Improvement Fund. The Budget includes \$1.0 million in general revenue to fund this initiative in FY2016. The purpose of the program is to provide loans, matching grants, or other forms of financing to upgrade streetscapes in local business districts.

Innovation Voucher and Network Program: The article establishes an Innovation Voucher and Innovation Network program. The Budget includes \$500,000 in general revenue for the program in FY2016.

- The Voucher Program will provide financial assistance to small businesses (under 500 employees) to purchase research and development technical assistance from state or regional higher education institutions, or other providers. The award amounts to business will range from \$5,000 to \$50,000.
- The Innovation Network Program will provide matching fund grants to small businesses in industry sectors and in an amount to be determined by the Commerce Corporation. Small business will use these funds to access technical assistance, obtain business operating space, and to access capital from private and non-profit organizations. Grants will be issued only when matched with private or non-profit funds.

Industry Cluster Grants: The article creates a new Industry Cluster Fund to provide matching grants to start or improve industry sector partnerships or “clusters” to exchange technology and share personnel

resources. The Budget includes \$750,000 in general revenue in FY2016 to support this fund. Clusters are created by pooling labor forces, collaborative problem solving, and sharing technology. The fund will be divided into two sub-grant programs. They are:

- Startup and technical assistance grants between \$75,000 to \$250,000 to eligible in-state or regional organizations to support or enable the development of an industry cluster.
- Competitive program grants between \$100,000 to \$500,000 to support activities to overcome identified problems that impede the cluster growth or effectiveness.

Anchor Institution Tax Credit: The article establishes an Anchor Institution Tax Credit program to entice businesses that supply component goods or services to existing Rhode Island companies to relocate to the State. The Budget includes \$1.8 million in general revenue to fund this initiative in FY2016. The appropriation will be used to pay the actual “credit.” The Rhode Island business will redeem the tax credit to the Division of Taxation. The Division of Taxation will redeem the tax credit in exchange for payment by the State, subject to annual appropriation by the General Assembly.

The amount of the credit shall be based on criteria created by the Commerce Corporation, and include factors such as:

- The number, types, and compensation of jobs created.
- The industry sector of the business.
- Whether the relocation benefits an area designated as a “Hope Community”, which under the legislation would include Providence, Central Falls, West Warwick, Pawtucket, and Woonsocket.
- No recipient may receive more than 75.0 percent of funding available for the program in a given year.

Innovate Rhode Island Small Business Program

The article amends the Innovate Rhode Island Small Business Program under RIGL 42-64.16. The Innovate Rhode Island Small Business Program was created under the FY2014 Budget as Enacted to enhance job creation and economic development in the State. The program is administered by the Rhode Island Science and Technology Advisory Council (STAC) located at the Rhode Island Commerce Corporation. The article increases the amount of the Phase I and Phase II matching grant from \$100,000 to \$150,000 to assist eligible businesses to offset costs associated with applying to the United States Small Business Administration for Small Business Innovation Research (SBIR) grants or Small Business Technology Transfer Research (SBTTR) grants and commercialize their technology and research. The Budget includes \$1.0 million in general revenue within the Executive Office of Commerce to fund the program.

Rhode Island New Qualified Jobs Incentive

The article authorizes the creation of the Rhode Island New Qualified Jobs Incentive Act of 2015, an incentive program for businesses to enter into an “incentive agreement” with the Rhode Island Commerce Corporation from 2015 through 2018 to receive a base tax credit of \$2,500 per new full-time job, where a full-time job is one in which an employee works at least 35 hours per week, earns at least the median hourly wage in the state, and has wages earned subject to withholding tax. The number of new jobs to be created by the business is on a graduated scale depending on the number of existing full time employees the business possesses at the date of application of the credit. The program may provide the eligible business a tax credit not to exceed ten years.

In addition to the base credit, if the business is located in a “Hope Community”, or operates in a targeted industry, or is located in a transit oriented development area, or is an out-of-state business that relocates a

business unit or creates a “significant number” of new full-time jobs, a credit of up to \$7,500 per new full-time job can be awarded if the business enters into an “incentive agreement” with the Rhode Island Commerce Corporation from 2015 through 2018.

Article 20: Relating to Professional Licenses

Based upon the results of a review conducted by the Office of Regulatory Reform (ORR), this article eliminates licensing requirements for 27 professional licenses issued by the Department of Business Regulation, Department of Health, Department of Elementary and Secondary Education, and the Department of Environmental Management. ORR worked with these agencies to identify which professional licenses are burdensome, unnecessary due to other requirements that demonstrate professional competence, if there were a small number of license holders, or whether the occupation is licensed in neighboring states. Eliminating the licensing and associated fees reduces revenues by approximately \$275,000.

In terms of changes to the Governor’s budget, this article maintains licensure requirements for physical therapist assistants, occupational therapy assistants, athletic trainers, music therapists, and lifeguards. The Governor’s budget proposed to eliminate licensure requirements for these professions, however, it was determined that to maintain standards of health and safety, licensure requirements for the aforementioned professions remain in law.

In addition, the Budget maintains the elimination of licensure requirements for radiologist assistants, but includes language to require certification from a national certifying board, as approved by the Director of Health. Lastly, the Budget maintains the elimination of state licensure of clinical laboratory professionals (clinical laboratory science practitioner, scientists, technologists, and technicians), however, under the requirements for state licensure of individual laboratory facilities or lab stations, the amendment outlines the professional qualification of its personnel.

Article 21: Relating to Pensions

Article 21 contains language amending the statutes pertaining to the State and Municipal Retirement Systems (ERSRI and MERS) pursuant to the pension settlement agreement of 2015. The article contains several changes to the benefits including the cost of living adjustments, annual accruals, retirement age, as well as changes to the state contribution to the defined contribution plans for certain employees. There is no fiscal impact in FY2016. The impact in FY2017 will require \$12.6 million from general revenue. Highlights of the settlement agreement include:

- The legislation provides a one-time 2.0 percent cost-of-living-adjustment (COLA) payable immediately on the 1st \$25,000 of pension benefit, payable to applicable retirees who retired before June 30, 2012, but does not impact the indexing of the \$25,000 for future years. In addition, the legislation provides two one-time \$500 stipends payable to all retirees who retired before July 1, 2015. One payable 60 days after the settlement agreement is enacted and the second payable 1 year later.
- The COLA payment will be contingent on the individual plan being 80.0 percent funded. However, every 4th year, if the COLA has been suspended for three consecutive years, the COLA may occur even if the plan is less than 80.0 percent funded.
- For current retirees/beneficiaries that retired on or before July 1, 2015, the \$25,000 COLA cap will be increased to \$30,000 (indexed) for any COLA payable based on the every 4th year provision (any COLA suspended based on less than 80.0 percent funding ratio). The COLA formula will become 50.0 percent of the COLA using the previous 5-year average of investment returns, with a maximum increase of 4.0 percent; and 50.0 percent of the previous Schedule B COLA, which is the previous year’s CPI-U with a maximum increase of 3.0 percent, for a total maximum increase of 3.5 percent.

- State workers, teachers, and general MERS active members with more than 10-years of service but less than 20-years of service as of June 30, 2012, will receive an additional employer contribution of 0.25 percent for 10-15-years of service or 0.50 percent for 15-20-years of service.
- To receive the 2.0 percent accrual rate, state workers and teachers, will pay a member contribution rate of 11.0 percent of pay. For general MERS members, the member contribution rate will be 8.25 percent or 9.25 percent of pay depending on whether the unit has a COLA provision.
- All current and future state workers, teachers, and general MERS active members will be eligible to retire with full benefits at the earlier of their current Rhode Island Retirement Security Act of 2011 (RIRSA) date or upon the attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.
- The early retirement reduction for employees who choose to retire before becoming eligible for full unreduced benefits will be based on the following schedule: 9.0 percent for year 1, 8.0 percent for year 2, 7.0 percent for each year thereafter.
- For MERS fire current and future members can retire with full benefits at the earlier of their current RIRSA retirement age or at the attainment of age 50 with at least 25 years of service or the attainment of any age and 27 years of service. Members will pay an additional 2.0 percent member contribution rate beginning July 1, 2015.
- For MERS fire active members (including future hires) who retire after July 1, 2015, and after attaining age 57 with 30 years of service, will have a benefit equal to the greater of their current benefit or one calculated based on a 2.25 percent multiplier for all years of service.
- For MERS and for the local employer portion of the teacher contributions, the unfunded actuarial accrued liability will be re-amortized back 4 additional years to 25.

Article 22: Effective Date

This article provides that the Act would take effect on July 1, 2015, except as otherwise provided therein.



APPENDIX

Summary Tables

ALL FUNDS EXPENDITURES

	FY2015 Governor	FY2015 Budget	Change from Governor	FY2016 Governor	FY2016 Budget	Change from Governor
General Government						
Administration	\$457,723,710	\$456,786,617	(\$937,093)	\$339,051,951	\$368,031,640	\$28,979,689
Business Regulation	13,817,345	13,817,345	-	14,729,029	14,620,512	(108,517)
Labor and Training	487,572,151	488,707,875	1,135,724	445,208,317	443,730,008	(1,478,309)
Revenue	446,079,738	447,477,238	1,397,500	415,207,249	423,207,249	8,000,000
Legislature	40,748,731	40,748,731	-	41,154,944	41,154,944	-
Commerce	335,644	221,314	(114,330)	76,320,494	76,249,636	(70,858)
Lieutenant Governor	1,064,842	1,064,842	-	1,292,621	1,192,621	(100,000)
Secretary of State	7,935,146	7,935,146	-	7,971,884	7,986,884	15,000
General Treasurer	35,666,177	40,769,417	5,103,240	34,430,778	39,094,693	4,663,915
Board of Elections	4,656,199	4,656,199	-	1,818,305	1,818,305	-
Ethics Commission	1,618,883	1,618,883	-	1,644,876	1,644,876	-
Office of the Governor	4,655,727	4,655,727	-	4,903,467	4,903,467	-
Commission for Human Rights	1,532,455	1,542,465	10,010	1,548,010	1,548,010	-
Public Utilities Commission	8,430,886	8,430,886	-	8,684,685	8,684,685	-
Total	\$1,511,837,634	\$1,518,432,685	\$6,595,051	\$1,393,966,610	\$1,433,867,530	\$39,900,920
Human Services						
Office of Health and Human Services	\$2,518,592,148	\$2,366,140,844	(\$152,451,304)	\$2,429,810,398	\$2,386,103,953	(\$43,706,445)
Children, Youth, and Families	226,659,958	225,388,934	(1,271,024)	212,844,162	216,592,410	3,748,248
Health	125,983,641	125,993,525	9,884	121,352,917	121,401,905	48,988
Human Services	627,883,574	626,692,236	(1,191,338)	620,393,325	622,403,505	2,010,180
BHDDH	364,817,841	373,191,765	8,373,924	366,867,639	370,920,694	4,053,055
Governor's Commission on Disabilities	1,572,596	1,322,596	(250,000)	-	428,524	428,524
Governor's Commission on the Deaf	478,741	478,741	-	-	491,883	491,883
Office of the Child Advocate	683,154	683,154	-	-	717,273	717,273
Office of the Mental Health Advocate	506,078	506,078	-	-	508,251	508,251
Total	\$3,867,177,731	\$3,720,397,873	(\$146,779,858)	\$3,751,268,441	\$3,719,568,398	(\$31,700,043)
Education						
Elementary and Secondary Education	\$1,251,804,389	\$1,249,608,269	(\$2,196,120)	\$1,302,876,096	\$1,309,191,905	\$6,315,809
Public Higher Education	1,075,696,542	1,075,676,716	(19,826)	1,087,759,178	1,090,159,436	2,400,258
Council on the Arts	2,972,986	2,972,986	-	3,681,407	3,681,407	-
Atomic Energy Commission	1,605,088	1,605,088	-	1,337,169	1,337,169	-
Higher Education Assistance Authority	15,832,630	15,832,630	-	-	-	-
Historical Preservation and Heritage Comm.	6,080,581	6,085,081	4,500	3,911,203	3,956,703	45,500
Total	\$2,353,992,216	\$2,351,780,770	(\$2,211,446)	\$2,399,565,053	\$2,408,326,620	\$8,761,567
Public Safety						
Attorney General	\$40,176,612	\$39,992,612	(\$184,000)	\$28,035,317	\$34,035,317	\$6,000,000
Corrections	213,346,663	206,546,663	(6,800,000)	212,575,670	211,025,689	(1,549,981)
Judiciary	110,029,886	110,722,314	692,428	111,911,210	116,299,126	4,387,916
Military Staff	18,843,837	18,893,837	50,000	19,408,098	19,408,098	-
Emergency Management Agency	23,770,923	23,770,923	-	18,537,918	18,537,918	-
Public Safety	123,348,293	123,509,784	161,491	122,908,172	123,725,416	817,244
Public Defender	11,202,211	11,102,211	(100,000)	11,700,347	11,700,347	-
Total	\$540,718,425	\$534,538,344	(\$6,180,081)	\$ 525,076,732	\$ 534,731,911	\$9,655,179
Natural Resources						
Environmental Management	\$107,313,434	\$106,654,264	(\$659,170)	\$93,482,803	\$99,304,621	\$5,821,818
Coastal Resources Management Council	10,506,226	9,923,794	(582,432)	5,347,608	5,669,383	321,775
Total	\$117,819,660	\$116,578,058	(\$1,241,602)	\$98,830,411	\$104,974,004	\$6,143,593
Transportation						
Transportation	\$447,939,727	\$489,454,123	\$41,514,396	\$458,868,000	\$463,816,478	\$4,948,478
Grand Total	\$ 8,839,485,393	\$ 8,731,181,853	(\$108,303,540)	\$ 8,627,575,247	\$ 8,665,284,941	\$37,709,694

GENERAL REVENUE EXPENDITURES

	FY2015 Governor	FY2015 Budget	Change from Governor	FY2016 Governor	FY2016 Budget	Change from Governor
General Government						
Administration	\$250,382,004	\$250,073,307	(\$308,697)	\$173,930,982	\$197,494,291	\$23,563,309
Business Regulation	8,802,653	8,802,653	-	9,345,012	9,236,495	(108,517)
Labor and Training	9,013,937	8,718,217	(295,720)	8,424,769	8,324,769	(100,000)
Revenue	107,304,673	107,304,673	-	105,198,446	113,198,446	8,000,000
Legislature	39,233,413	39,233,413	-	39,474,071	39,474,071	-
Commerce	335,644	221,314	(114,330)	62,236,691	62,165,833	(70,858)
Lieutenant Governor	1,007,208	1,007,208	-	1,227,621	1,127,621	(100,000)
Secretary of State	7,296,007	7,296,007	-	6,936,530	6,951,530	15,000
General Treasurer	2,417,151	2,417,151	-	2,420,250	2,420,250	-
Board of Elections	4,656,199	4,656,199	-	1,818,305	1,818,305	-
Ethics Commission	1,618,883	1,618,883	-	1,644,876	1,644,876	-
Office of the Governor	4,655,727	4,655,727	-	4,903,467	4,903,467	-
Commission for Human Rights	1,221,763	1,231,773	10,010	1,252,174	1,252,174	-
Total	\$437,945,262	\$437,236,525	(\$708,737)	\$418,813,194	\$450,012,128	\$31,198,934
Human Services						
Office of Health and Human Services	\$941,780,364	\$926,069,661	(\$15,710,703)	\$889,519,628	\$909,218,673	\$19,699,045
Children, Youth, and Families	158,341,580	159,341,580	1,000,000	151,837,731	152,587,731	750,000
Health	22,841,530	22,829,506	(12,024)	25,840,318	25,835,956	(4,362)
Human Services	94,808,416	94,847,483	39,067	96,425,089	98,271,683	1,846,594
BHDDH	168,796,376	173,300,573	4,504,197	170,425,740	172,463,711	2,037,971
Governor's Commission on Disabilities	357,141	357,141	-	-	383,056	383,056
Governor's Commission on the Deaf	398,741	398,741	-	-	411,883	411,883
Office of the Child Advocate	633,154	633,154	-	-	672,273	672,273
Office of the Mental Health Advocate	506,078	506,078	-	-	508,251	508,251
Total	\$1,388,463,380	\$1,378,283,917	(\$10,179,463)	\$1,334,048,506	\$1,360,353,217	\$26,304,711
Education						
Elementary and Secondary Education	\$1,003,585,213	\$1,002,758,930	(\$826,283)	\$1,067,340,856	\$1,068,420,295	\$1,079,439
Public Higher Education	188,298,201	188,230,069	(68,132)	195,693,088	196,304,956	611,868
Council on the Arts	1,491,068	1,491,068	-	1,507,761	1,507,761	-
Atomic Energy Commission	907,737	907,737	-	957,170	957,170	-
Higher Education Assistance Authority	147,000	147,000	-	-	-	-
Historical Preservation and Heritage Comm.	1,206,107	1,206,107	-	1,355,972	1,380,972	25,000
Public Telecommunications Authority	-	-	-	-	-	-
Total	\$1,195,635,326	\$1,194,740,911	(\$894,415)	\$1,266,854,847	\$1,268,571,154	\$1,716,307
Public Safety						
Attorney General	\$24,544,068	\$24,360,068	(\$184,000)	\$25,193,210	\$25,193,210	\$0
Corrections	196,263,428	196,263,428	-	200,075,231	200,225,250	150,019
Judiciary	94,058,445	94,058,445	-	95,797,046	96,031,046	234,000
Military Staff	2,164,935	2,164,935	-	2,065,434	2,065,434	-
Emergency Management Agency	1,861,076	1,861,076	-	1,766,002	1,766,002	-
Public Safety	97,978,879	98,287,230	308,351	96,454,299	97,060,493	606,194
Public Defender	11,048,671	10,948,671	(100,000)	11,621,977	11,621,977	-
Total	\$427,919,502	\$427,943,853	\$24,351	\$432,973,199	\$433,963,412	\$990,213
Natural Resources						
Environmental Management	\$36,105,322	\$36,105,322	\$0	\$36,505,567	\$37,586,385	\$1,080,818
Coastal Resources Management Council	2,312,843	2,312,843	-	2,433,260	2,433,260	-
Total	\$38,418,165	\$38,418,165	\$0	\$38,938,827	\$40,019,645	\$1,080,818
Grand Total	\$3,488,381,635	\$3,476,623,371	(\$11,758,264)	\$3,491,628,573	\$3,552,919,556	\$61,290,983

FEDERAL FUNDS EXPENDITURES

	FY2015 Governor	FY2015 Budget	Change from Governor	FY2016 Governor	FY2016 Budget	Change from Governor
General Government						
Administration	\$89,252,942	\$89,252,942	\$0	\$43,302,629	\$43,302,629	\$0
Business Regulation	2,469,508	2,469,508	-	2,795,240	2,795,240	-
Labor and Training	51,450,837	51,882,281	431,444	38,164,061	38,164,061	-
Revenue	4,692,166	6,089,666	1,397,500	1,315,154	1,315,154	-
Lieutenant Governor	40,134	40,134	-	65,000	65,000	-
Commerce	-	-	-	10,983,803	10,983,803	-
Secretary of State	34,123	34,123	-	-	-	-
General Treasurer	902,766	902,766	-	891,955	891,955	-
Board of Elections	-	-	-	-	-	-
Public Utilities Commission	87,733	87,733	-	90,000	90,000	-
Commission for Human Rights	310,692	310,692	-	295,836	295,836	-
Total	\$149,240,901	\$151,069,845	\$1,828,944	\$97,903,678	\$97,903,678	\$0
Human Services						
Office of Health and Human Services	\$1,561,011,456	\$1,424,270,855	(\$136,740,601)	\$1,524,436,297	\$1,461,148,150	(\$63,288,147)
Children, Youth, and Families	62,235,275	62,202,837	(32,438)	58,167,464	58,927,126	759,662
Health	66,960,648	69,625,405	2,664,757	63,405,159	65,752,434	2,347,275
Human Services	525,722,659	524,207,412	(1,515,247)	517,564,219	517,462,308	(101,911)
BHDDH	181,151,974	185,561,701	4,409,727	180,590,102	182,605,186	2,015,084
Governor's Commission on Disabilities	305,524	305,524	-	-	35,459	35,459
Office of the Child Advocate	50,000	50,000	-	-	45,000	45,000
Total	\$2,397,437,536	\$2,266,223,734	(\$131,213,802)	\$2,344,163,241	\$2,285,975,663	(\$58,187,578)
Education						
Elementary and Secondary Education	\$213,815,072	\$214,845,235	\$1,030,163	\$202,962,314	\$203,962,314	\$1,000,000
Public Higher Education	5,099,787	5,099,787	-	15,442,544	15,092,544	(350,000)
Council on the Arts	735,546	735,546	-	775,353	775,353	-
Atomic Energy Commission	351,171	351,171	-	54,699	54,699	-
Higher Education Assistance Authority	7,293,103	7,293,103	-	-	-	-
Historical Preservation and Heritage Comm.	2,255,295	2,259,795	4,500	2,054,893	2,075,393	20,500
Total	\$229,549,974	\$230,584,637	\$1,034,663	\$221,289,803	\$221,960,303	\$670,500
Public Safety						
Attorney General	\$2,679,629	\$2,679,629	\$0	\$1,291,777	\$1,291,777	\$0
Corrections	2,009,400	2,009,400	-	1,337,381	1,337,381	-
Judiciary	3,190,765	3,409,568	218,803	3,217,720	3,431,136	213,416
Military Staff	14,518,597	14,518,597	-	15,361,864	15,361,864	-
Emergency Management Agency	21,438,224	21,438,224	-	16,551,541	16,551,541	-
Public Safety	8,110,857	8,272,348	161,491	6,346,357	6,764,072	417,715
Public Defender	153,540	153,540	-	78,370	78,370	-
Total	\$52,101,012	\$52,481,306	\$380,294	\$44,185,010	\$44,816,141	\$631,131
Natural Resources						
Environmental Management	\$34,034,773	\$34,034,773	\$0	\$29,307,477	\$29,307,477	\$0
Coastal Resources Management Council	7,110,951	7,110,951	-	2,614,348	2,614,348	-
Total	\$41,145,724	\$41,145,724	\$0	\$31,921,825	\$31,921,825	\$0
Transportation						
Transportation	\$271,020,767	\$309,680,767	\$38,660,000	\$263,615,422	\$263,615,422	\$0
Grand Total	\$3,140,495,914	\$3,051,186,013	(\$89,309,901)	\$3,003,078,979	\$2,946,193,032	(\$56,885,947)

RESTRICTED RECEIPTS EXPENDITURES

	FY2015 Governor	FY2015 Budget	Change from Governor	FY2016 Governor	FY2016 Budget	Change from Governor
General Government						
Administration	\$31,970,438	\$33,430,042	\$1,459,604	\$29,795,027	\$28,853,407	(\$941,620)
Business Regulation	2,545,184	2,545,184	-	2,588,777	2,588,777	-
Labor and Training	51,418,162	51,418,162	-	23,130,150	21,495,150	(1,635,000)
Revenue	2,309,433	2,309,433	-	3,894,326	3,894,326	-
Legislature	1,515,318	1,515,318	-	1,680,873	1,680,873	-
Commerce	-	-	-	2,800,000	2,800,000	-
Lieutenant Governor	17,500	17,500	-	-	-	-
Secretary of State	541,262	541,262	-	599,108	599,108	-
General Treasurer	32,127,266	37,230,506	5,103,240	30,899,755	35,263,670	4,363,915
Public Utilities Commission	8,343,153	8,343,153	-	8,594,685	8,594,685	-
Total	\$130,787,716	\$137,350,560	\$6,562,844	\$103,982,701	\$105,769,996	\$1,787,295
Human Services						
Office of Health and Human Services	\$15,800,328	\$15,800,328	\$0	\$15,854,473	\$15,737,130	(\$117,343)
Children, Youth, and Families	2,840,143	2,840,143	-	2,838,967	2,838,967	-
Health	36,112,413	33,469,564	(2,642,849)	32,107,440	29,813,515	(2,293,925)
Human Services	3,024,518	3,074,518	50,000	2,076,036	2,076,036	-
BHDDH	8,790,976	8,790,976	-	9,180,797	9,180,797	-
Governor's Commission on Disabilities	9,931	9,931	-	-	10,009	10,009
Governor's Commission on the Deaf	80,000	80,000	-	-	80,000	80,000
Total	\$66,658,309	\$64,065,460	(\$2,592,849)	\$62,057,713	\$59,736,454	(\$2,321,259)
Education						
Elementary and Secondary Education	\$27,384,533	\$27,384,533	\$0	\$28,948,926	\$28,948,926	\$0
Public Higher Education	644,000	644,000	-	653,200	653,200	-
Historical Preservation and Heritage Comm.	428,630	428,630	-	428,630	428,630	-
Total	\$28,457,163	\$28,457,163	\$0	\$30,030,756	\$30,030,756	\$0
Public Safety						
Attorney General	\$12,702,915	\$12,702,915	\$0	\$1,250,330	\$7,250,330	\$6,000,000
Corrections	404,403	404,403	-	47,058	47,058	-
Judiciary	11,346,527	11,820,152	473,625	10,396,444	11,336,944	940,500
Military Staff	388,300	438,300	50,000	323,300	323,300	-
Emergency Management Agency	216,680	216,680	-	220,375	220,375	-
Public Safety	9,523,426	9,215,075	(308,351)	11,383,011	11,176,346	(206,665)
Total	\$34,582,251	\$34,797,525	\$215,274	\$23,620,518	\$30,354,353	\$6,733,835
Natural Resources						
Environmental Management	\$16,478,862	\$16,478,862	\$0	\$18,454,537	\$18,354,537	(\$100,000)
Coastal Resources Management Council	250,000	250,000	-	250,000	250,000	-
Total	\$16,728,862	\$16,728,862	\$0	\$18,704,537	\$18,604,537	(\$100,000)
Transportation						
Transportation	\$1,000,000	\$2,250,000	\$1,250,000	\$1,000,000	\$1,000,000	\$0
Grand Total	\$278,214,301	\$283,649,570	\$5,435,269	\$239,396,225	\$245,496,096	\$6,099,871

OTHER FUNDS EXPENDITURES

	FY2015 Governor	FY2015 Budget	Change from Governor	FY2016 Governor	FY2016 Budget	Change from Governor
General Government						
Administration	\$86,118,326	\$84,030,326	(\$2,088,000)	\$92,023,313	\$98,381,313	\$6,358,000
Labor and Training	375,689,215	376,689,215	1,000,000	375,489,337	375,746,028	256,691
Revenue	331,773,466	331,773,466	-	304,799,323	304,799,323	-
Commerce	-	-	-	300,000	300,000	-
Secretary of State	63,754	63,754	-	436,246	436,246	-
General Treasurer	218,994	218,994	-	218,818	518,818	300,000
Total	\$793,863,755	\$792,775,755	(\$1,088,000)	\$773,267,037	\$780,181,728	\$6,914,691
Human Services						
Children, Youth, and Families	\$3,242,960	\$1,004,374	(\$2,238,586)	\$0	\$2,238,586	\$2,238,586
Health	69,050	69,050	-	-	-	-
Human Services	4,327,981	4,562,823	234,842	4,327,981	4,593,478	265,497
BHDDH	6,078,515	5,538,515	(\$540,000)	6,671,000	6,671,000	-
Governor's Commission on Disabilities	900,000	650,000	(\$250,000)	-	-	-
Total	\$14,618,506	\$11,824,762	(\$2,793,744)	\$10,998,981	\$13,503,064	\$2,504,083
Education						
Elementary and Secondary Education	\$7,019,571	\$4,619,571	(\$2,400,000)	\$3,624,000	\$7,860,370	\$4,236,370
Public Higher Education	881,654,554	881,702,860	48,306	875,970,346	878,108,736	2,138,390
Council on the Arts	746,372	746,372	-	1,398,293	1,398,293	-
Atomic Energy Commission	346,180	346,180	-	325,300	325,300	-
Higher Education Assistance Authority	8,392,527	8,392,527	-	-	-	-
Historical Preservation and Heritage Comm.	2,190,549	2,190,549	-	71,708	71,708	-
Public Telecommunications Authority	-	-	-	-	-	-
Total	\$900,349,753	\$897,998,059	(\$2,351,694)	\$881,389,647	\$887,764,407	\$6,374,760
Public Safety						
Attorney General	\$250,000	\$250,000	\$0	\$300,000	\$300,000	\$0
Corrections	14,669,432	7,869,432	(6,800,000)	11,116,000	9,416,000	(1,700,000)
Judiciary	1,434,149	1,434,149	-	2,500,000	5,500,000	3,000,000
Military Staff	1,772,005	1,772,005	-	1,657,500	1,657,500	-
Emergency Management Agency	254,943	254,943	-	-	-	-
Public Safety	7,735,131	7,735,131	-	8,724,505	8,724,505	-
Total	\$26,115,660	\$19,315,660	(\$6,800,000)	\$24,298,005	\$25,598,005	\$1,300,000
Natural Resources						
Environmental Management	\$20,694,477	\$20,035,307	(\$659,170)	\$9,215,222	\$14,056,222	\$4,841,000
Coastal Resources Management Council	832,432	250,000	(582,432)	50,000	371,775	321,775
Total	\$21,526,909	\$20,285,307	(\$1,241,602)	\$9,265,222	\$14,427,997	\$5,162,775
Transportation						
Transportation	\$175,918,960	\$177,523,356	\$1,604,396	\$194,252,578	\$199,201,056	\$4,948,478
Grand Total	\$ 1,932,393,543	\$ 1,919,722,899	(\$12,670,644)	\$ 1,893,471,470	\$ 1,920,676,257	\$27,204,787

FTE POSITIONS

	FY2015 Governor	FY2015 Budget	Change to Gov	FY2016 Governor	FY2016 Budget	Change to Gov
General Government						
Administration	710.7	710.7	-	710.7	711.7	1.0
Business Regulation	98.0	98.0	-	99.0	98.0	(1.0)
Executive Office of Commerce	5.0	5.0	-	18.6	18.6	-
Labor and Training	410.0	410.0	-	410.0	410.0	-
Revenue	505.0	505.0	-	514.5	514.5	-
Legislature	298.5	298.5	-	298.5	298.5	-
Lieutenant Governor	8.0	8.0	-	8.0	8.0	-
Secretary of State	57.0	57.0	-	57.0	57.0	-
General Treasurer	83.0	83.0	-	83.0	84.0	1.0
Board of Elections	11.0	11.0	-	11.0	11.0	-
Ethics Commission	12.0	12.0	-	12.0	12.0	-
Office of the Governor	45.0	45.0	-	45.0	45.0	-
Commission for Human Rights	14.5	14.5	-	14.5	14.5	-
Public Utilities Commission	50.0	50.0	-	50.0	50.0	-
Total	2,307.7	2,307.7	-	2,331.8	2,332.8	1.0
Human Services						
Office of Health and Human Services	184.0	184.0		202.0	187.0	(15.0)
Children, Youth, and Families	672.5	672.5		672.5	672.5	-
Health	491.3	491.3		488.6	490.6	2.0
Human Services	959.1	959.1		959.1	959.1	-
BHDDH	1,420.4	1,420.4		1,421.4	1,421.4	-
Office of the Child Advocate	6.0	6.0		-	6.0	6.0
Governor's Commission on the Deaf	3.0	3.0		-	3.0	3.0
Governor's Commission on Disabilities	4.0	4.0		-	4.0	4.0
Office of the Mental Health Advocate	3.7	3.7		-	4.0	4.0
Total	3,744.0	3,744.0		3,743.6	3,747.6	4.0
Education						
Elementary and Secondary Education	344.4	344.4		339.4	337.4	(2.0)
Public Higher Education	3,498.4	3,498.4		3,518.4	3,513.4	(5.0)
Council on the Arts	6.0	6.0		6.0	6.0	-
Atomic Energy Commission	8.6	8.6		8.6	8.6	-
Higher Education Assistance Authority	22.0	22.0		-	-	-
Historical Preservation and Heritage Commission	16.6	16.6		16.6	16.6	-
Total	3,896.0	3,896.0		3,889.0	3,882.0	(7.0)
Public Safety						
Attorney General	236.1	236.1		236.1	236.1	-
Corrections	1,419.0	1,419.0		1,419.0	1,419.0	-
Judiciary	723.3	723.3		723.3	724.3	1.0
Military Staff	85.0	85.0		92.0	92.0	-
Emergency Management	32.0	32.0		32.0	32.0	-
Public Safety	633.2	633.2		633.2	633.2	-
Public Defender	93.0	93.0		93.0	93.0	-
Total	3,221.6	3,221.6		3,228.6	3,229.6	1.0
Natural Resources						
Environmental Management	399.0	399.0		399.0	399.0	-
Coastal Resources Management Council	29.0	29.0		29.0	29.0	-
Total	428.0	428.0		428.0	428.0	-
Transportation						
Transportation	752.6	752.6		752.6	752.6	-
Higher Education Sponsored Research						
Office of Higher Education	1.0	1.0		1.0	1.0	-
CCRI	94.0	94.0		89.0	89.0	-
RIC	82.0	82.0		82.0	82.0	-
URI	573.8	573.8		573.8	573.8	-
Total	750.8	750.8		745.8	745.8	-
Grand Total	15,100.7	15,100.7		15,119.4	15,118.4	(1.0)

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Emergency Management Agency
Executive Office of Commerce
General Treasurer
Human Rights Commission
Labor and Training
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Public Utilities Commission
Quonset Development Corporation
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Elementary and Secondary Education
Environmental Management
Narragansett Bay Commission
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HealthSource RI
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