



SENATE FISCAL OFFICE  
REPORT

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**GOVERNOR'S FY2019 AND  
FY2018 SUPPLEMENTAL BUDGETS**

**2018-H-7200**

**FIRST LOOK**

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JANUARY 24, 2018

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## Overview

The Governor's FY2019 Budget recommendation totals \$3,832.3 million in general revenue; \$64.9 million greater than the FY2018 Budget as Enacted. The recommendation includes \$9,377.6 million in all funds; an increase of \$134.7 million above the FY2018 Budget as Enacted.

<b>Expenditures by Source</b>	<b>FY2017 Final</b>	<b>FY2018 Enacted</b>	<b>FY2018 Governor</b>	<b>Change to Enacted</b>	<b>FY2019 Governor</b>	<b>Change to Enacted</b>
General Revenue	\$3,672.5	\$3,767.7	\$3,806.7	\$39.0	\$3,829.3	\$61.6
Federal Funds	2,977.4	3,134.1	3,222.0	87.9	3,091.9	(42.3)
Restricted Receipts	228.0	261.7	275.8	14.1	285.5	23.8
Other Funds	1,881.3	2,079.2	2,157.7	78.4	2,171.1	91.9
<b>Total</b>	<b>\$8,759.2</b>	<b>\$9,242.8</b>	<b>\$9,462.3</b>	<b>\$219.4</b>	<b>\$9,377.7</b>	<b>\$134.9</b>

### Expenditures by Function

General Government	\$1,439.7	\$1,503.6	\$1,486.7	(\$16.9)	\$1,546.1	\$42.5
Human Services	3,838.3	3,935.3	4,038.9	103.6	3,897.5	(37.8)
Education	2,435.3	2,589.5	2,608.3	18.7	2,640.3	50.8
Public Safety	545.5	591.6	617.6	26.0	591.7	0.1
Natural Resources	84.6	108.8	115.8	7.0	109.7	0.9
Transportation	415.8	514.1	595.0	81.0	592.4	78.4
<b>Total</b>	<b>\$8,759.2</b>	<b>\$9,242.8</b>	<b>\$9,462.3</b>	<b>\$219.4</b>	<b>\$9,377.7</b>	<b>\$134.9</b>

<b>FTE Authorization</b>	<b>14,959.0</b>	<b>15,160.2</b>	<b>15,186.2</b>	<b>26.0</b>	<b>15,426.3</b>	<b>266.1</b>
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*\$ in millions. Totals may vary due to rounding.*

The Governor's FY2019 Budget closes the anticipated \$204.0 million current services operating deficit through a combination of revenue increases and expenditure reductions. The proposed budget relies upon state debt restructuring and refinancing, reserve transfers from several quasi-public agencies, and assumptions of streamlined efficiencies and savings in state government operations and personnel to close this deficit.

#### FY2019 Deficit Solution

Projected deficit (July)	(\$237.3)
Nov REC/CEC	34.9
FY2018 Carry Forward	0.1
Rainy Day Fund	(1.7)
<b>Projected Deficit (January)</b>	<b>(\$204.0)</b>

#### Budget Initiatives

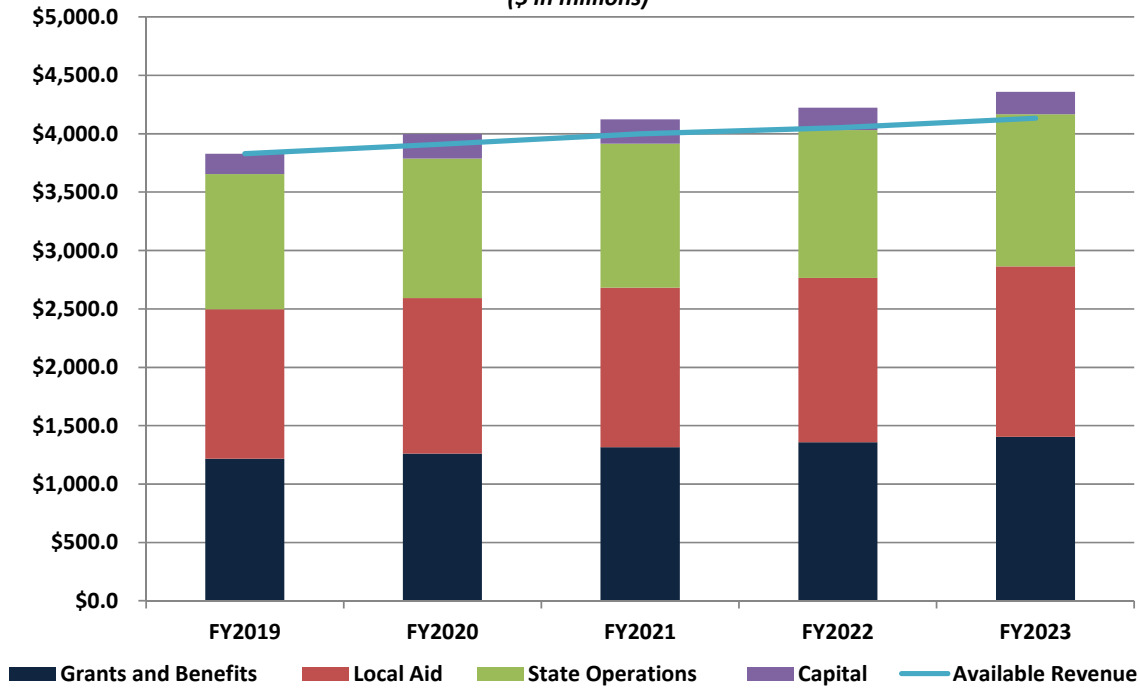
Expenditure Reductions	(\$121.3)
Transfers and Other Operational Changes	22.4
Tax and Fee Changes	61.2
<b>Projected Ending Balance</b>	<b>\$0.9</b>

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

## FIVE-YEAR FORECAST

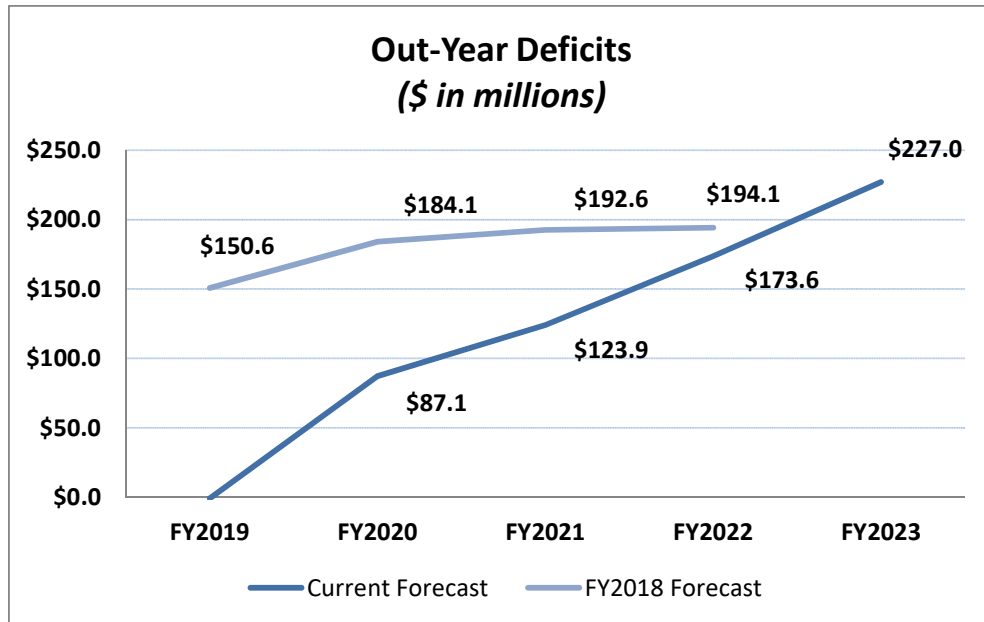
The Budget projects out-year deficits increasing from \$87.1 million in FY2020 (2.2 percent of spending) to \$227.0 million in FY2023 (5.2 percent of spending). Projected average annual revenue growth of 1.9 percent, coupled with a projected average annual increase in expenditures of 3.3 percent, creates the State's projected deficit. Specific drivers include the expansion of Massachusetts gaming facilities and increased motor vehicle excise tax reimbursements to cities and towns.

**FY2019-FY2023 Out Year Projections**  
 (\$ in millions)



Out-year deficit projections are lower than what was forecast one year ago. Increasing base revenue collections and assumed implementation of FY2019 expenditure reductions combine to reduce the FY2022 projected deficit by \$20.5 million.

**Out-Year Deficits**  
 (\$ in millions)



## Revenue Changes

The Governor's FY2019 Budget increases general revenue collections by an estimated \$84.8 million above the November 2017 revenue estimate, excluding the annually enacted hospital license fee. The Governor includes \$182.0 million for the fee. New revenue initiatives include sports betting at the Lincoln and Tiverton casinos, restructuring and enhancements at the Department of Revenue, increases in excise taxes on cigarettes and other tobacco products, and shifting reserve funds from quasi-public agencies to general revenue.

<b>Governor's Recommended Revenue Changes</b>	<b>FY2019</b>
Sports Wagering and Other Lottery	\$27.6
DOR Revenue Enhancements	14.8
Sales Tax Expansion	14.5
Departmental Fees	9.8
Transfers from Quasi-Public Agencies	8.0
Medical Marijuana Program Changes	5.1
Increase Excise Tax on Cigarettes	3.9
DMV Fees	3.1
Other Tobacco	2.3
Repeal Job Training Tax Credit	0.5
DBR Bank Examiners	0.3
Childcare Violation Fines (DCYF)	0.0
Delay in License Plate Reissuance	(1.8)
OHHS Initiatives	(3.2)
<b>Total</b>	<b>\$84.8</b>

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

### **Sports Wagering and Other Lottery Initiatives:**

**\$27.6 million**

The Governor includes \$27.6 million in additional revenue attributable to new gaming and lottery initiatives. Article 4 authorizes sports betting in Rhode Island, contingent upon federal law. State-operated sports wagering would be permitted at the Twin River and Tiverton Casinos. The Department of Revenue's Lottery Division is charged with implementing and overseeing the program. Betting would not be allowed on collegiate sports involving a school based in Rhode Island.

Article 4 also permits the Lottery to undertake time-limited pilot programs, including stadium gaming, for the purpose of identifying and evaluating potential new revenue opportunities.

The Budget Office estimates these initiatives combine to generate \$27.6 million in general revenue in FY2019.

### **DOR Revenue Enhancements**

**\$14.8 million**

The Governor includes \$14.8 million in general revenue related to reorganization and enhancements at the Department of Revenue aimed at securing monies owed the State. These enhancements include:

- **DOR Collections Unit:** The creation of a new division within the Department of Revenue (DOR) that would specialize in the management and collection of delinquent monies owed to the State. The new unit would assist other State agencies maximizing the collection of debt, fines, and other departmental revenues. The Budget Office estimates this initiative to generate \$1.3 million in additional revenue.
- **Restructuring the Division of Taxation:** The reorganization of the Division of Taxation's operations and personnel. The Budget includes 22.0 new FTE positions that will support revenue collection

enhancements and improvements around discovery, collections, and audits. The Budget Office estimates that these changes will result in \$13.5 million in general revenue.

### **Sales Tax Expansion**

**\$14.5 million**

The Governor recommends expanding the State sales tax to include two new services. The estimated general revenue impact of the change is \$14.5 million.

- **Security Services:** Article 4 imposes the sales tax on investigation, guard, and armored car services within the State. Revenue from this change is estimated to be \$9.7 million.
- **Software Services:** Article 4 also applies the sales tax to “vendor-hosted prewritten computer software”. The tax would apply to the purchase of software service that is accessed through the internet and/or a vendor-hosted server regardless of whether the access is permanent or temporary and regardless of whether any downloading occurs. Revenue is estimated to be \$4.8 million.

### **Departmental Fees**

**\$9.8 million**

The Governor includes \$9.8 million in additional revenue from changes in various fee structures across several State agencies. The following table summarizes the fee changes:

<b>FY2019 Departmental Fee Revenue Changes</b>			
<b>Department</b>	<b>Fee</b>	<b>Change</b>	<b>Revenue</b>
Department of Business Regulation	Mutual Fund Retailer	\$1,000 to \$1,500	\$4.6
	Claims Adjuster	\$150 to \$250	3.0
Department of Revenue	Registration Reinstatement fee on inspection stickers	Current Law = \$250	2.6
Commerce	Frozen processor license	\$160 to \$0.0	(0.1)
	Hair design shop; chair fee	\$50 to \$0.0	(0.1)
	Wholesale food processor license	\$500 to \$300	(0.1)
	Food Safety License	3 years to 5 years	(0.1)
<b>Total</b>			<b>\$9.8</b>

*\$ in millions*

### **Transfers from Quasi-Public Agencies**

**\$8.0 million**

The Governor transfers approximately \$8.0 million in reserves from two quasi-public agencies to support the General Fund.

<b>Agency</b>	<b>Amount</b>
Rhode Island Housing	\$5.0
Resource Recovery Corporation	3.0
<b>Total</b>	<b>\$8.0</b>

*\$ in millions*

### **Medical Marijuana Program Changes**

**\$5.1 million**

The Governor includes \$5.1 million in revenue attributable to a series of changes to the medical marijuana program. The following table summarizes these changes:



**Medical Marijuana Program/Revenue Changes**

<b>Change</b>	<b>Revenue</b>
Compassion Center Expansion (3 to 15)	\$3.0
Manufacturing and Research/Development Licenses	1.2
Acute Pain Eligibility	0.4
Out-of-State Cardholders (MA and CT only)	0.4
<b>Total</b>	<b>\$5.1</b>

*\$ in millions*

**Increase Excise Tax on Cigarettes****\$3.9 million**

The Governor proposes an increase of \$0.25 on the excise tax levied per pack of cigarettes, which raises the tax from \$4.25 to \$4.50 per pack of twenty, or to the equivalent of \$0.23 per cigarette. Floor stock tax is assessed at the same rate per pack of cigarettes. The additional excise, floor, and associated sales taxes from this change is estimated to generate an additional \$3.9 million in revenue.

**DMV Fees****\$3.1 million**

The Budget includes \$3.1 million in motor vehicle license and registration fees attributable to two initiatives at the Division of Motor Vehicles at the Department of Revenue.

- **REAL-ID:** The conversion to federally compliant driver's license/identification cards will generate an estimated \$2.1 million in fees. The Governor recommends that these fees do not transfer to the Rhode Island Highway Maintenance Account (RIHMA) but rather remain in the General Fund to fund additional staff at the DMV.
- **Duplicate License and Update Fee Consolidation:** Article 8 combines the duplicate license fee and license update fee. The Governor recommends leaving the estimated \$1.0 million in new revenue in the General Fund rather than transferred to the RIHMA.

**Other Tobacco****\$2.3 million**

The Governor recommends several changes to the excise taxes on tobacco products other than cigarettes including taxing electronic cigarettes. The following table summarizes the changes:

**Other Tobacco Product Revenue Changes**

<b>Change</b>	<b>Revenue</b>
Electronic Nicotine Delivery System Excise Tax	\$0.7
\$0.30 increase of Cigar Tax	0.6
Required purchase from Licensed Dealers, Manufacturers, and Distributors	1.0
<b>Total</b>	<b>\$2.3</b>

*\$ in millions*

**Repeal Job Training Tax Credit****\$450,000**

The Governor repeals the Job Training Tax Credit, effective for tax years beginning on and after January 1, 2018. The repeal is estimated to generate \$450,000 in business corporation revenue.

**DBR Bank Examiners****\$284,310**

The Budget includes funding and authorization for 2.0 Bank Examiner FTE positions. The positions will help the Department of Business Regulation (DBR) conduct the statutorily required exams and investigations to protect consumers from institutional insolvency. The two examiners are estimated to bring in \$284,310 in FY2019.

**Childcare Violation Fines (DCYF)****\$5,500**

The Governor recommends implementing a progressive penalty approach for childcare violations. Article 15 permits the Department of Children, Youth, and Families to assess a series of administrative penalties for violations of childcare regulations. This new fine structure is estimated to generate \$5,500 in FY2019.

**Delay License Plate Reissuance****(\$1.8 million)**

The Governor delays a required license plate reissuance until January 1, 2020. Under current law, registrants are charged \$6.00 for each set of license plates above the regular registration fee. The delay in implementing the issuance results in a loss of \$1.8 million in general revenue in FY2019.

Under RIGL 31-3-33, the DMV is required to issue new reflective license plates for all registered vehicles every 10 years.

**OHHS Initiatives****(\$3.2 million)**

The Governor reduces general revenue by \$3.2 million due to proposed reductions in payment rates related to Medicaid and from other health and human services initiatives. The following table summarizes the impacts:

<b>EOHHS Revenue Impacts</b>	
<b>Initiative</b>	<b>Revenue</b>
Dual Eligibility	(\$307,736)
Elimination of State-Only Contracts	(53,890)
Elimination of Inpatient UPL	(281,284)
Freeze Hospital Rates	(309,050)
Modernize LTSS Eligibility	(222,700)
MCO Administrative Rate Reduction	(111,266)
MCO Medical Rate Reduction	(880,222)
MCO Profit Margin Rate Reduction	(409,468)
NEMT Transportation Reform	(190,377)
Reallocate Perry-Sullivan Funding	(124,000)
Revenue Maximization Initiative	(45,896)
Limit Nursing Home Rate Increase	(296,799)
<b>Total</b>	<b>(\$3,232,688)</b>

**FY2018 SUPPLEMENTAL CHANGES****Reduction of the DMV Fee Transfer to RIHMA****\$10.3 million**

The Governor reduces the planned transfer of Division of Motor Vehicle fees to the Rhode Island Highway Maintenance Account. Article 8 lowers the amount of fees to be transferred from 80.0 percent to 60.0 percent in FY2018. This change is estimated to generate \$10.3 million in general revenue in FY2018.

**Transfers from Quasi-Public Agencies****\$17.5 million**

The Governor transfers approximately \$17.5 million in reserves from five quasi-public agencies to support the General Fund. The following table summarizes the transfers:

<b>Agency</b>	<b>Amount</b>
Rhode Island Housing	\$5.0
Infrastructure Bank	5.0
Student Loan Authority	3.0
Resource Recovery	3.0
Bridge and Turnpike Authority	1.5
<b>Total</b>	<b>\$17.5</b>

*\$ in millions*

## Expenditure Changes by Agency

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Unless otherwise specified, dollar amounts refer to general revenue.

**Administration:** The Governor includes \$16.3 million in additional general revenue for debt service on general obligation bonds. The increase reflects in part, new issuances, but also reflects increased debt service on bonds refinanced in previous fiscal years that produced short-term savings with the understanding that future payments would increase. There is a similar general revenue increase of \$1.6 million for Certificates of Participation debt service.

The Governor also includes general revenue increases of \$1.1 million for the first principal payment on the I-195 Redevelopment Bonds, and \$2.5 million for debt service related to the Garrahy Courthouse Garage construction.

- **Rotary Funds:** Article 7, Section 10 of the FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for each agency and allow the Department of Administration to draw upon these accounts for billable centralized services and deposit the funds into the rotary accounts under the Department of Administration. Based on this authorization, the Budget contains the following all funds shift and FTE shift to Internal Service Funds:
  - Human Resources - \$10.0 million and 99.0 FTE positions
  - Information Technology - \$30.8 million and 194.0 FTE positions
  - Capital Asset and Maintenance - \$30.4 million

The Governor transfers 23.0 FTE positions along with the Division of Construction Permitting, Approvals, and Licensing to the Department of Business Regulation, The Governor includes a decrease of 3.0 FTE positions reflecting the transfer of the Water Resources Board and its functions from the Division of Planning to the Division of Public Utilities and Carriers.

**Business Regulation:** The Budget includes a \$6.7 million increase in general revenue (\$8.8 million in all funds) for the Department of Business Regulation (DBR).

The major budget initiatives include the following:

- **Internal Services Transfer:** \$998,693 increase in all funds within DBR. The FY2018 Budget as Enacted mandated the use of rotary accounts to address the centralized services billing costs associated with information technology, capital management and maintenance, and human resources.
- **Consolidation of Building, Construction, and Fire Code Regulatory Functions:** The Governor recommends establishing a new program within DBR that combines several building/construction regulatory responsibilities that are currently spread out across various State agencies. The program would bring together the staff and operations of:
  - The Contractor's Licensing Board
  - The Fire Code Safety Board of Appeal and Review
  - The Office of the State Fire Marshal
  - The Boards for Design Professionals

The Budget includes \$5.4 million in general revenue (\$7.8 million from all funds) for the program and transfers 59.0 FTEs positions to DBR from the State Fire Marshal (36.0) and Department of Administration (23.0).

- **Expansion of the Medical Marijuana Program:** The Governor recommends major restructuring to the State's medical marijuana program that results in an expansion of DBR responsibilities. The number

of State compassion centers permitted to distribute medical marijuana increases from three centers to fifteen. New licenses are established and the oversight of caregivers and authorized purchasers is transferred to DBR from the Department of Health. The Budget includes an increase of \$436,000 in restricted receipts and 3.0 Licensing Aid FTE positions to address the new responsibilities.

**Labor and Training:** The Governor's Budget increases general revenue expenditures by \$1.6 million (\$24.2 million all funds) relative to the FY2018 Enacted level. The major changes include the following:

- **Internal Services:** The Budget reflects a general revenue increase of \$600,000 for the decentralization of budgetary authority for statewide services provided by the Department of Administration's Division of Human Resources, Capital Asset Management and Maintenance, and Information Technology.
- **Jobs Training Tax Credit:** The Governor repeals the Jobs Training Tax Credit (JTTC) program and reinvests the recovered general revenues into the Real Jobs Rhode Island (RJRI) program. The Governor's Budget includes an additional \$450,000 in general revenue based on the estimated increase in general revenue receipts in the first year after elimination of this tax credit.
- **Opioid Addiction Recovery:** The Governor includes an additional \$400,000 in general revenue to assist Rhode Islanders in recovery from opioid addiction get access to supportive employment services.
- **Real Jobs Rhode Island:** The Governor codifies the Real Jobs Rhode Island (RJRI) program into law to provide assurance to employers that are participating now and those that are contemplating future participation that the RJRI program is Rhode Island's workforce strategy.
- **Unemployment Insurance Tax Formula:** The Governor establishes a formula in the Unemployment Insurance tax laws that would enable the Department to adjust the Job Development Assessment on an annual basis to invest the interest earned by the Employment Security (ED) Fund into the RJRI program. The Budget estimates additional restricted receipt resources of approximately \$7.0 million from this initiative.
- **Workplace Fraud Oversight:** The Governor provides an additional \$600,000 in restricted receipts to fund existing authorized positions to enhance workplace fraud oversight.

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

### ***Reorganization***

The Governor recommends several changes to the DOR organizational structure to better support revenue collections and the administration of the tax system. These changes are:

- **Restructuring the Division of Taxation:** \$4.2 million in additional general revenue is budgeted to support the reorganization of Taxation's operations and personnel. The Budget includes \$2.6 million in general revenue to fund 22.0 new FTE positions that will support revenue collection enhancements and improvements around discovery, collections, and audits.
- **Establishing a New Division of Collections:** \$591,609 in general revenue is budgeted to support a pilot unit within the DOR that would centralize the management and administration of revenue collection function across the state. The phased-in unit would seek to develop and hire staff with experience in the management of collecting delinquent debt. The Governor estimates the reorganization would yield \$1.3 million in more revenue in FY2019.
- **Internal Services Transfer:** \$6.2 million increase across all funds within the DOR. The FY2018 Budget as Enacted mandated the use of rotary accounts to address the centralized services billing costs associated with information technology, capital management and maintenance, and human resources.

**State Aid**

The Budget includes \$115.8 million across all sources of funds for the State Aid program, including an increase of \$20.3 million in general revenue. This increase is attributable to:

- **Motor Vehicle Excise Tax Payment:** \$18.8 million in additional general revenue budgeted for the actual reimbursements to towns and cities under the motor vehicle tax phase out based on current law.
- **PILOT:** \$883,898 in additional revenue to fund the Payment in Lieu of Taxes (PILOT) program at the statutory maximum of 27.0 percent of assessed property taxes on eligible exempt properties.
- **Property Revaluation:** \$693,306 in additional revenue for the Property Revaluation program based on the number of communities scheduled to conduct revaluations and statistical updates in FY2019.

**Lottery**

The Governor recommends an increase of \$25.0 million across all funds for the Lottery. The major adjustments include:

- **Lottery Sales:** \$21.1 million more from lottery payments as a result from the November 2017 Revenue Estimating Conference.
- **Security:** \$1.9 million in additional funding to cover increased security costs associated with the Tiverton Casino coming online.
- **Personnel:** \$1.7 million in additional personnel costs associated with the expanded casino operations in Tiverton (expected to open in November 2018). 23.0 FTE positions are added to the Lottery staff.
- **Operating Expenses:** \$905,104 for advertising and other operational expenditures.

**Secretary of State:** The Budget includes \$438,592 within the Information Technology Investment Fund under the Department of Administration to continue the lease of the e-Poll books by the Office of the Secretary of State.

**Board of Elections:** The Budget adds a \$3.7 million in general revenue reflecting personnel, purchased services, and operating expenditures for voter operating supplies and expenses required in the upcoming General Election year, and \$2.6 million for the Campaign Matching Public Funds program

**Executive Office of Commerce:** The Governor includes \$37.3 million in general revenue to support new and existing initiatives designed to spur economic development. This includes \$24.0 million for Economic Development Initiatives and Commerce Programs, including:

- **RebuildRI:** \$15.0 million to assist economic development projects through the Rebuild RI program (\$3.0 million more than enacted level).
- **Wavemaker:** \$1.6 million to help retain talented graduates through the Wavemaker Fellowship program (\$800,000 more than enacted level).
- **I-195 Fund:** \$1.0 million for the I-195 Redevelopment Fund (\$1.0 million less than enacted level).
- **First Wave Closing Fund:** \$1.0 million in general revenue to provide gap financing to businesses in sectors deemed critical by the State.
- **Main Street RI:** \$500,000 to enhance local economic activity through the Main Street RI Streetscapes program.
- **Air Service Development:** \$500,000 to develop new air service at T. F. Green Airport.
- **Supply RI:** \$475,000 to fund a new program that would connect small suppliers with some the State's largest commercial purchasers.

- **P-Tech:** \$200,000 to sustain P-Tech, the information technology workforce development initiative.
- **Manufacturing Site Readiness:** \$300,000 to fund a new program to provide technical support to owners of privately held sites with potential to be “pad-ready” locations for siting manufacturers looking to relocate.
- **Polaris Manufacturing Technical Assistance Program:** The Governor includes \$100,000 in general revenue for the Polaris Manufacturing Technical Assistance Program (Polaris), an intermediary and training provider that seeks to enhance the competitiveness of RI manufacturers.

The Budget provides the EOC’s Central Management program with \$1.3 million in general revenue. This includes the following initiatives:

- **Internal Services Transfer:** \$316,747 increase across all funds within the EOC. The FY2018 Budget as Enacted mandated the use of rotary accounts to address the centralized services billing costs associated with information technology, capital management and maintenance, and human resources.
- **Deputy Secretary:** The Governor recommends an increase in personnel costs of \$82,798, including funding the Deputy Secretary FTE position, which will primarily focus on housing and homelessness.

**Executive Office of Health and Human Services:** The Governor proposes \$935.9 million in general revenue expenditures (\$2,477.0 million all funds) to fund the Executive Office of Health and Human Services (EOHHS) in FY2019, decreasing general revenue expenditures by \$28.4 million (\$64.6 million all funds) from the FY2018 Budget as Enacted. Major general revenue changes include the following:

#### ***Caseload Estimating Conference***

- Adds \$66.4 million in general revenue funds to reflect changes adopted at the November 2017 Caseload Estimating Conference.

#### ***Hospitals***

- Reduces general revenue expenditures by \$5.4 million by freezing current Medicaid reimbursement rates to hospitals.
- Saves \$5.3 million in general revenue by eliminating the inpatient Upper Payment Limit (UPL) funding pool.
- Reduces funding pool in support of Graduate Medical Education (GME) at Rhode Island’s academic Level I trauma center hospital by \$3.3 million. The remaining \$1.5 million targeted for amended program for mental health and substance abuse treatment and training at all of the State’s teaching hospitals.

#### ***Managed Care Organizations (MCOs)***

- Establishes a “quality withhold” on the medical component of MCO rates for improved care standards and savings, saving \$14.9 million in general revenue.
- Eliminates the guaranteed profit margin component of MCO rates, equivalent to 1.5 percent of administrative and medical premiums, saving \$6.9 million. The guarantees were intended to allow MCOs to bolster their reserves.
- Saves \$1.9 million by reducing MCO administrative rates by 2.5 percent.

#### ***Long Term Services and Supports***

- Limits the nursing facility per diem increase to 1.0 percent, saving \$2.6 million in general revenue funding. The increase, scheduled to occur on October 1, 2018, is reduced by roughly two-thirds.

- Redirects \$3.0 million in Perry-Sullivan funding; the funds are to be used “for the express purpose of promoting and strengthening community-based alternative” long-term care settings. The budget uses Perry-Sullivan funds in lieu of other general revenues for the home care wage increase enacted in FY2018.

#### **Other Services and Adjustments**

- Assumes the Children’s Health Insurance Program will be reauthorized at the federal level at the enhanced match rate that was effective in FY2018. The November 2017 Caseload Estimating Conference removed the funding to reflect current law. The Governor removes \$28.5 million in general revenue based on the assumed reauthorization.
- Restructures the delivery system for dual-eligible recipients of Long-Term Services and Supports, saving \$10.3 million. It is proposed as a transitional arrangement while developing a permanent plan beginning in FY2020.
- Reduces general revenue payments for Long-Term Services and Supports by \$5.3 million from enhanced eligibility verification, including automated asset verification, elimination of retroactive coverage, and by closing loopholes in the resource test.
- Re-procures the State’s non-emergency medical transportation contract, saving \$3.8 million.
- Adds co-payments for various Medicaid services for adults, including inpatient hospital visits, non-emergency visits to emergency rooms, non-preventative physician visits, and prescription drug coverage. This saves \$3.2 million in general revenue funding in FY2019.
- Eliminates several state-only services, including Cortical Integrative Therapy, Community Health Teams- Rhode Island, the Recovery Navigation Program, and the Housing Stabilization Program. The programs are not eligible for federal matching funds and elimination saves \$1.6 million in general revenue funding.
- Maximizes revenue collections by expanding and improving the RIte Share program, saving \$1.6 million.

**Department of Children, Youth, and Families:** The Budget increases general revenue expenditures by \$2.8 million (\$102,551 all funds) relative the FY2018 Enacted level. The major general revenue changes include the following:

- **Internal Services:** The Budget reflects a general revenue increase of \$3.4 million for the decentralization of statewide services provided by the Department of Administration’s Division of Human Resources, Capital Asset Management and Maintenance, and Information Technology to the agency.
- **Voluntary Extension of Care:** The Governor provides \$1.7 million and 7.0 FTE positions to implement the new Voluntary Extension of Care program which will reform and replace existing programs related to services and care provided to youth 18 to 21 years old, who were formerly in the custody of DCYF.
- **Foster Care Rates:** The Budget includes \$1.1 million for increased foster care rates.
- **Congregate Care:** The Governor reduces general revenue expenditures by \$4.4 million for anticipated savings due to decreased congregate care placements.
- **Increased Federal Claiming:** The Governor includes \$2.5 million for general revenue savings associated with increased federal Title IV-E and Medicaid claiming. Title IV-E of the Social Security Act authorizes the federal Foster Care and Adoption Assistance programs to provide federal matching funds to states.

**Health:** The Budget includes \$1.6 million within the Information Technology Investment Fund under the Department of Administration to fund an upgrade to the electronic vital records system. To partially offset the costs of the project, the Governor recommends the following fee increases:

- Walk-in certified records request, \$20 to \$22
- Mail-in certified records request, \$20 to \$25
- Duplicate records, \$15 to \$18
- Municipal cost allocation for certified copies, \$6 to \$8

In addition the Governor recommends a net increase of 11.0 FTE positions. This includes 13.0 new FTE positions that are mostly connected to the drug overdose and intervention, offset by the transfer of 2.0 FTE positions (Beauty Shop Inspector and a Health Services Licensing Aide II) to the Department of Business Regulation.

**Human Services:** The Governor's Budget increases general revenue expenditures by \$12.6 million relative to the FY2018 Enacted level. The major general revenue changes include the following:

- **Internal Services:** The Budget reflects a general revenue increase of \$4.8 million for the decentralization of budgetary authority for statewide services provided by the Department of Administration's Division of Human Resources, Capital Asset Management and Maintenance, and Information Technology.
- **Child Support Enforcement:** The Governor includes general revenue savings of \$1.1 million for child support enforcement. This reduction includes an investment of approximately \$600,000 which will allow the Department to establish paternity subsequent to Medicaid enrollment. The investment will yield approximately \$1.6 million in savings from increased Medicaid match by transitioning families with available cash resources from regular FMAP to enhanced FMAP.
- **Supplemental Security Income:** The Governor includes a general revenue increase of \$1.0 million, reflecting caseloads as adopted by the November 2017 Caseload Estimating Conference.
- **Child Care Incentive:** The Governor provides an additional \$1.5 million in general revenue to provide an incentive to providers with higher Bright Star rankings who will receive additional funding compared with the lower tiers.
- **Child Care:** The Governor includes an additional \$5.6 million in general revenue, reflecting caseloads as adopted by the November 2017 Caseload Estimating Conference. The majority of the increase is related to the Child Development Block Grant reauthorization, which adds federal requirements for funding including 12-month continuous eligibility, services to homeless children and families, prioritization of infants and toddlers, and a graduated phase out.
- **Elderly Affairs:** The Governor includes an additional \$400,000 in general revenue to support senior services and fund programs that increase senior independence and engagement in the community.

**Behavioral Healthcare, Developmental Disabilities, and Hospitals:** The Governor recommends \$400.7 million in total funding for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH), including a net \$3.3 million increase in general revenue. The major adjustments and budgets initiatives by department include:

#### ***Agency-wide***

- **Internal Services Transfer:** \$8.4 million increase across all funds within BHDDH for centralized services. The FY2018 Budget as Enacted mandated the use of rotary accounts to address the centralized services billing costs associated with information technology, capital management and maintenance, and human resources.



***Developmental Disabilities***

- **Developmental Disability Services:** \$2.4 million of additional general revenue related to authorizations and services for individuals with developmental and intellectual disabilities.
- **RICLAS Consolidation:** \$1.7 million reduction in general revenue related to overtime reductions and facility closures under the Rhode Island Community Living and Supports (RICLAS) program.
- **Enhanced Medicaid Match:** \$530,000 general revenue savings associated with an enhanced match on Medicaid for administrative costs with BHDDH.
- **Consent Decree Court Monitor:** \$450,000 reduction in general revenue related to the transfer of the budget for the Court Monitor contract required by the United States Department of Justice's consent decree from BHDDH to the Executive Office of Health and Human Services.

***Behavioral Healthcare Services***

- **Behavioral Healthcare Link:** \$1.0 million of additional general revenue for the State's Behavioral Healthcare Link, a statewide resource aimed at providing a 24-hour community-based assessment, triage and treatment for crises.

***Hospital and Community Rehabilitation Services***

- **Eleanor Slater Hospital Expense Reduction:** \$2.6 million reduction in general revenue to reflect current staffing levels and patient needs.
- **Eleanor Slater Hospital Workers' Compensation Reduction:** \$491,693 decrease in general revenue based on reduced overtime and workers' compensation claims.

**Office of the Child Advocate:** The Governor increase general revenues by \$43,641 (\$46,386 all funds) and adds a 0.6 FTE position over the FY2018 Enacted authorization of 8.0 FTEs. The additional FTE position will assist with the Office's monitoring responsibilities under the Children's Rights settlement agreement, as well as other statutorily mandated services including DCYF oversight, review of DCYF licensed facilities, family court ordered investigations, and child fatality and near fatality investigations.

**Elementary and Secondary Education:** The Governor increases funding in the Department by \$18.7 million in general revenue (\$31.3 million all funds). The major changes include the following:

- **Education Aid:** The Governor fully funds the eighth year of the education funding formula with an increase of \$11.0 million in general revenue. Funding for the Early Childhood categorical is increased by \$1.1 million from the Permanent School Fund. All of the other categorical funds are supported at the FY2018 level, except for Public School of Choice Density Aid which is reduced by \$412,500 in general revenue. The stabilization funds are all increased to moderate the impact of reduced funding due to the phase-in of the funding formula. Group Home Aid decreases by \$532,453 in general revenue pursuant statute requiring the average daily membership of a district to be decreased by the number of group home beds used in the group home calculation. The Governor also maintains funding for the Recovery High School at \$500,000, consistent with the FY2018 Budget as Enacted.
- **Administration of the Comprehensive Strategy (ACES):** The Budget provides an additional \$150,000 for PSAT/SAT testing due to an anticipated increase in participation rates; \$115,102 for the decentralization of statewide services provided by the Department of Administration's Division of Human Resources, Capital Asset Management and Maintenance, and Information Technology to the agency; and \$100,000 for the 3<sup>rd</sup> Grade Reading program to double proficiency by 2025. The Budget includes a decrease of \$486,883 in general revenues in the ACES program budget to reflect the shift of funding for 3.0 FTE positions associated with the School Building Authority to the School Building Authority Capital Fund.

- **2.0 new FTE positions:** The Governor recommends 2.0 new FTE positions. One position is for a Director of School Construction Services and will be funded through the School Building Authority Capital Fund. The other position will administer the Rhode Island Commission for National Community Services and will be federally funded. The Commission is primarily responsible for the oversight and grant distribution of the AmeriCorps and AmeriCorps Vista programs.
- **Teacher Retirement:** The Budget adds \$5.3 million in general revenue to fund the state's 40.0 percent share of the employer contribution for teacher retirement.
- **School Housing Aid:** The Governor fully funds the school housing aid program, based on updated project completion projections, at \$69.4 million, and recommends \$10.6 million for the School Building Authority Capital Fund, consistent with the FY2018 Budget as Enacted.

**Higher Education:** The Governor increases funding over the FY2018 Budget as Enacted by \$7.1 million in general revenue for Public Higher Education and does not include any increases in in-state tuition or mandatory fees at the institutions. Changes in general revenue funding include the following:

- **Rhode Island Promise Scholarship:** The Budget provides an increase of \$3.6 million in general revenue for the second year of the Rhode Island Promise Scholarship, for a total appropriation of \$6.4 million.
- **Performance Incentive Funding:** The Governor provides an increase of \$3.0 million (\$1.0 million for each institution) to be distributed based on the specific performance outcomes measured using metrics outlined in statute and promulgated by the Council on Postsecondary Education.
- **43.5 New FTE Positions:** The Governor recommends an increase of 2.0 new grant-funded FTE positions dedicated to higher education attainment, student supports, and financial aid activities, as well as 2.0 new FTE positions at the Westerly Education Center to accommodate the growing demand for services. The increases are partially offset by the elimination of 3.0 FTE positions from the Division of Higher Education Assistance. The Budget also provides for 19.5 new FTE positions at the University of Rhode Island (URI) and 23.0 new FTE positions at Rhode Island College. Sponsored research positions increase by 49.0 FTE positions at URI.

**Historical Preservation and Heritage Commission:** The Governor's Budget increases general revenue expenditures by \$66,157 relative to the FY2018 Enacted level, including a general revenue increase of \$94,726 for the decentralization of budgetary authority for statewide services provided by the Department of Administration's Division of Human Resources, Capital Asset Management and Maintenance, and Information Technology.

**Attorney General:** The Governor's Budget increases general revenue expenditures by \$957,971 relative to the FY2018 Enacted level. The major changes include the following:

- **Internal Services:** The Budget reflects a general revenue increase of \$29,581 for the decentralization of budgetary authority for statewide services provided by the Department of Administration's Division of Human Resources, Capital Asset Management and Maintenance, and Information Technology.
- **Personnel:** The Governor includes an additional \$584,818 in general revenue for increases in personnel costs.
- **Criminal Division:** Within the Criminal Division the Governor provides an additional \$193,610 in general revenues, \$187,500 for State Medical Fraud Control, and \$6,100 for an increase in the operational costs in judicial facilities.
- **Google Funds:** The Governor also includes \$10.4 million in Google forfeiture funds for continued renovations on the offices at 180 South Main Street in Providence.

**Corrections:** The Governor's Budget increases general revenue expenditures by \$14.7 million relative to the FY2018 Enacted level. The major general revenue changes include the following:

- **Internal Services:** The Budget reflects a general revenue increase of \$14.1 million for the decentralization of budgetary authority for statewide services provided by the Department of Administration's Division of Human Resources, Capital Asset Management and Maintenance, and Information Technology.
- **Overtime:** There is an anticipated general revenue savings of \$1.2 million related to a reduction in overtime. These savings are partially achieved through the continued closure of the Bernadette Guay Facility and the hiring of new graduates from the correctional officer training class.
- **Per Capita Inmate Expenses:** The Governor includes an anticipated general revenue savings of \$501,743 related to a decrease in the projected inmate population from 3,059 to 2,865.
- **U.S. Department of Justice Lawsuit Settlement:** The Governor includes \$700,000 for the U.S. Department of Justice Lawsuit Settlement: \$450,000 is for payouts to eligible individuals, and \$250,000 is to complete the formulation of a new Correctional Officer test, as mandated by the settlement.
- **Correctional Officer Positions:** The Governor includes an additional \$1.5 million in general revenue related to the hiring of 70 trainees from the Correctional Officer Academy training class. There are currently 54.0 Correctional Officer positions vacant, the Governor increased the cap by 16.0 FTEs allowing for a total of 70.0 Correctional Officer positions.
- **Justice Reinvestment Initiative:** There is an anticipated savings of \$393,000 related to the Justice Reinvestment Initiative, mainly due to a delay in the initiation of the cognitive behavior therapy contract with Community Solutions.

**Public Safety:** The Governor recommends an additional \$1.3 million in general revenue to support the operations the Department of Public Safety (DPS). Major FY2019 budget initiatives include:

- **Internal Services Transfer:** \$1.1 million increase across all funds within the DPS. The FY2018 Budget as Enacted mandated the use of rotary accounts to address the centralized services billing costs associated with information technology, capital management and maintenance, and human resources.
- **E-911 Personnel:** The Budget includes \$153,881 to fund 2.0 Telecommunicator FTE positions to assist with the increase calls associated with the Next Generation 9-1-1 service.
- **State Fire Marshal to DBR:** The Governor recommends moving the Office of the State Fire Marshal to the Department of Business Regulation from the Department of Public Safety as part of a consolidation of business and construction permitting functions from across State agencies. The move will transfer 36.0 FTE positions to DBR from DPS.
- **Capital Police Personnel and Operations:** The Budget includes \$144,512 to fund 2.0 Screener FTE positions to assist the Capitol Police at the entrances of State buildings. The Budget also includes \$11,625 to finance the costs of a Capitol Police Academy in FY2019.
- **Injured on Duty Reform:** The Governor includes \$331,986 in savings within the Security Services-Division of Sheriffs based on anticipated staffing levels in response to proposed reforms related to injured-on-duty laws.
- **Municipal Training Academy Fiscal and Operational Reforms:** The Governor recommends that a restricted receipt account be established to support the operations of the Municipal Training Academy. The account would be funded by a newly instituted tuition to be paid by recruits and new statewide physical fitness test fees. DPS estimates that tuition and fees will generate \$255,000 in FY2019. The Governor is also recommending that all Academy activities take place at Camp Fogarty in East Greenwich. Currently, the Academy conducts training across six locations, with most activity taking place at CCRI in Lincoln. The move is estimated to save \$19,474 in general revenue per year.
- **State Police Training Academy:** \$3.2 million to finance an FY2019 training academy for 30 recruits.

- **Vehicles and Maintenance:** \$2.7 million from the Google Forfeiture restricted receipts to replace aging vehicles with over 100,000 miles and \$250,000 in general revenue for maintenance.
- **Information Technology Upgrades:** \$1.1 million from the Google Forfeiture restricted receipts to replace laptops, printers, renew software licenses, fingerprint equipment, and a three-year, phased-in mobile radio upgrade.
- **Naloxone:** \$12,000 from the Google Forfeiture restricted receipts to purchase additional naloxone to assist the State Police with opioid overdoses.

**Public Defender:** The Budget adds \$173,280 in general revenue and increases the FTE authorization to fund two additional entry-level attorney positions to address the high caseload handled by the current attorney staff.

**Environmental Management:** The Budget increases general revenue by \$1.9 million (a decrease of \$480,080 all funds). The major changes include the following:

- **Internal Services:** The Budget includes an increase of \$2.6 million in general revenue to reflect the decentralization of statewide services provided by the Department of Administration's Division of Human Resources, Capital Asset Management and Maintenance, and Information Technology to the agency.
- **Clean Diesel Program:** The Governor eliminates funding for the Clean Diesel Program for a reduction of \$1.0 million from the FY2018 enacted level. The program was designed to reduce emissions from heavy-duty diesel engines and assist companies with increasing supply chain efficiencies.
- **Minimum Wage Increase:** The Budget includes an additional \$107,868 to fund the impact of the proposed minimum wage increase on the Department's seasonal recreational program, and an increase of \$124,762 to reflect a projected increase in projected hours based on actual data.

**Transportation:** The Governor recommends \$592.4 million in total funding for the Department of Transportation (DOT). This includes \$292.0 million in federal funds, \$245.6 million in other funds, \$51.8 million from the Rhode Island Capital Plan Fund, and \$3.0 million in restricted receipts. All funds increase by \$78.4 million relative to the FY2018 Enacted level. This includes a \$6.6 million increase in federal funds, a \$63.8 million increase in other funds, and an \$8.0 million increase in Rhode Island Capital Plan Funds. Major fund changes include the following:

- **Internal Services:** The Budget reflects an increase of \$2.5 million for the decentralization of budgetary authority for statewide services provided by the Department of Administration's Division of Human Resources, Capital Asset Management and Maintenance, and Information Technology. This increase is reflected in the agency gas tax budget.
- **Personnel:** The Governor provides an additional \$1.9 million for personnel costs. The Department plans to hire an additional 20.0 FTE positions, including a number of highway and bridge maintenance operators and laborers to further the Department's goal of relying less on outside contracts for maintenance services.
- **Rhode Island Highway Maintenance Account:** The Governor includes an additional \$22.6 million in other funds related to the Rhode Island Highway Maintenance Account portion of the Intermodal Surface Transportation Fund.
- **RIPTA Transfers:** The Governor includes an additional \$1.8 million for transfers to the Rhode Island Public Transit Authority (RIPTA). \$1.7 million is related to funding for three projects, ongoing transit and security enhancement project, the Downtown Providence Transit Connector project and the Downtown Pawtucket Bus Hub and Transit Corridor project. \$506,976 is due to additional revenues

from the final phase in the remaining Division of Motor Vehicles fees transferred from the General Fund to the Highway Maintenance Account.

- **Road and Bridge Maintenance:** The Governor provides an additional \$22.1 million for road and bridge maintenance, for a total of \$69.4 million. This is funded by revenues from the final phase in the remaining Department of Motor Vehicles fee transfer from the General Fund to the Highway Maintenance Account.
- **Toll Revenue:** The Governor includes \$41.0 million of toll revenue to reflect the completion and operation of all planned toll gantries.



## State Aid and Education Aid

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### STATE AID TO CITIES AND TOWNS

**Distressed Communities Relief Fund:** The Distressed Community Relief Fund is maintained at the FY2018 enacted level of \$12.4 million in FY2019. The City of Cranston qualifies for the Distressed Communities Relief Fund and will receive a 50.0 percent appropriation of \$1.2 million. In a year that a newly qualified community enters the program, it receives 50.0 percent of the current law requirement for the first year it qualifies. The remaining 50.0 percent of Cranston's appropriation will be divided among the remaining 7 distressed communities.

**Payment in Lieu of Taxes (PILOT):** PILOT is funded at \$46.1 million, a \$883,898 increase above the FY2018 enacted level. Current law requires reimbursement at 27.0 percent of forgone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The Governor's recommendation for FY2019 represents full reimbursement at the rate of 27.0 percent.

**Motor Vehicle Excise Tax Reimbursement:** The General Assembly enacted legislation in 2017 to phase out the motor vehicle excise tax by 2024. Municipalities are reimbursed annually for lost revenue. The Budget includes \$54.7 million in total reimbursement funding for cities and towns, an increase of \$18.8 million over the FY2018 enacted level.

**Library Grant-in-Aid:** The Governor level funds State Aid to Libraries at the FY2018 enacted amount of \$9.4 million in both FY2019 and revised FY2018.

**Library Construction Aid:** The Governor recommends \$2.2 million in FY2019 to fund reimbursement to communities for up to 50.0 percent of eligible costs of approved library construction projects. A moratorium on the acceptance of new applications for library construction projects, enacted in 2011 by the General Assembly, ended on July 1, 2014.

**Public Service Corporation Tax:** The FY2019 Budget provides \$13.1 million to be distributed to municipalities on July 31, 2018. This estimate is subject to change upon the receipt of final (December 2017) data in the spring of 2018.

**Meals & Beverage Tax:** The 1.0 percent tax on gross receipts from the sale of food and beverages is estimated to generate \$27.8 million in FY2018 and \$29.7 million in FY2019 for distribution to cities and towns.

**Hotel Tax:** A 1.0 percent local hotel tax and 25.0 percent of the local share of the state 5.0 percent tax is expected to generate \$10.0 million in FY2018 and \$10.9 million in FY2019 for distribution to cities and towns.

**Airport Impact Aid:** Airport impact aid payments to municipalities that have airports are level funded at approximately \$1.0 million for FY2019. The funding is provided annually through Article 1 of the budget and flows through the Rhode Island Commerce Corporation.

**Property Revaluation Reimbursement:** The Governor includes \$1.6 million to reimburse municipalities for a portion of the cost of conducting statistical property revaluations.

### *Other Municipal Aid*

**Main Street RI Fund:** The Governor includes \$500,000 million in FY2019 for a 50.0 percent matching grant for municipalities to upgrade streetscapes in business districts (lighting, street furniture, medians). Funding will flow through the Executive Office of Commerce.

## EDUCATION AID

### **Formula and Categorical Aid**

When the education funding formula was passed, categorical funds were identified that would not be distributed through the formula, but according to other methodology. The Governor includes an additional \$14.3 million in education aid, including an increase of \$11.0 million to fully fund the seventh year of the funding formula.

**Eighth Year of Funding Formula:** The Budget includes an increase of \$11.0 million to fully fund the education aid formula in the seventh year of the phase in. This increase brings total formula aid funding to \$922.2 million.

**Central Falls Stabilization:** Central Falls schools are currently 100.0 percent state funded. The State provides both the local and state contributions, as determined by the education funding formula. For FY2018, Central Falls' Stabilization funding is estimated to increase by \$1.7 million. The budget provides a total of \$8.4 million to fund this category.

**Transportation:** This category provides funding for transporting students to out-of-district, non-public schools for districts that participate in the statewide transportation system, and for 50.0 percent of the local costs associated with transporting students within regional school districts. The Governor recommends level funding this category at \$6.8 million in FY2019.

**Early Childhood Education:** This category provides funding for early childhood education programs. The Governor funds this category at \$7.4 million in FY2019, an increase of \$1.1 million over the FY2018 Budget as Enacted; however, the additional funds are provided from the Permanent School Fund, not general revenues.

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

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

**Group Homes:** The Governor's FY2019 Budget includes \$3.6 million to fund group home beds, \$532,463 less than the FY2018 Budget as Enacted. This decrease is recommended pursuant to the statute requiring that the average daily membership of a district be decreased by the number of group home beds used in the group home calculation.

**Davies Stabilization:** Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to Davies for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget provides an additional \$810,988 (\$4.0 million total) in FY2019.

Categorical	FY2019 Governor's Education Aid	
	Change from Enacted	Total Funding
Eighth Year of Formula	\$11.0	\$922.2
Central Falls Stabilization	1.7	8.4
Transportation	-	6.8
Early Childhood	1.1	7.4
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
Davies Stabilization	0.9	4.0
English Learners	-	2.5
Public School Choice Density	(0.4)	0.5
Met School Stabilization	0.6	1.3
Regionalization Bonus	-	-
Group Home Aid	(0.5)	3.6
<b>Total</b>	<b>\$14.3</b>	<b>\$965.7</b>

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



**English Learners:** Article 11 of the FY2017 Budget as Enacted established a category of aid that provides a 10.0 percentage point increase in the per-pupil core instruction amount for English learners. The Governor level funds this category at \$2.5 million.

**School Choice Density Aid:** Districts where 5.0 percent or more of the average daily membership attend charter schools, open enrollment schools, Davies, or the Met School will receive an additional \$50 per public school of choice student. Pursuant to current law, this represents reduction of \$50 per student from the FY2018 Budget. Total funding is \$498,000, a reduction of \$412,500 from the enacted level.

**Met Stabilization:** Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to the Met School for costs associated with a stand-alone high school offering both academic and career and technical coursework. An additional \$580,264 is recommended to provide a zero net impact on funding relative to FY2018. Total funding is \$1.3 million.

**Regionalization Bonus:** This category provides a bonus to regional districts and for those that regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year the bonus is 1.0 percent of the State's share, and in the third year the bonus phases out. The Governor provides no funding in FY2019, as no new regional districts have been formed.

#### ***Other Aid to Local Education Agencies (LEAs)***

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

**Telecommunications Education Access Fund (E-Rate):** The Governor recommends \$400,000 in general revenue for the Telecommunication Education Access Fund (E-Rate), consistent with the FY2018 Budget as Enacted. The purpose of the Rhode Island Telecommunications Education Access Fund (RITEAF or E-rate) is to fund a basic level of internet access for all qualified schools (kindergarten through grade 12) and libraries in the State.

**Textbook Reimbursement:** The Governor level funds the state Textbook Reimbursement Program (\$240,000) relative to the FY2018 Budget as Enacted. Currently, the State provides reimbursement to school districts for the cost of furnishing textbooks in the fields of English/language arts and history/social studies to resident students in grades K-12 attending non-public schools.

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

**School Housing Aid:** The Governor fully funds the school housing aid program, based on updated project completion projections, at \$69.4 million, and recommends \$10.6 million for the School Building Authority Capital Fund.

**Teacher Retirement:** The Governor recommends \$107.1 million for the State's share of teacher retirement, an increase of \$5.3 million over the FY2018 Budget as Enacted.



## Consolidations, Transfers, and Other Statewide Issues

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Unless otherwise specified, dollar amounts refer to general revenue.

**Rotary Funds:** Article 7, Section 10 of the FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for each agency and allow the Department of Administration to draw upon these accounts for billable centralized services and deposit the funds into the rotary accounts under the Department of Administration.

Rotary accounts are currently used to reimburse one agency for services provided by another. Previously rotary accounts were not used for centralized services that include information technology, capital asset management and maintenance, and human resources. This change will further the transparency of these expenses so that the expenditures will be clearly stated under each agency using the centralized services. It also will provide clarity in reporting the use of federal funds. DOA is required to report on a quarterly basis the fund activities by department and agency.

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

**Permitting and Design:** The Governor transfers the Division of Construction Permitting, Approvals, and Licensing, consisting of the State Building Code Commission, Contractor's Registration Board, and the Fire Safety Code Board of Appeal along with 26.0 FTE positions to a new consolidated division within the Department of Business Regulation.

**Fire Marshal:** The Governor's proposal transfers the Office of the State Fire Marshal into a new Building, Design, and Fire Professionals division the Department of Business Regulation.

**Administration:** The proposed budget includes a statewide savings of \$4.0 million general revenue savings reflecting contract and insurance reductions.



## FY2018 Supplemental

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Following are items of note in the Supplemental proposal:

- **Administration:** The Governor includes \$137.2 million in general revenue to fund the costs of the State's general obligation debt service in FY2018, or \$1.2 million less than the FY2018 Budget as Enacted. This includes increased costs for general obligation debt because recent debt refinancings produced savings in previous fiscal years but result increased debt service costs in future years. Offsetting the increase is savings reflecting the delay of a new bond issuance from FY2018 to FY2019, and several other smaller adjustments.
  - **Rotary Funds:** Article 7, Section 10 of the FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for each agency and allow the Department of Administration to draw upon these accounts for billable centralized services and deposit the funds into the rotary accounts under the Department of Administration. Based on this authorization, the Budget contains the following all fund shift and FTE shift to Internal Service Funds:
    - Human Resources - \$10.1 million and 100.0 FTE positions
    - Information Technology - \$30.6 million and 194.0 FTE positions
    - Capital Asset and Maintenance - \$30.2 million

There is an increase of \$3.3 million in federal funds to cover information technology and management consultants for the Rhode Island Health Benefits Exchange.

- **Business Regulation:** The Governor recommends shifting \$300,000 in general revenue from the Boards of Design Professionals to restricted receipts associated with the State's Contractor's Registration Board. This recommendation is in anticipation of the establishment of a new program within the Department of Business Regulation (DBR) with the purpose of providing a single point of contact for building and construction professionals. An all-funds transfer of \$888,401 shifts from the Department of Administration to DBR better account for centralized billing between the agencies regarding information technology, capital management and maintenance, and human resources expenditures.
- **Labor and Training:** The Governor increases general revenue by \$881,607 relative to the FY2018 Budget as Enacted. This increase is primarily due to the decentralization of budgetary authority for statewide services provided by the Department of Administration's Division of Human Resources, Capital Asset Management and Maintenance, and Information Technology.
- **Revenue:** The Budget decreases lottery payments by \$4.4 million as a result of the updated revenue estimates from VLT and table games as determined by the November 2017 Revenue Estimating Conference. The State Aid program decreases by \$1.4 million in general revenue and takes into account growth in the motor vehicle excise tax base and new data on local tax calculations.
- **Secretary of State:** The Governor adds \$194,715 in general revenue to complete the Administrative Procedures Act website project. The additional funding will be used to provide training assistance to staff. The Budget adds \$41,907 to begin cyber security testing on the State's Central Voter Registration System to protect against data breaches. The Governor includes \$107,546 in RICAP funds to complete the feasibility study for a new state archive structure.
- **General Treasury:** The Governor adds \$211,948 from the Unclaimed Properties restricted receipt fund based on adjusted estimates of property payments from the November 2017 Revenue Estimating Conference.
- **Commerce:** The Governor recommends that \$1.5 million in restricted receipts (EOC's share of the real estate conveyance tax) be used to make a required payment as part of a federal Housing and Urban Development corrective action plan related to the Neighborhood Stabilization Program. An all-funds

transfer of \$306,701 shifts from the Department of Administration to EOC to better account for centralized billing between the agencies regarding information technology, capital management and maintenance, and human resources expenditures.

- **Executive Office of Health and Human Services:** The Governor increases general revenue by \$14.2 million over the FY2018 Enacted Budget due to \$28.5 million in increased expenditures that were adopted in the November 2017 Caseload Estimating Conference. These increases are partially offset by an assumption that \$7.0 million in federal Children’s Health Insurance Program will be reauthorized; supplanting \$3.6 million in general revenue home care wage increase funding with Perry-Sullivan funding; and elimination of \$4.0 million in Graduate Medical Education funding for RI Hospital.
- **Children, Youth, and Families:** The Governor includes a net increase in general revenue of \$6.7 million (\$5.0 million all funds). Increases in general revenue are primarily due to the reduced savings target for increased Medicaid claiming (\$3.8 million); the decentralization of statewide services provided by the Department of Administration’s Division of Human Resources, Capital Asset Management and Maintenance, and Information Technology to the agency (\$3.4 million); and, increased investments in foster care and offsetting savings in congregate care (\$1.5 million). Reductions from personnel savings through the Voluntary Retirement Incentive Program (\$1.6 million), turnover trends, and the decreasing population at the Rhode Island Training school (\$600,000) partially offset increased costs.
- **Human Services:** The Budget provides an additional \$9.4 million in general revenue relative to the FY2018 Budget at Enacted. The increase is primarily associated with the decentralization of budgetary authority for statewide services provided by the Department of Administration’s Division of Human Resources, Capital Asset Management and Maintenance, and Information Technology (\$4.7 million). Other increases include staff and operating expenditures related to casework demand within the Individual and Family Support Division (\$4.4 million), and staffing for ongoing UHIP backlog and system issues (\$1.1 million). These increases are partially offset by decreases within the General Public Assistance program (\$223,551), and a reduction to account for changes in employee benefit and retirement rates (approximately \$200,000).
- **Behavioral Healthcare, Developmental Disabilities, and Hospitals:** The Governor recommends \$427.2 million in total revised funding for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) in the current fiscal year, including a net \$15.2 million increase in general revenue.
  - **Internal Services Transfer:** \$8.2 million increase across all funds within BHDDH for centralized services. The FY2018 Budget as Enacted mandated the use of rotary accounts to address the centralized services billing costs associated with information technology, capital management and maintenance, and human resources.
  - **Caseload and Service Utilization:** \$8.0 million of additional general revenue for costs related to direct services to the developmentally disabled services program.
  - **Developmental Disability Services:** \$1.7 million of additional general revenue related to authorizations and services for individuals with developmental and intellectual disabilities.
  - **RICLAS Consolidation:** \$204,078 reduction in general revenue related to overtime reductions and facility closures under the Rhode Island Community Living and Supports (RICLAS) program.
  - **Enhanced Medicaid Match:** \$530,000 general revenue savings associated with an enhanced match on Medicaid for administrative costs with BHDDH.
  - **Consent Decree Court Monitor:** \$450,000 reduction in general revenue related to the transfer of the budget for the Court Monitor contract required by the United States Department of Justice’s consent decree from BHDDH to the Executive Office of Health and Human Services.

- **Behavioral Healthcare Link:** \$303,651 of additional general revenue for the State's Behavioral Healthcare Link, a statewide resource aimed at providing a 24-hour community-based assessment, triage and treatment for crises.
  - **Eleanor Slater Hospital Expense Reduction:** \$1.6 million reduction in general revenue to reflect current staffing levels and patient needs.
- **Office of the Child Advocate:** The Budget decreases general revenue by \$84,443 (an increase of \$30,074 all funds) primarily due to an increase in available federal funding. The recommendation increases contracted professional services (\$30,000) to assist the Office with their increasing workload.
- **Elementary and Secondary Education:** The Budget provides an additional \$317,688 in general revenue across the system. The increase is due primarily to an anticipated increase in student participation in the state-funded PSAT/SAT testing (\$150,000); a shift of funding for Advance Placement tests for low income students from federal funds to general revenue (\$115,000); and, the decentralization of statewide services provided by the Department of Administration's Division of Human Resources, Capital Asset Management and Maintenance, and Information Technology to the agency (\$114,222). Other increases include increased cost associated with the teacher retirement (\$139,942); and an increase in Group Home aid attributable to an increase of five new beds in East Providence (\$85,000). These increases are partially offset by a decrease of funding for the non-public textbook loan program to reflect actual reimbursements requests (\$151,040) and anticipated turnover savings related to the Voluntary Retirement Incentive at Davies (\$82,699).
- **Higher Education:** The Budget decreases general revenue by \$113,599 across the system. Reductions are due primarily to the Voluntary Retirement Incentive at the institutions (\$1.0 million) and the finalization of tenant improvement and debt service costs at the Nursing Education Center (\$337,529), as well a withdrawal from the Information Technology Administrative Implementation fund (\$186,418) and personnel reductions at the Office of the Postsecondary Commissioner (\$151,517). Increases driven primarily by debt service (\$1.4 million), the Rhode Island Promise Scholarship program to meet the higher than anticipated enrollment at the Community College of Rhode Island (\$231,086) partially offset the reductions.
- **Attorney General:** The Budget includes a \$48,690 decrease in general revenue relative to the FY2018 Budget as Enacted. This decrease is partially attributed to a \$78,045 savings in statewide medical care, partially offsetting the decrease is a \$29,355 increase for the decentralization of budgetary authority for statewide services provided by the Department of Administration's Division of Human Resources, Capital Asset Management and Maintenance, and Information Technology. The Budget includes a \$215,074 reduction related to savings in personnel costs across all divisions of the Department. The Governor also includes an additional \$12.5 million in federal funds from Google forfeitures; these funds support ongoing construction of a new Customer Service Center on the Pastore Complex in Cranston, as well as continued renovations at the Department's headquarters in Providence.
- **Corrections:** The Budget increases general revenue by \$11.6 million relative to the FY2018 Budget as Enacted. The increase is primarily associated with the decentralization of budgetary authority for statewide services provided by the Department of Administration's Division of Human Resources, Capital Asset Management and Maintenance, and Information Technology (\$13.8 million), increases in overtime costs in supervisory programs (\$6.2 million), and additional funds for correctional officer training classes (\$325,597). These increases are partially offset by a decrease in personnel costs (\$2.0 million), funding for per capita inmate expenses (\$561,270), the consolidation of inmates in Minimum Security and closure of one module (\$340,773), as well as a decrease attributed to the Rhode Island Brotherhood of Correctional Officers contract settlement that was allocated to its proper accounts (\$6.7 million).

- **Military Staff:** The Budget increases general revenue funded personnel costs by \$484,972. The increase reflects the additional State share for firefighters at the Quonset Air Base that exceeds the federal compensation cap for firefighters injured on duty (IOD).
- **Public Safety:** The Governor includes an additional \$628,335 in general revenue for the Department of Public Safety in FY2018. This net increase is inclusive of the following initiatives:
  - **Vehicles and Maintenance:** \$1.4 million from the federal Google Forfeiture restricted receipts to replace aging vehicles with over 100,000 miles and \$250,000 in general revenue for maintenance.
  - **Information Technology Upgrades:** \$258,850 in general revenue for information technology upgrades at the North Scituate headquarters.
  - **Property Master Plan:** \$200,000 in RICAP funds to pay for the development of a master plan for State Police properties.
  - **Diversity Study:** \$125,000 in general revenue to complete the State Police's diversity study.
  - **State Police Academy:** \$100,712 in Google Forfeiture restricted receipt funds to cover costs associated with the recruitment and testing of candidates for the FY2019 Academy.
- **Environmental Management:** The Budget increases general revenue by \$1.1 million (\$4.6 million all funds) relative to the FY2018 Budget as Enacted. The major changes include an increase of \$2.5 million in general revenue to reflect the decentralization of statewide services provided by the Department of Administration's Division of Human Resources, Capital Asset Management and Maintenance, and Information Technology to the agency. The increase in general revenue is partially offset by a reduction of \$750,000 for the Clean Diesel Program leaving \$250,000 for grant funding, and \$497,707 to reflect staff vacancies as a result of the voluntary retirement incentive.
- **Transportation:** Relative to the FY2018 Enacted level the Budget increases federal funds by \$5.6 million, Rhode Island Capital Plan Fund financing by \$7.3 million, and other funds by \$67.5 million, while decreasing restricted receipts by \$82,050. The Budget includes \$10.3 million less in revenue for the Intermodal Surface Transportation fund, reducing the scheduled phase-in for FY2018 from 80.0 percent to 60.0 percent. The Governor decreases operating transfers to Rhode Island Public Transit Authority (RIPTA) and the Rhode Island Turnpike and Bridge Authority (RITBA) by \$936,146 and \$336,052, respectively, based on revised estimates to the per-penny gas tax yield. The Governor includes an additional \$11.2 million for the purchase of vehicles and heavy equipment for maintenance staff, due to a delay in the planned purchases from FY2017 to FY2018. The Governor includes an additional \$67.5 million in Highway Maintenance Account funding for various capital projects. This increase is mainly from unspent funds from FY2017 that will be used on a number of construction projects, including the reconstruction of the Route 6/10 interchange.



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## Articles

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### **Article 1: Relating to Making Appropriations in Support of FY2019**

This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 1 also makes the following changes:

- Sets the airport impact aid formula.
- Authorizes 15,426.3 FTE positions reflecting an increase of 266.1 FTE positions as compared to the authorized level set in the FY2018 Budget as Enacted.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.2 million.
- Requires that Rhode Island Housing and Mortgage Finance Corporation continue to provide resources to support the Neighborhood Opportunities Program; an amount, however, is not designated. The Article requires a report be provided to the Director of Administration, chair of the Housing Resources Commission, State Budget Officer, and the chairs of the House and Senate Finance Committees on the number of housing units produced and funding.
- Requires the following transfers be made to the State Controller by June 30, 2019: \$5.0 million from the Rhode Island Housing and Mortgage Finance Corporation, and \$3.0 million from Resource Recovery Corporation.

### **Article 2: Relating to State Funds**

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

- Amends RIGL 16-59-9 to expand the use of the Westerly Higher Education and Industry Center restricted receipt account for additional Industry Centers that may be established throughout the state.
- Amends RIGL 35-3-15 to change the date when the Governor reports the reappropriation of unexpended funds from the previous fiscal year from August 15 to September 1.
- Authorizes the State Budget Officer to impose a 10.0 percent indirect cost recovery on Rhode Island Capital Fund appropriations to fund direct project management costs of state employees. This effectively reduces the amount of capital projects that can be done by 10.0 percent.
- Exempts three restricted receipt accounts from the 10.0 percent indirect cost recovery charge provisions under RIGL 35-4-27. The proposed exemptions would apply to the Municipal Police Training Tuition and Fees; the School for the Deaf – School Breakfast and Lunch Program; and the School Construction Services account.
- Establishes a new restricted receipt account for the Atomic Energy Reactor fees to support the technical and maintenance of equipment.
- Establishes a new Performance Improvement Fund at the Department of Administration to support pay-for-success contracts.

### **Article 3: Relating to Government Reform**

This article makes several changes to the State's general laws regarding state offices, injured on duty firefighters, Tobacco Settlement Finance Corporation Board, and the withholding of state funds to municipal units. Specifically, this article:

- Authorizes the transfer of the Division of Construction Permitting, Approvals, and Licensing, consisting of the State Building Code Commission, Contractor's Registration Board, and the Fire Code

Board of Appeal along with 26.0 FTE positions to a new consolidated Building, Design, and Fire Professionals division within the Department of Business Regulation.

- Authorizes the transfer of the Office of the State Fire Marshal from the Department of Public Safety into a new consolidated Building, Design, and Fire Professionals division within the Department of Business Regulation.
- Clarifies in general law the 2015 legislative change that the Rhode Island Film Office is in the Rhode Island Council of Arts and not the Department of Administration.
- Amends RIGL 36-10-14 and 45-19-1 that apply to state employees receiving Injured on Duty (IOD) benefits. The amendment requires an IOD recipient's treating doctor or independent medical examiner (IME) may certify maximum medical improvement permanent disability from an injury. Either finding will require such recipient to apply for accidental disability pension benefit.
- Amends several sections of general law to allow the transfer of powers and duties of the Water Resources Board to the Division of Public Utilities and Carriers.
- Amends RIGL 42-133-6 regarding the board membership of the Tobacco Settlement Finance Corporation Board. The change removes members from the State Investment Commission and one general public member and replaces them with the State Budget Officer, the State Treasurer or designee, and the Director of Revenue or designee.
- Amends several sections of general law to expand which state funds may be withheld from a city or town that is delinquent in remitting funds owed to a state entity. This includes the local community proceeds of the hotel tax, the 1.0 percent local meals and beverage tax, and the CATV public service corporation tax. The article shortens the periods for which cities and towns are to pay any assessment made by a state or quasi government entity from 180 days to 90 days.

#### **Article 4: Relating to Tax and Revenues**

This article authorizes state-regulated sports betting and makes changes and adjustments to several of the State's tax laws and their enforcement.

- **Sports Wagering and Other Lottery Initiatives:** Authorizes sports betting in Rhode Island, contingent upon federal law. State-operated sports wagering would be permitted at the Twin River and Tiverton Casinos. The Department of Revenue's Lottery Division is charged with implementing and overseeing the program. Betting would not be allowed on collegiate sports involving a school based in Rhode Island.

The article permits the Lottery to undertake time-limited pilot programs, including stadium gaming, for the purpose of identifying and evaluating potential new revenue opportunities. The Lottery is also required to pay the employer contribution to the State Employees and Electing Teachers' OPEB system.

The Budget Office estimates these initiatives combine to generate \$27.6 million in general revenue in FY2019.

- **Sales Tax Expansion:** Subjects "vendor-hosted prewritten computer software" to the State's sales tax. The tax would apply to the purchase of software service that is accessed through the internet and/or a vendor-hosted server regardless of whether the access is permanent or temporary and regardless of whether any downloading occurs.

The article also subjects the investigation, guard, and armored car services to the sales tax. Lastly, it modifies the definition of food and food ingredients for purposes of sales tax by removing the exclusion of marijuana seeds or plants from the definition.

The Budget Office estimates a total of \$14.5 million in new general revenue will be generated from these initiatives.

- **DOR Collections Unit:** Authorizes the piloting of a new division within the Department of Revenue that would specialize in the management and collection of delinquent monies owed to the State. The new unit would assist other State agencies maximizing the collection of debt, fines, and other departmental revenues. The Budget Office estimates this initiative to generate \$1.3 million in additional revenue.
- **Cigarette Tax Increase:** Increases the excise tax on cigarettes by \$0.25, which raises the tax from \$4.25 to \$4.50 per pack of twenty, or to the equivalent of \$0.23 per cigarette. Floor stock tax is assessed at the same rate per pack of cigarettes. The additional excise, floor, and associated sales taxes from this change is estimated to generate an additional \$3.9 million in revenue.
- **E-Cigarettes and Other Tobacco Products:** Subjects electronic cigarettes to the tobacco excise tax. The article adds E-cigarettes to the definition of “other tobacco products under RIGL 44-20 and imposes on them the “other tobacco products” tax at the rate of 80.0 percent of the wholesale cost. It requires that other tobacco products be purchased from licensed manufacturers, importers, and distributors. The maximum tax per cigar is increased by \$0.30. These initiatives combine for an estimated \$1.3 million in new general revenue.

***Article 5: Relating to Capital Development Program***

This article submits a total of \$368.5 million in ballot referenda to Rhode Island voters for their approval. Proposed as three questions on the in November ballot, the following projects are included:

- **Question 1: Rhode Island School Buildings (\$250.0 million):** Provides funds for the construction, renovation, and rehabilitation of the State’s public schools. The State cannot issue more than \$250.0 million in notes over a five-year period and not more than \$100.0 million in notes in any one year.
- **Question 2: Higher Education Facilities (\$70.0 million):** Provides \$45.0 million to fund repairs and construct new facilities on the University of Rhode Island’s Narraganset Bay campus and \$25.0 million for the renovation of the Horace Mann Hall at Rhode Island College, which houses the School of Education and Human Development.
- **Question 3: Green Economy and Clean Water (\$48.5 million):** Provides funding to be allocated as follows:
  - **Coastal Resiliency and Public Access Projects (\$5.0 million):** Provides matching grants, for up to 75.0 percent of project costs, to restore and/or improve resiliency of coastal habitats, as well as river and stream flood plains.
  - **Clean Water and Drinking Water (\$6.1 million):** Provides funding for infrastructure improvements including wastewater treatment upgrades and storm water quality improvements to combined overflow abatement projects.
  - **Wastewater Treatment Facility Resilience Improvements (\$5.0 million):** Provides matching grants, for up 50.0 percent of project costs, for resiliency improvements to facilities vulnerable to increased flooding, major storm events, and environmental degradation.
  - **Dam Safety (\$4.4 million):** Provides funding for repairing and/or removing state-owned dams.
  - **State Recreation Projects Program (\$10.0 million):** Provides funding for capital improvements to state recreational facilities, including Fort Adams State Park.
  - **State Bikeway Development Program (\$5.0 million):** Provides funding for the State to design, repair, and construct bikeways, including the East Bay bike path.
  - **Brownfield Remediation and Economic Development (\$4.0 million):** Provides matching grants, for up to 80.0 percent of project costs, to public, private and/or non-profit entities for brownfield remediation projects.

- **Local Recreation Projects (\$5.0 million):** Provides matching grants, for up to 80.0 percent of project costs, to municipalities for the acquisition, development, or rehabilitation of local recreational facilities.
- **Access to Farmland (\$2.0 million):** Protects the State’s working farms through the State Farm Access Program and the purchase of Development Rights by the Agricultural Land Preservation Commission.
- **Local Open Space (\$2.0 million):** Provides matching grants, for up to 50.0 percent of project costs, to municipalities, local land trusts, and nonprofit organizations for the acquisition of fee-simple interest, development rights, or conservation easements on open space and urban parklands.

#### ***Article 6: Relating to Licensing***

This article changes the administration, fees, and structure of various licensing provisions in the State that impact businesses. The stated purpose is to alleviate inefficient, disparate, duplicative, and confusing regulation.

- **Transfer of Professional Oversight/Licensing from DOH to DBR:** Transfers the oversight and licensing authority of various licenses from the Department of Health (DOH) to the Department of Business Regulation (DBR). These include barbers, hairdressers, cosmeticians, manicurists, estheticians, electrolysis, funeral director/embalmer/funeral establishments, opticians, speech pathology, audiology, hearing aid dealers/fitters, athletic trainers, interpreters for the deaf, and music therapists.
- **Elimination of Application/Complaint Fees:** Eliminates the fee to file a mobile home complaint with the DBR. The article eliminates requirements of applicants desiring to prove present or future public convenience and necessity if they want to open a business transporting household goods.
- **Digital Submission of Applications:** Permits the use of electronic signatures by officials when issuing licenses and certifications.
- **Elimination of Notarization/Oath Requirements:** Eliminates licensing notarization requirements related to nursing, optometrists, acupuncturists, physical therapists, occupational therapists, psychologists, mental health counselors, marriage/family therapists, and applied behavioral analysts.
- **Alignment of Certification/Permit Renewal Periods:** Allows the Department of Revenue’s Division of Taxation to align sales permit and litter permit fee renewable dates. The article changes the recertification/renewal period for Certified Food Safety Managers from three years to five and removes the requirement to get a separate license for retail frozen desert processing for businesses who are already registered as a food establishment.

#### ***Article 7: Related to Fees***

This article authorizes and adjusts various fees as follows:

- **Mutual Funds Seller and Claims Adjuster Licenses:** Increases the fee for annual registration and renewal of the license to sell mutual funds in Rhode Island from \$1,000 to \$1,500. The two-year claims adjuster license fee is increased from \$150 to \$250.
- **Hospital Licensing Fee:** Authorizes the State to collect a Hospital Licensing Fee and maintains the current rate of 5.862 percent in net patient services revenue. The fee is estimated to generate \$182.0 million in general revenues.
- **Municipal Police Training Academy Tuition:** Authorizes the Municipal Police Training Academy to charge recruits tuition and fees. The Department of Public Safety estimates that this initiative will generate \$255,000 in FY2019.

**Article 8: Relating to Motor Vehicles**

Article 8 makes a number of changes affecting the Department of Motor Vehicles.

- **License Plate Reissuance Delay:** Delays the license plate reissuance from January 1, 2018, to January 1, 2019. Under RIGL 33-3-33, the DMV is required to issue new reflective license plates for all registered vehicles every 10 years.
- **Delay of Transfer of DMV Fees to Highway Maintenance Account:** Alters the schedule of the phased-in transfer of DMV fees to the Highway Maintenance Account from 80.0 percent of the fees in FY2018 to 60.0 percent. The transfer will be 100.0 percent in FY2019. The article also exempts duplicate license and update fees.

**Article 9: Relating to School Construction and Education**

This article is intended to improve the condition of public school buildings in Rhode Island. The article also expands the eligibility for admission to the School for the Deaf to include students who are not deaf or hard of hearing, directs the fully-transitioned, state funding formula aid for those students to the School for the Deaf, and requires the payment of a local tuition for those students.

Relative to school construction aid, the article temporarily expands incentives through the school housing aid share ratio to encourage school construction projects that address health and safety deficiencies, provide educational and technological enhancements, and utilize school buildings efficiently. Toward this end, the article also includes the following changes:

- Expands the role and responsibilities of the School Building Authority.
- Expands reimbursement eligibility to include financing for projects funded through the Rhode Island Infrastructure Bank.
- Expands reimbursement to include swing space for student.
- Requires the School Building Authority to assign and pay for an owner's program manager and a commissioning agent for projects exceeding \$1.5 million.
- Requires the use of a prime contractor that has been certified by the School Building Authority for projects exceeding \$10.0 million.
- Charges the School Building authority with developing maintenance requirements and minimum facility standards for school buildings statewide and requires districts to adhere to the established maintenance spending requirements beginning June 30, 2019, and with the facilities standards beginning June 30, 2021.

*Analyst Note: It is unclear how district compliance will be enforced.*

- Establishes a minimum housing aid share ratio of 35.0 percent for all public school projects, including charter schools, which previously received a minimum share ration of 30.0 percent.
- Expands reimbursement eligibility to include facilities that are for combined use with municipalities, or for-profit or non-profit agencies so long as the facility is "primarily used for public elementary or secondary education".

*Analyst Note: The article does not appear to define "primarily used" or "public elementary or secondary education".*

**Article 10: Relating to Making Revised Appropriations in Support of FY2018**

This article makes revised appropriations for general revenues, and includes revisions to authorized expenditures from federal, restricted and other funds as well as authorized FTE levels for each agency and

department for FY2018. The Governor’s budget includes \$39.0 million in additional general revenue spending compared to the FY2018 Budget as Enacted.

**Article 11: Relating to Workforce Development**

This article codifies the Real Jobs Rhode Island (RJRI) program into law, along with a number of other changes impacting the Department of Labor and Training including:

- Codifies the Real Jobs Rhode Island (RJRI) program into law. The RJRI program, to be administered by the Governor’s Workforce Board shall:
  - Administer competitive grants for the development of an employment strategy consistent with the purpose of RJRI.
  - Engage Rhode Island’s employer community to ascertain real-time workforce needs and identifiable skill gaps.
  - Develop and review performance goals and metrics for each approved RJRI partnership.
  - Inform employers, employees, industry associations, educational institutions, community based groups, non-profit institutions, and the public about the program.
- Establishes additional funding for the Real Jobs Rhode Island (RJRI) program by requiring applicable employers to pay a base job development assessment of 0.21 percent of their taxable payroll, plus a job development assessment add-on as computed annually beginning in tax year 2019.
  - The job development assessment add-on shall be computed by dividing the amount of interest earned by the employment security fund in the prior calendar year by 110.0 percent of the taxable wages in the prior calendar year. This amount would be in effect during the next ensuing calendar year.
- Establishes a restricted receipt account entitled “misclassification task force and workplace fraud unit”. Any additional revenues in this account, after paying expenses for the misclassification task force and workplace fraud unit, shall be paid into the state’s general fund annually on the last business day of the fiscal year.
- Eliminates the Job Training Tax Credit Program as of January 1, 2018.
- Expands the State Work Immersion Program to include Rhode Island residents and/or students attending secondary schools, post-secondary schools, or training programs and to increase reimbursements for employers to up to 75.0 percent of the approved program participant’s wages.

**Article 12: Relating to Economic Development**

This article expands or adjusts various economic development incentives managed by the Commerce Corporation.

- **Accountability of Incentives:** Expands the existing performance reporting requirements for CommerceRI’s economic development incentive programs. The article directs the corporation to assess the performance, effectiveness, and economic development impact of the programs and to annually report this analysis to the General Assembly and Director of the Office of Management and Budget by January 1 of each year.
- **Permanent Authorization of Incentives:** Makes the following 12 incentive programs permanently authorized by eliminating the sunset provisions placed on them: Rebuild RI; Rhode Island Tax Increment Financing; Tax Stabilization Incentive; First Wave Closing Fund; I-195 Redevelopment Project Fund; Small Business Assistance Fund; Wavemaker Fellowship program; Main Street Rhode



Island Streetscape Improvement Fund; Innovation Initiative; Industry Cluster Grants; High School, College, and Employer Partnerships; and the Qualified Jobs Incentive.

- **Small Business Micro-Lending:** Raises the limit on the amount of micro lending that can take place under the Small Business Assistance Program. Currently, only 10.0 percent of the program's funding can be used for loans with a principal between \$2,000 and \$25,000. This cap is increased to 25.0 percent.
- **New "Pad-Ready" Site Program:** Creates a new Manufacturing Site Readiness program that would support the development of an inventory of vetted, pad-ready sites within the State capable of supporting manufacturing facilities. A fund is also created to finance due diligence at a qualifying property, including surveys, environmental assessments, etc.
- **Rebuild RI Expansion:** Expands access to the Rebuild Rhode Island Tax Credit program for small businesses, particularly manufacturers and those businesses located within an area designated by Commerce Corporation's Main Street Streetscape Improvement program. Manufacturers and those projects located in a local business district would be exempt from the minimum project size requirements under the program's eligibility requirements.
- **New Refundable Investment Tax Credit:** Creates a Refundable Investment Tax Credit to incentivize Rhode Island manufacturers to invest in their businesses, and thereby contribute to the overall growth and expansion of the State's manufacturing sector. The Commerce Corporation may award a refundable tax credit up to \$100,000 to use against costs associated with financing manufacturing capital assets such as plant and equipment. A manufacturer is only able to redeem the credit if its value exceeded the tax liability in the year the credit is available. Manufacturers have to apply on an annual basis to the Commerce Corporation, who make awards based on competitive factors set forth in the application.
- **Local Zoning/Permitting Assistance:** Establishes a Technical Assistance for Municipal Zoning and Permitting Fund to finance and support technical assistance to cities and towns. This fund helps cities and towns evaluate and streamline zoning, planning, and permitting processes with the goal of advancing local economic development.

**Article 13: Relating to Medical Assistance**

This article makes several changes to the financing and delivery of the Medicaid program, including:

- Implements co-payments for adult inpatient hospital visits, non-emergency ER visits, non-preventative physical health-related office visits, and for prescription drug coverage. Co-payments could not exceed 5.0 percent of "countable income" in any plan year.
- Maintains hospital inpatient and outpatient rates at FY2018 levels.
- Allows for automation of asset verification and amendment to transfer of asset provisions related to long-term services and supports.
- Increases nursing home rates by a maximum of 1.0 percent.
- Eliminates the hospital inpatient upper payment limits payments.
- Expands RIte Share eligibility and allows adult children with disabilities to remain on their parents' commercial health insurance coverage beyond age 26.
- Amends the Graduate Medical Education (GME) program to reduce state-only program funding and restructures the program to focus on mental health and substance use treatment at all teaching hospitals.

**Article 14: Relating to Medicaid Reform Act of 2008 Resolution**

This article establishes the legal authority for the Executive Office of Health and Human Services to implement Category II and III changes to the 1115 demonstration waiver that requires the General Assembly's approval. The article:

- Adjusts provider rates to maintain inpatient and outpatient hospital payments, increases nursing homes rates by up to 1.0 percent, and reduces rates for Medicaid managed care plan administration.
- Eliminates retroactive coverage for specified Medicaid beneficiary categories, expands long-term services and supports (LTSS) eligibility for applicants transitioning from a health facility into a community setting, and institutes multi-tiered needs-based criteria for determining care levels for applicants with developmental disabilities seeking Medicaid home and community-based services in lieu of institutional care.
- Expands LTSS health care services eligible for federal financing participation.
- Allows for automation of asset verification and amendment to transfer of asset provisions related to long-term services and supports.
- Restructures the delivery system for individuals with both Medicare and Medicaid eligibility (dual eligible) who have chronic or disabling conditions and expands the RIte Share premium assistance program.
- Expands reimbursement and removes state restrictions to align with Title XIX for the non-emergency medical transportation program.
- Promotes the transition to community-based services wherever appropriate by seeking waiver authority to promote the Community First Choice (CFC) option for seniors and people with physical disabilities and for intellectually or developmentally disabled people living with families or independently.
- Proposes to develop, in conjunction with the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH), a health home for conflict-free and person-centered planning and a value-based alternative payment system.
- Promotes, in coordination with BHDDH, development of community-based alternatives to emergency department visits for addiction and mental health emergencies. Called BH Link, the program will refer and divert patients when appropriate and subject to protocols and agreements with first responders.
- Proposes to pursue investigate and pursue other opportunities to enhance service and/or offset state costs in the Medicaid program.

**Article 15: Relating to Children and Families**

This article changes the powers and duties of the Department of Children, Youth and Families (DCYF), the regulation of childcare facilities, and the administration of the childcare assistance program. The article makes the following changes:

- **Voluntary Extension of Care:** Amends statutes to allow for the voluntary extension of care for foster youth between the ages of 18 and 21.
- **Pathways and Workforce Training Programs:** Expands the Governor's Workforce Board Advisory Committee for the creation of pathways and workforce training programs to include DCYF.
- **Establishment of Administrative Penalties:** Authorizes DCYF to pursue administrative penalties for violations of childcare regulations and empowers the Director of DCYF, or her duly authorized agent, to assess an administrative penalty on a licensed child care provider that violates a rule, regulation, order, permit, license, or approval issued or adopted by the Director, or any law which the Director has the authority or responsibility to enforce.

- **Lead Inspection of Childcare Facilities and Foster Homes:** Eliminates the requirement for schoolyards, public playgrounds, shelters, and foster homes serving children under the of six years to demonstrate they are either lead free or lead safe and requires the Director of DCYF to promulgate regulations that subject foster homes to a visual lead inspection, at a minimum, to assess the presence of potential lead hazards in the home.
- **Child Care Assistance:** Expands child care supports to include families with parents enrolled at and who need child care to attend a Rhode Island institution of higher education.
- **Childcare Rates:** Requires rates for licensed childcare providers be implemented in a tiered manner reflective of the quality rating the provider has achieved within the State's Quality Rating system.

***Article 16: Relating to Debt Management Act Joint Resolution (Kushner)***

This article authorizes the issuance of \$19.8 million in new revenue bonds to finance the following projects at the University of Rhode Island (URI).

- **Repaving, Hardscape, and Landscape (\$11.0 million):** Provides for the issuance of bonds for the repavement and reconstruction of major park facilities, internal roadways, walkways, and associated infrastructure on URI's Kingston, Narraganset Bay, and W. Alton Jones campuses. Total debt service is not expected to exceed \$17.7 million over 20 years, with an assumed interest rate of 5.0 percent. Debt service will be financed through unrestricted institutional revenue and university parking services auxiliary revenue.
- **Utility Infrastructure Upgrade Phase I (\$6.5 million):** Provides for the issuance of bonds for the engineering and construction of upgrades to utility-related infrastructure on the URI's Kingston Campus, including steam, water, sanitation, electrical, and storm water systems. Total debt service is not expected to exceed \$10.4 million over 20 years with an assumed interest rate of 5.0 percent. The debt service will be financed from the University's unrestricted institutional revenue.
- **Fire Safety & Protection – Auxiliary Enterprise Buildings Phase Two (\$2.3 million):** Provides for the issuance of revenue bonds for the second phase of fire safety enhancements throughout URI's auxiliary enterprise buildings, including continued installation of modern, code-compliant fire detection systems/alarms, sprinkler systems, and other related life safety improvements. Total debt service is not expected to exceed \$3.7 million over 20 years with an assumed interest rate of 5.0 percent. The Debt service will be finance from URI's auxiliary enterprise revenues.

***Article 17: Related to the Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act***

This article proposes a number of changes to the regulation of medical marijuana. Article 17's changes are estimated to generate an additional \$5.0 million in revenue in FY2019.

- **Expansion of Compassion Centers:** Increases the number of compassion centers from 3 to 15, for the stated purpose of meeting the demand in underserved areas. The article also increases the Compassion Center licensing application fee from \$250 to \$10,000. The fee for renewal of the license is increased from \$5,000 to \$30,000.
- **Oversight of Caregivers/Authorized Purchasers:** Shifts oversight of caregivers and authorized purchasers from the Department of Health (DOH) to the Department of Business Regulation (DBR)
- **Possession and Cultivation Limits:** Lowers the limit on the number of plants patients and caregiver may grow from 12 mature and 12 immature plants to eight each after July 1, 2018. Patients are allowed to possess 3.0 ounces of marijuana, increased from current limit of 2.5 ounces.

- **Revised Eligibility:** Allows a medical practitioner to enter a patient into the program to treat “acute pain”, as opposed to the current chronic pain standard. Medical practitioners would be required to be licensed in Rhode Island and be subject to DOH oversight.
- **Out of State Sales:** Permits Connecticut and Massachusetts patients to purchase in Rhode Island.
- **New Manufacturing License:** Establishes a new medical marijuana manufacturing and processing license to be issued by the DBR. The DBR is permitted to create additional licenses by regulation to support the industry including transportation, delivery, research and development, and disposal.

***Article 18: Relating to Effective Date***

This article provides that the Act would take effect on July 1, 2018, except as otherwise provided therein.

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**GENERAL REVENUE BUDGET SURPLUS**

<b>Opening Surplus</b>	<b>FY2016 Audited</b>	<b>FY2017 Audited</b>	<b>FY2018 Enacted</b>	<b>FY2018 Governor</b>	<b>FY2019 Governor</b>
Free Surplus	\$168,038,072	167,818,206	\$49,716,066	\$61,660,230	\$268,461
Adjustment to Opening Surplus	-	-	-	-	-
Reappropriated Surplus	6,890,273	7,848,853	-	10,338,899	-
<b>Subtotal</b>	<b>\$174,928,345</b>	<b>\$175,667,059</b>	<b>\$49,716,066</b>	<b>\$71,999,129</b>	<b>\$268,461</b>
<b>Revenues</b>					
Enacted/Actual/Estimated	\$3,663,592,637	\$3,684,357,619	\$3,834,722,506	\$3,834,722,506	\$3,681,600,000
November Revenue Estimate	-	-	-	(10,322,506)	-
Governor Changes	-	-	-	28,013,132	266,758,008
<b>Total Revenues</b>	<b>\$3,663,592,637</b>	<b>\$3,684,357,619</b>	<b>\$3,834,722,506</b>	<b>\$3,852,413,132</b>	<b>\$3,948,358,008</b>
To Cash Stabilization Fund	(\$114,948,921)	(\$115,565,275)	(\$116,533,157)	(\$117,422,201)	(\$118,458,794)
<b>Total Available Resources</b>	<b>\$3,723,572,060</b>	<b>\$3,744,459,404</b>	<b>\$3,767,905,414</b>	<b>\$3,806,990,060</b>	<b>\$3,830,167,675</b>
<b>Expenditures</b>					
Actual/Enacted	\$3,547,905,001	\$3,672,460,275	\$3,767,715,656	\$3,767,715,656	\$0
Governor	-	-	-	(691,236)	3,829,280,172
Reappropriations	-	-	-	10,338,899	-
November Caseload Estimate	-	-	-	29,358,280	-
<b>Total Expenditures</b>	<b>\$3,547,905,001</b>	<b>\$3,672,460,275</b>	<b>\$3,767,715,656</b>	<b>\$3,806,721,599</b>	<b>\$3,829,280,172</b>
Total Surplus	175,667,059	71,999,129	189,758	268,461	887,503
Transfer to Other Funds	-	-	-	-	-
Reappropriations	(7,848,853)	(10,338,899)	-	-	-
<b>Free Surplus</b>	<b>\$167,818,206</b>	<b>\$61,660,230</b>	<b>\$189,758</b>	<b>\$268,461</b>	<b>\$887,503</b>

## ALL FUNDS EXPENDITURES

General Government	FY2017 Final	FY2018 Enacted	FY2018 Governor	Change from Enacted	FY2019 Governor	Change from Enacted
Administration	\$349,483,495	\$359,226,084	\$317,631,216	(\$41,594,868)	\$298,453,464	(\$60,772,620)
Business Regulation	14,129,016	15,606,183	16,214,659	608,476	24,530,291	8,924,108
Executive Office of Commerce	73,418,290	58,598,372	58,003,215	(595,157)	62,814,751	4,216,379
Labor and Training	421,847,081	429,907,376	448,471,413	18,564,037	454,104,250	24,196,874
Revenue	471,375,964	525,371,718	524,687,839	(683,879)	582,477,370	57,105,652
Legislature	38,325,853	42,252,464	47,064,142	4,811,678	44,635,033	2,382,569
Lieutenant Governor	1,059,509	1,084,217	1,047,496	(36,721)	1,039,971	(44,246)
Secretary of State	9,942,148	9,350,797	9,525,372	174,575	10,301,762	950,965
General Treasurer	42,002,140	42,764,450	43,340,030	575,580	42,674,171	(90,279)
Board of Elections	1,969,669	1,548,735	1,689,751	141,016	5,315,517	3,766,782
Ethics Commission	1,604,233	1,665,873	1,733,293	67,420	1,770,560	104,687
Office of the Governor	5,008,393	5,397,554	5,540,199	142,645	5,545,728	148,174
Commission for Human Rights	1,557,320	1,690,102	1,737,997	47,895	1,808,026	117,924
Public Utilities Commission	8,014,894	9,136,343	9,974,412	838,069	10,661,405	1,525,062
<b>Total</b>	<b>\$1,439,738,004</b>	<b>\$1,503,600,268</b>	<b>\$1,486,661,034</b>	<b>(\$16,939,234)</b>	<b>\$1,546,132,299</b>	<b>\$42,532,031</b>
<b>Human Services</b>						
Office of Health and Human Services	\$2,433,340,843	\$2,541,841,896	\$2,594,918,120	\$53,076,224	\$2,477,269,162	(\$64,572,734)
Children, Youth, and Families	222,662,113	209,049,728	214,081,089	5,031,361	209,152,279	102,551
Health	154,376,396	169,645,421	170,044,686	399,265	173,291,532	3,646,111
Human Services	626,727,849	614,682,222	629,570,505	14,888,283	633,824,402	19,142,180
BHDDH	398,887,449	397,090,236	427,179,214	30,088,978	400,743,927	3,653,691
Governor's Commission on Disabilities	669,120	842,190	867,672	25,482	877,295	35,105
Governor's Commission on the Deaf	493,573	627,910	565,882	(62,028)	591,467	(36,443)
Office of the Child Advocate	612,107	926,120	1,045,722	119,602	1,071,346	145,226
Office of the Mental Health Advocate	540,899	549,563	628,771	79,208	639,764	90,201
<b>Total</b>	<b>\$3,838,310,347</b>	<b>\$3,935,255,286</b>	<b>\$4,038,901,661</b>	<b>\$103,646,375</b>	<b>\$3,897,461,174</b>	<b>(\$37,794,112)</b>
<b>Education</b>						
Elementary and Secondary Education	\$1,338,608,386	\$1,402,573,543	\$1,412,064,822	\$9,491,279	\$1,433,886,695	\$31,313,152
Public Higher Education	1,089,836,235	1,180,099,008	1,189,079,314	8,980,306	1,199,276,623	19,177,615
Council on the Arts	2,905,499	3,072,310	3,126,037	53,727	3,113,746	41,436
Atomic Energy Commission	1,242,298	1,304,373	1,379,671	75,298	1,471,110	166,737
Higher Education Assistance Authority	-	-	-	-	-	-
Historical Preservation & Heritage Comm.	2,666,742	2,490,767	2,612,478	121,711	2,586,290	95,523
<b>Total</b>	<b>\$2,435,259,161</b>	<b>\$2,589,540,001</b>	<b>\$2,608,262,322</b>	<b>\$18,722,321</b>	<b>\$2,640,334,464</b>	<b>\$50,794,463</b>
<b>Public Safety</b>						
Attorney General	\$31,812,737	\$44,129,197	\$57,089,092	\$12,959,895	\$40,796,506	(\$3,332,691)
Corrections	218,099,098	235,700,265	248,607,210	12,906,945	246,423,505	10,723,240
Judiciary	116,364,697	122,006,254	121,163,608	(842,646)	120,895,770	(1,110,484)
Military Staff	16,305,158	38,177,942	38,396,333	218,391	27,660,424	(10,517,518)
Emergency Management Agency	15,729,042	18,454,652	19,182,981	728,329	20,390,187	1,935,535
Public Safety	135,574,868	120,977,086	121,216,956	239,870	123,084,682	2,107,596
Public Defender	11,572,721	12,140,826	11,926,561	(214,265)	12,401,872	261,046
<b>Total</b>	<b>\$545,458,321</b>	<b>\$591,586,222</b>	<b>\$617,582,741</b>	<b>\$25,996,519</b>	<b>\$591,652,946</b>	<b>\$66,724</b>
<b>Natural Resources</b>						
Environmental Management	\$78,673,037	\$103,951,092	\$108,549,149	\$4,598,057	\$103,471,012	(\$480,080)
Coastal Resources Management Council	5,968,407	4,836,869	7,254,344	2,417,475	6,256,164	1,419,295
<b>Total</b>	<b>\$84,641,443</b>	<b>\$108,787,961</b>	<b>\$115,803,493</b>	<b>\$7,015,532</b>	<b>\$109,727,176</b>	<b>\$939,215</b>
<b>Transportation</b>						
Transportation	\$415,815,151	\$514,065,072	\$595,043,313	\$80,978,241	\$592,433,211	\$78,368,139
<b>Grand Total</b>	<b>\$ 8,759,222,427</b>	<b>\$ 9,242,834,810</b>	<b>\$ 9,462,254,564</b>	<b>\$219,419,754</b>	<b>\$ 9,377,741,270</b>	<b>\$134,906,460</b>

## GENERAL REVENUE EXPENDITURES

General Government	FY2017 Final	FY2018 Enacted	FY2018 Governor	Change from		
				Enacted	FY2019 Governor	
Administration	\$217,802,032	\$216,198,914	\$185,759,136	(\$30,439,778)	\$183,043,234	(\$33,155,680)
Business Regulation	9,864,377	10,815,093	10,958,638	143,545	17,166,351	6,351,258
Executive Office of Commerce	54,708,755	33,057,819	29,808,525	(3,249,294)	37,314,974	4,257,155
Labor and Training	7,010,095	8,094,063	8,975,670	881,607	9,690,749	1,596,686
Revenue	110,837,271	143,622,132	147,980,937	4,358,805	177,275,361	33,653,229
Legislature	36,925,853	40,522,507	45,419,385	4,896,878	42,914,338	2,391,831
Lieutenant Governor	1,059,509	1,084,217	1,047,496	(36,721)	1,039,971	(44,246)
Secretary of State	9,478,005	8,911,319	8,958,301	46,982	9,861,104	949,785
General Treasurer	2,653,651	2,698,692	2,876,681	177,989	2,967,632	268,940
Board of Elections	1,969,669	1,548,735	1,689,751	141,016	5,315,517	3,766,782
Ethics Commission	1,604,233	1,665,873	1,733,293	67,420	1,770,560	104,687
Office of the Governor	5,008,393	5,397,554	5,540,199	142,645	5,545,728	148,174
Commission for Human Rights	1,247,603	1,258,074	1,292,590	34,516	1,310,456	52,382
<b>Total</b>	<b>\$460,169,445</b>	<b>\$474,874,992</b>	<b>\$452,040,602</b>	<b>-\$22,834,390</b>	<b>\$495,215,975</b>	<b>\$20,340,983</b>
<b>Human Services</b>						
Office of Health and Human Services	\$944,892,151	\$964,299,956	\$978,479,417	\$14,179,461	\$935,907,193	(\$28,392,763)
Children, Youth, and Families	159,769,535	145,855,862	152,586,787	6,730,925	148,637,206	2,781,344
Health	25,499,235	24,893,123	26,419,356	1,526,233	28,009,223	3,116,100
Human Services	90,573,454	91,113,618	100,592,486	9,478,868	103,702,154	12,588,536
BHDDH	182,335,174	176,448,622	191,626,281	15,177,659	179,401,491	2,952,869
Governor's Commission on Disabilities	418,544	454,938	478,907	23,969	492,557	37,619
Governor's Commission on the Deaf	421,448	498,710	436,682	(62,028)	511,467	12,757
Office of the Child Advocate	470,981	781,499	787,881	6,382	923,704	142,205
Office of the Mental Health Advocate	540,899	549,563	628,771	79,208	639,764	90,201
<b>Total</b>	<b>\$1,404,921,420</b>	<b>\$1,404,895,891</b>	<b>\$1,452,036,568</b>	<b>\$47,140,677</b>	<b>\$1,398,224,759</b>	<b>(\$6,671,132)</b>
<b>Education</b>						
Elementary and Secondary Education	\$1,113,255,421	\$1,161,071,396	\$1,161,389,084	\$317,688	\$1,179,752,845	\$18,681,449
Public Higher Education	198,362,974	220,882,593	220,768,994	(113,599)	228,029,183	7,146,590
Council on the Arts	1,906,356	1,945,056	1,963,360	18,304	1,989,693	44,637
Atomic Energy Commission	956,464	982,157	1,021,021	38,864	1,053,231	71,074
Higher Education Assistance Authority	-	-	-	-	-	-
Historical Preservation & Heritage Comm.	1,131,750	1,121,134	1,123,154	2,020	1,187,291	66,157
<b>Total</b>	<b>\$1,315,612,964</b>	<b>\$1,386,002,336</b>	<b>\$1,386,265,613</b>	<b>\$263,277</b>	<b>\$1,412,012,243</b>	<b>\$26,009,907</b>
<b>Public Safety</b>						
Attorney General	\$25,379,778	\$26,194,751	\$26,146,061	(\$48,690)	\$27,152,722	\$957,971
Corrections	212,327,677	218,300,828	229,927,179	11,626,351	233,022,846	14,722,018
Judiciary	97,047,499	98,964,477	98,820,554	(143,923)	100,183,074	1,218,597
Military Staff	2,571,436	2,634,057	3,909,160	1,275,103	3,674,200	1,040,143
Emergency Management Agency	1,847,848	1,734,470	1,917,262	182,792	2,108,891	374,421
Public Safety	100,470,169	100,279,086	100,907,421	628,335	101,563,958	1,284,872
Public Defender	11,511,842	12,043,006	11,825,576	(217,430)	12,300,887	257,881
<b>Total</b>	<b>\$451,156,249</b>	<b>\$460,150,675</b>	<b>\$473,453,213</b>	<b>\$13,302,538</b>	<b>\$480,006,578</b>	<b>\$19,855,903</b>
<b>Natural Resources</b>						
Environmental Management	\$38,207,990	\$39,304,184	\$40,435,079	\$1,130,895	\$41,222,720	\$1,918,536
Coastal Resources Management Council	2,392,189	2,487,578	2,490,523	2,945	2,597,897	110,319
<b>Total</b>	<b>\$40,600,178</b>	<b>\$41,791,762</b>	<b>\$42,925,602</b>	<b>\$1,133,840</b>	<b>\$43,820,617</b>	<b>\$2,028,855</b>
<b>Grand Total</b>	<b>\$3,672,460,257</b>	<b>\$3,767,715,656</b>	<b>\$3,806,721,598</b>	<b>\$39,005,942</b>	<b>\$3,829,280,172</b>	<b>\$61,564,516</b>



## PERSONNEL

	FY2017 Actual	FY2018 Enacted	FY2018 Governor	Change from Enacted	FY2019 Governor	Change from Enacted
<b>General Government</b>						
Administration	708.7	696.7	696.7	-	667.7	(29.0)
Business Regulation	100.0	101.0	106.0	5.0	170.0	69.0
Executive Office of Commerce	16.0	17.0	17.0	-	17.0	-
Labor and Training	409.5	428.7	428.7	-	428.7	-
Revenue	523.5	533.5	529.5	(4.0)	612.5	79.0
Legislature	298.5	298.5	298.5	-	298.5	-
Lieutenant Governor	8.0	8.0	8.0	-	8.0	-
Secretary of State	59.0	59.0	59.0	-	59.0	-
General Treasurer	87.0	89.0	89.0	-	89.0	-
Board of Elections	12.0	12.0	12.0	-	12.0	-
Ethics Commission	12.0	12.0	12.0	-	12.0	-
Office of the Governor	45.0	45.0	45.0	-	45.0	-
Commission for Human Rights	14.5	14.5	14.5	-	14.5	-
Public Utilities Commission	51.0	51.0	54.0	3.0	57.0	6.0
<b>Total</b>	<b>2,344.7</b>	<b>2,365.9</b>	<b>2,369.9</b>	<b>4.0</b>	<b>2,490.9</b>	<b>125.0</b>
<b>Human Services</b>						
Office of Health and Human Services	178.0	285.0	285.0	-	295.0	10.0
Children, Youth, and Families	628.5	616.5	612.5	(4.0)	619.5	3.0
Health	503.6	493.6	506.6	13.0	504.6	11.0
Human Services	937.1	981.1	981.1	-	981.1	-
BHDDH	1,352.4	1,319.4	1,319.4	-	1,319.4	-
Office of the Child Advocate	7.0	8.0	8.0	-	8.6	0.6
Governor's Commission on the Deaf	4.0	4.0	4.0	-	4.0	-
Governor's Commission on Disabilities	4.0	4.0	4.0	-	4.0	-
Office of the Mental Health Advocate	4.0	4.0	4.0	-	4.0	-
<b>Total</b>	<b>3,618.6</b>	<b>3,715.6</b>	<b>3,724.6</b>	<b>9.0</b>	<b>3,740.2</b>	<b>24.6</b>
<b>Education</b>						
Elementary and Secondary Education	325.1	325.1	325.1	-	327.1	2.0
Public Higher Education	3,551.0	3,567.0	3,568.0	1.0	3,610.5	43.5
Council on the Arts	8.6	8.6	8.6	-	8.6	-
Atomic Energy Commission	8.6	8.6	8.6	-	8.6	-
Historical Preservation & Heritage Comm.	15.6	15.6	15.6	-	15.6	-
<b>Total</b>	<b>3,908.9</b>	<b>3,924.9</b>	<b>3,925.9</b>	<b>1.0</b>	<b>3,970.4</b>	<b>45.5</b>
<b>Public Safety</b>						
Attorney General	235.1	235.1	235.1	-	235.1	-
Corrections	1,423.0	1,423.0	1,435.0	12.0	1,435.0	12.0
Judiciary	723.3	723.3	723.3	-	723.3	-
Military Staff	92.0	92.0	92.0	-	92.0	-
Emergency Management	29.0	32.0	32.0	-	32.0	-
Public Safety	615.6	611.6	611.6	-	599.6	(12.0)
Public Defender	93.0	93.0	93.0	-	95.0	2.0
<b>Total</b>	<b>3,211.0</b>	<b>3,210.0</b>	<b>3,222.0</b>	<b>12.0</b>	<b>3,212.0</b>	<b>2.0</b>
<b>Natural Resources</b>						
Environmental Management	400.0	400.0	400.0	-	400.0	-
Coastal Resources Management Council	29.0	29.0	29.0	-	29.0	-
<b>Total</b>	<b>429.0</b>	<b>429.0</b>	<b>429.0</b>	<b>-</b>	<b>429.0</b>	<b>-</b>
<b>Transportation</b>						
Transportation	701.0	775.0	775.0	-	795.0	20.0
<b>Higher Education Sponsored Research</b>						
Office of Higher Education	1.0	1.0	1.0	-	1.0	-
CCRI	89.0	89.0	89.0	-	89.0	-
RIC	82.0	76.0	76.0	-	76.0	-
URI	573.8	573.8	573.8	-	622.8	49.0
<b>Total</b>	<b>745.8</b>	<b>739.8</b>	<b>739.8</b>	<b>-</b>	<b>788.8</b>	<b>49.0</b>
<b>Grand Total</b>	<b>14,959.0</b>	<b>15,160.2</b>	<b>15,186.2</b>	<b>26.0</b>	<b>15,426.3</b>	<b>266.1</b>

## MUNICIPAL AID

## FY2019 Direct Municipal Aid to Cities and Towns

Municipality	FY2018 Enacted	Payment In Lieu of Taxes	Distressed Communities Relief Fund	Motor Vehicle Excise Tax	Library Grant- in-Aid	Library Construction Aid	Total FY2019 Municipal Aid	Change from FY2018
Barrington	\$1,033,425	\$17,514		\$824,370	\$377,408	\$158,661	\$1,377,953	\$344,528
Bristol	1,907,123	1,335,274		509,577	192,571	287,588	2,325,010	417,887
Burrillville	1,223,829	98,273		1,111,454	173,440	253,920	1,637,087	413,258
Central Falls	685,999	895	217,757	559,678	26,487		804,817	118,818
Charlestown	204,684			243,681	51,117		294,798	90,114
Coventry	1,184,976			1,448,240	232,971		1,681,211	496,235
Cranston	10,643,168	5,403,870	1,233,378	6,025,451	599,627		13,262,326	2,619,158
Cumberland	1,330,247			1,369,021	279,091	216,196	1,864,308	534,061
East Greenwich	924,332	659,856		380,748	131,335	55,227	1,227,166	302,834
East Providence	2,390,434	244,237		1,653,876	418,643	59,934	2,376,690	(13,744)
Exeter	468,077			534,739	49,367	75,968	660,074	191,997
Foster	347,365			468,246	33,624		501,870	154,505
Glocester	507,070			582,819	78,446		661,265	154,195
Hopkinton	323,724			439,028	34,850		473,878	150,154
Jamestown	198,973			99,177	123,716		222,893	23,920
Johnston	2,449,283		1,065,944	2,571,705	120,586		3,758,235	1,308,952
Lincoln	824,007			842,552	202,908		1,045,460	221,453
Little Compton	79,428			62,951	34,306		97,257	17,829
Middletown	415,735			296,803	145,601	50,092	492,496	76,761
Narragansett	391,116			277,376	187,492		464,868	73,752
Newport	2,278,890	1,431,152		362,207	412,478	196,034	2,401,871	122,981
New Shoreham	167,199			43,379	84,344	61,897	189,620	22,421
North Kingstown	926,203	1,762		819,357	278,709	26,684	1,126,512	200,309
North Providence	3,052,363		1,000,937	2,564,952	197,946		3,763,835	711,472
North Smithfield	688,971			970,239	77,887		1,048,126	359,155
Pawtucket	5,735,550	575,928	1,507,940	5,016,724	390,645		7,491,237	1,755,687
Portsmouth	415,129			376,198	114,736		490,934	75,805
Providence	46,163,742	33,497,659	5,606,831	11,520,957	1,282,046		51,907,493	5,743,751
Richmond	282,117			360,344	24,913		385,257	103,140
Scituate	338,352			325,391	104,590		429,981	91,629
Smithfield	1,843,211	763,295		1,071,799	295,708		2,130,802	287,591
South Kingstown	888,824	207,011		622,687	213,881		1,043,579	154,755
Tiverton	653,388			294,968	122,624	315,268	732,860	79,472
Warren	418,998			534,788	56,679		591,467	172,469
Warwick	5,624,145	1,687,863		3,866,952	737,667		6,292,482	668,337
Westerly	1,553,760	164,915		1,255,504	315,893	253,767	1,990,079	436,319
West Greenwich	256,480			311,443	36,772		348,215	91,735
West Warwick	1,797,962		904,159	1,241,104	160,224		2,305,487	507,525
Woonsocket	2,903,406		847,512	2,818,968	197,081	165,235	4,028,796	1,125,390
<b>Total</b>	<b>\$103,521,688</b>	<b>\$46,089,504</b>	<b>\$12,384,458</b>	<b>\$54,679,453</b>	<b>\$8,598,411</b>	<b>\$2,176,470</b>	<b>\$123,928,295</b>	<b>\$20,406,607</b>

## FY2019 Indirect Local Aid to Cities and Towns

Municipality	FY2018 Enacted Indirect Aid	Public Service Corp. Tax	Meals and Beverage Tax	Hotel Tax	FY2019 Total Indirect Aid	Change from FY2018 Enacted
Barrington	\$398,681	\$203,389	\$201,259	\$2,336	\$406,984	\$8,303
Bristol	834,380	279,397	553,463	64,568	897,428	63,048
Burrillville	415,804	202,015	220,905	-	422,920	7,116
Central Falls	379,393	242,093	138,882	388	381,363	1,970
Charlestown	334,418	97,097	196,282	74,851	368,230	33,812
Coventry	991,914	437,024	493,650	117,738	1,048,412	56,498
Cranston	3,045,623	1,008,961	2,053,306	24,280	3,086,547	40,924
Cumberland	959,182	426,317	543,469	933	970,719	11,537
East Greenwich	927,351	163,835	914,251	746	1,078,832	151,481
East Providence	1,729,858	590,502	1,135,089	52,491	1,778,082	48,224
Exeter	196,500	83,592	119,130	56	202,778	6,278
Foster	78,718	58,356	19,936	315	78,607	(111)
Glocester	211,253	123,645	83,916	3,191	210,752	(501)
Hopkinton	161,426	101,482	51,575	11,865	164,922	3,496
Jamestown	196,685	68,263	106,233	25,679	200,175	3,490
Johnston	1,031,654	363,489	704,779	9,951	1,078,219	46,565
Lincoln	1,275,208	267,304	893,242	129,754	1,290,300	15,092
Little Compton	115,800	43,776	77,334	25,086	146,196	30,396
Middletown	2,004,374	200,603	824,398	1,050,067	2,075,068	70,694
Narragansett	1,150,770	196,380	708,265	297,978	1,202,623	51,853
Newport	5,731,478	305,570	2,523,477	2,825,640	5,654,687	(76,791)
New Shoreham	1,133,930	11,319	404,751	603,520	1,019,590	(114,340)
North Kingstown	1,052,445	328,695	600,662	133,634	1,062,991	10,546
North Providence	795,368	403,417	397,506	1	800,924	5,556
North Smithfield	509,493	151,904	344,009	3,559	499,472	(10,021)
Pawtucket	1,855,553	891,950	976,779	4,795	1,873,524	17,971
Portsmouth	499,891	216,894	269,499	43,164	529,557	29,666
Providence	10,465,629	2,232,279	6,167,371	2,460,105	10,859,755	394,126
Richmond	259,345	95,248	160,532	4,999	260,779	1,434
Scituate	210,520	130,554	62,080	8,885	201,519	(9,001)
Smithfield	1,356,377	268,766	853,139	183,099	1,305,004	(51,373)
South Kingstown	1,536,007	382,004	969,808	204,128	1,555,940	19,933
Tiverton	453,131	197,617	253,635	1,560	452,812	(319)
Warren	533,487	131,578	335,829	3,809	471,216	(62,271)
Warwick	5,461,100	1,022,628	3,262,831	1,432,007	5,717,466	256,366
Westerly	1,997,590	283,383	997,692	771,977	2,053,052	55,462
West Greenwich	355,308	76,421	143,163	137,326	356,910	1,602
West Warwick	908,983	360,940	390,497	166,822	918,259	9,276
Woonsocket	1,165,900	514,881	577,729	56,543	1,149,153	(16,747)
<b>Total</b>	<b>\$52,720,528</b>	<b>\$13,163,564</b>	<b>\$29,730,353</b>	<b>\$10,937,843</b>	<b>\$53,831,768</b>	<b>\$1,111,240</b>

## EDUCATION AID

Governor's FY2019 Education Aid (excludes categorical)<sup>1</sup>

	FY2018 Aid			FY2019 Governor's Proposed Aid		
	Formula Aid (excludes categorical)	Group Home Aid (Revised) <sup>2</sup>	Total	Change in Formula Aid (excludes categorical)	Change in Group Home Aid	Total
Barrington	\$5,157,779	\$0	\$5,157,779	\$129,326	\$0	\$5,287,105
Burrillville	13,040,423	80,233	13,120,656	(430,872)	1,615	12,691,399
Charlestown	1,660,642	-	1,660,642	(40,010)	-	1,620,632
Coventry	23,060,907	85,982	23,146,889	(712,714)	1,546	22,435,721
Cranston	57,303,968	40,942	57,344,910	3,175,384	(1,567)	60,518,727
Cumberland	18,967,499	-	18,967,499	1,177,374	-	20,144,873
East Greenwich	2,535,361	-	2,535,361	416,150	-	2,951,511
East Providence	34,854,923	560,998	35,415,921	(165,470)	(37,501)	35,212,949
Foster	1,142,883	-	1,142,883	(55,639)	-	1,087,244
Glocester	2,389,577	-	2,389,577	(78,715)	-	2,310,862
Hopkinton	5,273,139	-	5,273,139	(26,149)	-	5,246,990
Jamestown	452,432	-	452,432	(4,603)	-	447,829
Johnston	18,225,966	-	18,225,966	(506,234)	-	17,719,732
Lincoln	12,332,011	105,292	12,437,303	(695,438)	2,574	11,744,440
Little Compton	397,073	-	397,073	(39,938)	-	357,135
Middletown	7,862,135	322,549	8,184,684	(101,465)	(138,640)	7,944,579
Narragansett	2,102,116	-	2,102,116	228,014	-	2,330,130
Newport	11,378,178	154,312	11,532,490	658,937	(4,847)	12,186,580
New Shoreham	122,100	-	122,100	31,721	-	153,821
North Kingstown	10,705,101	-	10,705,101	(551,657)	-	10,153,444
North Providence	21,512,305	153,801	21,666,106	535,137	(3,412)	22,197,831
North Smithfield	5,842,519	106,653	5,949,172	72,533	(2,444)	6,019,261
Pawtucket	88,188,641	294,434	88,483,075	543,088	(49,294)	88,976,869
Portsmouth	3,821,874	590,830	4,412,704	(172,289)	(124,883)	4,115,532
Providence	245,114,202	601,950	245,716,152	2,319,084	(32,989)	248,002,247
Richmond	4,676,150	-	4,676,150	(19,016)	-	4,657,134
Scituate	3,548,200	-	3,548,200	(286,242)	-	3,261,958
Smithfield	6,009,184	218,712	6,227,896	1,525,471	(13,528)	7,739,840
South Kingstown	6,478,789	249,723	6,728,512	(609,615)	(133,734)	5,985,164
Tiverton	6,456,229	-	6,456,229	303,458	-	6,759,687
Warwick	38,216,746	354,602	38,571,348	(816,176)	(68,350)	37,686,822
Westerly	8,690,035	-	8,690,035	(90,665)	-	8,599,370
West Warwick	24,295,114	-	24,295,114	908,583	-	25,203,697
Woonsocket	59,367,500	47,695	59,415,195	1,174,085	(2,452)	60,586,828
Bristol-Warren	14,194,635	108,583	14,303,218	(972,656)	(7,165)	13,323,397
Exeter-West Greenwic	4,949,253	115,918	5,065,171	(242,963)	(2,392)	4,819,816
Chariho	114,962	-	114,962	(38,321)	-	76,641
Foster-Glocester	4,623,247	-	4,623,247	(126,455)	-	4,496,792
Central Falls <sup>3</sup>	33,123,272	-	33,123,272	(1,155,945)	-	31,967,327
<b>District Total</b>	<b>\$808,187,070</b>	<b>\$4,193,209</b>	<b>\$812,380,279</b>	<b>\$5,259,099</b>	<b>(\$617,463)</b>	<b>\$817,021,915</b>
Charter School Total	82,748,545	-	82,748,545	7,125,136	-	89,873,681
Davies	10,192,590	-	10,192,590	(810,988)	-	9,381,602
Met School	8,582,211	-	8,582,211	(580,312)	-	8,001,899
Urban Collaborative	1,494,741	-	1,494,741	48,256	-	1,542,997
<b>Total</b>	<b>\$911,205,157</b>	<b>\$4,193,209</b>	<b>\$915,398,366</b>	<b>\$11,041,192</b>	<b>(\$617,463)</b>	<b>\$925,822,095</b>

<sup>1</sup> Distribution of categorical aid is not available at this time.<sup>2</sup> Reflects the addition of 5 group home beds in East Providence.<sup>3</sup> This does not reflect the \$1.6 million increase (\$8.4 million total in FY2019) in Central Falls Stabilization funds, or the stabilization funds for Davies and the Met School.

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