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# **Section I**

## **Budget at a Glance**

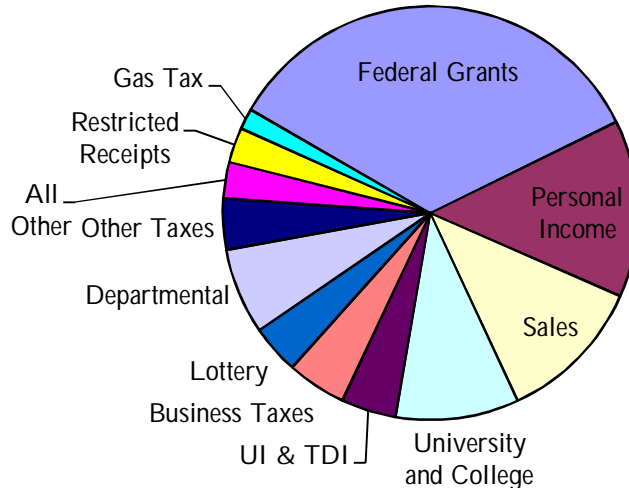
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## FY 2016 Budget at a Glance

The Assembly adopted a budget with total expenditures of \$8,665.4 million, which is \$37.9 million more than the Governor recommended. It contains \$3,552.0 million from general revenues, which is \$60.4 million more than the Governor recommended.

Sources of Funds



### Budget Issues

- **FY 2016 Gap.** The Budget Office estimates that in preparing the FY 2016 budget, the Governor faced a projected revenue-expenditure gap of about \$190 million. This was higher than the House Fiscal Staff projections partially because the Budget Office calculated a higher number based on fully funding FY 2015 employee raises that the Assembly's budget assumed would be absorbed through turnover and other savings. Additionally that gap grew because of projected overspending only partially offset by increased resources from the FY 2014 closing and consensus revenue estimates. The significant increase in available resources in FY 2015 following the May revenue and caseload conferences altered that calculus by making a large surplus available for use in FY 2016. These one-time funds were first used to substitute for most of the one-time resources the Governor had proposed using to balance her budget.
- **Out-Year Projections.** The Governor's budget projected the out-years again to be significantly unbalanced though to a somewhat smaller degree than prior years. The forecast included with the Budget estimates a \$74.6 million gap for FY 2017, equating to 2.1 percent of useable revenues, that grows to \$376.7 million in FY 2020, 10.6 percent of useable revenues. It averages 6.7 percent over the four year period. The enacted budget has a higher initial FY 2017 gap at \$131.7 million, than the Governor's original proposal, but a similar percent of useable revenue at 2.1 percent. Also, the average over the four year period is slightly lower at 6.4 percent.
- **Revenue and Caseload Estimating Conferences.** The Assembly rejected the Governor's proposal to change both the scope and process of the revenue and caseload estimating conferences including removing cash assistance spending from the purview of the Caseload Estimating Conference. It also rejected her proposal to require an additional conference be held within the first ten days of February.

- **Submission Deadline.** The Assembly rejected the Governor's proposal to delay the budget submission deadline by one month.
- **Supplemental Pension System Contributions.** The Budget includes legislation permanently removing the requirement that final revenues exceeding budgeted estimates be transferred to the Retirement System to pay down the unfunded liability. The FY 2015 final budget includes \$13.8 million in additional revenue from repealing this requirement because this is the amount that should be transferred based on the FY 2014 audited closing.

## **Taxes and Revenues**

### ***Tourism Taxes***

The Budget includes legislation relating to taxes on tourism and lodging that has a combined state impact of \$3.3 million in additional revenues for FY 2016. The combined impact of these proposals is an increase in local 1.0 percent hotel tax revenues to municipalities of \$1.0 million and a loss of \$0.3 million for the state's eight tourism districts and the Providence Warwick Convention and Visitors Bureau. The proposals are summarized in the paragraphs below and described separately in a *Tourism Taxes and Distribution* report in the Special Reports section of this publication.

- **Hotel Tax Reallocation and Redistribution.** The Assembly adopted legislation to modify the existing state hotel tax revenue distribution to fund state level tourism and marketing programs through the Rhode Island Commerce Corporation. The difference in shares as well as all funds that were deposited as general revenues will be transferred to the Commerce Corporation. It reduced shares of the 5.0 percent hotel tax for all eight regional tourism districts and the Providence Warwick Convention and Visitors Bureau, effective January 1, 2016. The Budget includes an associated transfer of \$3.8 million from general revenues to the Commerce Corporation. The Governor had proposed a different scenario that left some entities unaffected.
- **Hotel Room Resale.** The Budget includes legislation that subjects the total cost of hotel rooms sold by online travel companies or room resellers to sales and hotel taxes, and assumes an additional \$0.8 million in sales tax revenue. Current statute requires resellers collect and remit taxes only on the wholesale cost of rooms. The increased hotel tax revenues will go to the Commerce Corporation for statewide tourism efforts. Municipalities are anticipated to receive an additional \$0.1 million in local 1.0 percent hotel tax collections.
- **Small Bed and Breakfasts and Other Temporary and Unlicensed Rentals.** The Assembly concurred with the Governor's proposal to subject rentals of rooms at bed and breakfast inns with less than three rooms for rent to sales and hotel taxes. The Budget includes associated sales tax revenues of \$0.9 million. Additional hotel tax revenues are assumed for the Commerce Corporation for statewide tourism efforts. Municipalities are anticipated to receive an additional \$0.2 million in local 1.0 percent hotel tax collections.
- **Vacation Homes.** The Budget assumes \$5.4 million of additional sales tax revenues from legislation subjecting the temporary rental of vacation homes or other residences, regardless of the number of rooms for rent, to the sales and local 1.0 percent hotel taxes. Municipalities are anticipated to receive an additional \$0.8 million in local 1.0 percent hotel tax collections.

## ***Personal Income Tax***

- ***Earned Income Tax Credit.*** The Assembly further enhanced the value of the Earned Income Tax Credit for low and moderate wage earners by increasing it from 10.0 percent of the federal credit to 12.5 percent, effective January 1, 2016. The Budget assumes an associated revenue loss of \$3.1 million, which annualizes to a loss of \$6.4 million in FY 2017. The 2014 Assembly had previously increased the value of the credit for tax year 2015 by making it 100 percent refundable.
- ***Social Security Retirement Exemption.*** The Assembly adopted legislation exempting taxable Social Security benefits from state personal income tax for filers who have reached full Social Security retirement age, including single filers with adjusted gross incomes of \$80,000 and joint filers with adjusted gross incomes of \$100,000, effective January 1, 2016. The Budget assumes a revenue loss of \$9.4 million, which annualizes to \$19.5 million for FY 2017. The Governor had proposed exempting benefits for single filers with federal adjusted gross incomes of \$50,000 or less and joint filers with federal adjusted gross incomes of \$60,000 or less. Under current law, Social Security benefits are taxable at the state level if they are taxable at the federal level.

## ***Other Taxes***

- ***Cigarette Tax.*** The Assembly concurred with the Governor's proposal to increase the cigarette excise tax by \$0.25, to \$3.75 per 20-pack, effective August 1, 2015. The total price per pack in Rhode Island will remain \$0.54 lower than in Massachusetts, because of minimum markup provisions. The Budget assumes \$7.1 million in additional revenues from the increase.
- ***Minimum Corporate Tax.*** The Assembly lowered the minimum corporate tax from \$500 to \$450, effective January 1, 2016; the Budget assumes an associated revenue loss of \$1.6 million, which annualizes to \$3.3 million for FY 2017.
- ***Commercial Energy Sales Tax.*** The Assembly enacted legislation to fully exempt the purchase of energy by commercial users from sales tax, effective July 1, 2015; the Budget assumes a revenue loss of \$24.4 million. The Governor had proposed phasing in the exemption over a period of five years. Under current law, sales of electricity, natural gas, and heating fuels are exempt for residential purchasers and manufacturing businesses.
- ***Self-Audit Program.*** The Assembly concurred with the Governor's proposal to permit the Division of Taxation to establish agreements with Rhode Island businesses to perform self-audits and pay any sales and use taxes owed. Participants will pay reduced interest and no penalties, except in the case of fraud or willful evasion. The Budget includes \$0.5 million in associated sales tax revenue.
- ***Contingency Fee Contract Services.*** The Budget includes legislation allowing the Division of Taxation to contract with third-party service providers for the review of tax data and collections, and assumes an additional \$1.8 million in revenue resulting from enhanced data review and compliance efforts.
- ***Real Estate Conveyance Tax.*** The Budget includes \$0.7 million in revenues from subjecting the sale of a controlling interest in a business entity holding real property to the real estate conveyance tax of \$2.30 per \$500 of value applied to all other real estate sales.
- ***State Property Tax.*** The Assembly did not concur with the Governor's proposal to establish state property tax on real property of \$2.50 per \$1,000 of assessed value on specific non-owner occupied homes and residential properties valued at \$1.0 million or more.

## ***Other Revenues***

- ***Transportation Fees.*** The Assembly did not concur with the Governor's proposal to delay the transfer of \$13.0 million of transportation related fees collected by the Division of Motor Vehicles to the Department of Transportation.
- ***Outpatient and Imaging Services Surcharges.*** The Budget includes the elimination of the 2.0 percent surcharge on outpatient and imaging service facilities' net patient revenue and includes an associated loss of \$2.3 million.
- ***Newport Grand.*** The Budget authorizes an increase in Newport Grand's share of net terminal income for FY 2016 and FY 2017 to fund marketing expenditures approved by the Lottery Division. It assumes a revenue loss of \$0.8 million.
- ***Hospital Licensing Fee.*** The Budget includes \$169.1 million in revenues from extending the hospital licensing fee into FY 2016 using the same two-tiered fee as included in FY 2015. The licensing fee appears annually in the Appropriations Act.
- ***Quasi-Public Corporation Transfers.*** The Assembly rejected the Governor's proposal that various quasi-public corporations transfer a total of \$20.7 million from their balances to the state General Fund.
- ***Tobacco Settlement Financing.*** The Assembly rejected the Governor's proposal that would allow \$19.0 million from the Tobacco Settlement Financing Corporation to be deposited into the state General Fund instead of the Information Technology Investment Fund, as authorized by the 2014 Assembly.

## ***Tax Credits and Incentives***

- ***Enterprise Zone Tax Credit.*** The Budget includes legislation closing the Enterprise Zone tax credit program to new participants, effective July 1, 2015. Companies certified through the end of FY 2015 may retain credits earned. The Governor had proposed ending the credit for all.
- ***Anchor Tax Credit.*** The Budget dedicates \$1.8 million from debt refinancing proceeds to the creation of a tax credit program for businesses that successfully solicit the permanent relocation of a separate business or the permanent relocation of at least ten employees of that separate business. Credits may be applied against corporate income taxes. No more than 75.0 percent of the amount appropriated for the program in any fiscal year may be approved for any one entity and no credits may be approved after December 31, 2018.
- ***Tax Increment Financing.*** The Assembly created a tax increment financing program in which the Commerce Corporation may contract with developers to develop or redevelop specific geographic areas in exchange for up to 75.0 percent of state revenues realized as a result of the development project, as calculated by the Division of Taxation. No agreements may be entered into after December 31, 2018.
- ***Rebuild Rhode Island Tax Credit.*** The Assembly concurred with the Governor's proposal to establish a partially refundable tax credit of up to 30.0 percent of project costs for capital investment projects. However, it included a maximum allowable credit of \$15.0 million, reporting requirements for both the Commerce Corporation and the Division of Taxation, and established a three-year sunset for the program. The Budget allocates \$1.0 million towards future costs. The five-year forecast projects an FY 2017 revenue loss of \$7.1 million, which grows to \$25.1 million by FY 2020.
- ***New Qualified Jobs Tax Credit.*** The Budget includes new job creation and development tax incentives for businesses. Qualified businesses may receive credits from \$2,500 up to \$7,500 per new full-time job,

subject to certain criteria including the creation of new jobs in targeted industries, jobs created in specific communities, and jobs created by businesses that relocate from out of state. Credits may not exceed the income tax withholdings of the employees in the new jobs. The program will sunset on December 31, 2018.

## **Economic Development**

- ***Debt Restructuring.*** The Assembly concurred with the Governor's plan to refinance and restructure a portion of the state's general obligation bond debt. The Budget assumes general revenue savings of \$83.0 million over two years to fund several economic development initiatives. This assumes use of \$63.5 million in FY 2016 and \$19.4 million in FY 2017. This will increase annual debt service in later years but result in a small net present value savings.
- ***First Wave Closing Fund.*** The Budget includes \$5.0 million from debt restructuring savings to establish a First Wave Closing Fund to provide a company with financing to ensure that certain transactions that are deemed critical to the state's economy occur, subject to the Commerce Corporation's Board approval. The program sunsets in three years.
- ***I-195 Redevelopment Project Fund.*** The Budget includes \$25.0 million from debt restructuring savings to establish a fund to provide developers and businesses with financing for capital investment, including land acquisition in order to promote the development of the land. The Fund would be administered by the I-195 Redevelopment District Commission. The Assembly included a three-year sunset provision.
- ***Streetscape Improvement Fund.*** The Assembly authorized the Commerce Corporation to award loans, matching grants and other forms of financing to enhance sidewalks, signage of public space and lighting in order to create an attractive environment in local business districts. The FY 2016 budget includes \$1.0 million for the first year. The program sunsets in three years.
- ***Incentives for Tax Stabilization.*** The Budget establishes an incentive program allowing the Commerce Corporation to enter into agreements to reimburse qualifying communities up to 10.0 percent of foregone property tax revenues in exchange for the municipalities providing developers with tax stabilization agreements for redeveloped and rehabilitated properties.
- ***Affordable Housing.*** The Budget includes \$3.0 million from general revenues from debt restructuring to finance the development of affordable housing. This program will be administered by Rhode Island Housing, which will leverage federal resources and private equity for the program.
- ***Small Business Assistance Program.*** The Budget includes \$5.5 million from debt restructuring to establish a Small Business Assistance Program for businesses with less than 200 employees that are having difficulties obtaining financing from traditional lending organizations. The maximum amount that any one business can obtain from the fund is \$750,000 and ten percent of the funding must be set aside for a microloan program to be administered by a third party with expertise in microloans. The program sunsets in three years.
- ***Innovation Vouchers.*** The Budget includes \$0.5 million from general revenues from debt restructuring to create a voucher program for small businesses with less than 500 employees to purchase research and development support from the state's institutions of higher education and other providers. The program would allow small businesses to earn \$5,000 to \$50,000 and sunsets in three years.
- ***Innovation Network Grant Program.*** The Budget includes \$0.5 million from general revenues from debt restructuring to support the Innovation Network Grant Program, which will provide matching grants

to support promising companies in advanced industries, technology, and other strategically important sectors. The program sunsets in three years.

- ***Rhode Island Infrastructure Bank.*** The Budget renames the Clean Water Finance Agency the Rhode Island Infrastructure Bank, expands its purview to include renewable energy and efficiency projects, and authorizes the Bank to create an Efficient Buildings Fund to provide loans for energy-related public infrastructure projects. The Budget includes \$2.0 million from reprogrammed Energy Revolving Loan funds at the Commerce Corporation and \$3.0 million from the Regional Greenhouse Gas Initiative receipts from the Office of Energy Resources to seed the Fund.
- ***Industry Cluster Grants.*** The Budget includes \$750,000 for the Commerce Corporation to provide startup and technical assistance grants ranging from \$75,000 to \$250,000 and to provide competitive grants ranging from \$100,000 to \$500,000 for activities within an industry cluster and to close industry cluster gaps. The program sunsets in three years.
- ***Executive Office of Commerce.*** The Budgets include \$0.2 million and \$1.0 million in FY 2015 and FY 2016, respectively, and 5.0 full-time equivalent positions to support the new Executive Office of Commerce. The 2013 Assembly created the Office to be administered by a secretary of commerce who also heads the Commerce Corporation, formerly the Economic Development Corporation, effective February 1, 2015. The Budget transfers Housing and Community Development functions to the Office of Commerce. It maintains the Department of Business Regulation as a stand-alone department.
- ***Commerce Corporation - Operations.*** The Budget includes \$7.4 million from general revenues to support general operations of the Corporation. This is \$3.4 million more than enacted. The Budget also includes an additional \$8.6 million from a combination of direct general revenues and hotel tax proceeds redirected from general revenues for a series of programs identified separately in this report.
- ***Tourism Marketing Campaign.*** The Commerce Corporation's budget includes \$5.0 million from hotel tax proceeds redirected from general revenues and regional tourism districts for a statewide tourism campaign that will promote Rhode Island as a vacation and leisure destination and will also include efforts to attract businesses.
- ***Stay Invested In RI Wavemaker Fellowship Tax Credit.*** The Budget includes \$1.8 million for a loan repayment tax credit program for graduates of accredited institutions of higher education who remain in or become a resident of and employed in the state in the fields of life, natural or environmental sciences; computer, information or software technology; engineering or industrial design; and medicine or medical device technology. The amount of the tax credit is up to a maximum of \$1,000 for an associate's degree, \$4,000 for a bachelor's degree and \$6,000 for a graduate degree for up to four years. The program sunsets in three years.
- ***High School, College and Employer Partnerships.*** The Budget includes \$0.9 million to allow the Commerce Corporation to provide funds to support partnerships among high schools, the Community College of Rhode Island, other institutions of higher education, and employers to offer courses towards high school diplomas, internships, and associate degrees. The program sunsets in three years.
- ***Innovate RI Small Business Programs.*** The Budget includes \$1.0 million from general revenues, doubling enacted funding to support Small Business Innovation Research grants and the Bioscience and Engineering Internship programs. The Assembly adopted legislation to remove the matching loan provision for phase II proposals. It also increased the maximum grant amount from \$100,000 to \$150,000.



- ***Building and Fire Code Inspections.*** The Budget includes legislation to mandate that projects receiving Commerce Corporation incentives be subject only to state building code and the state fire code with the inspections done by the state. The Commerce Corporation's budget includes \$250,000 from general revenues to expedite building permit and fire inspections for those projects.
- ***Office of Economic Empowerment.*** The Budget includes \$0.3 million from general revenues to fund a new Office of Economic Empowerment, which would serve as a one-stop shop for individuals to access federal and state benefits, including education, job training, and employment opportunities.
- ***Experimental Program to Stimulate Competitive Research (EPSCoR).*** The Assembly provided the enacted amount of \$1.2 million for participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research.
- ***Slater Technology Fund.*** Consistent with the plan to phase out state support, the Budget omits funding for the Slater Technology Fund, a state-backed venture capital fund that invests in new projects.
- ***Chafee Center at Bryant.*** The Budgets include \$376,200 for each FY 2015 and FY 2016, \$250,000 more than enacted in each year to support the Center, which helps local companies initiate and/or develop international trade opportunities.
- ***Energy Efficiency/Demand Side Management Programs.*** The Assembly adopted legislation to extend the system reliability and least-cost procurement by seven years and electric demand side charge by five years.
- ***Historic Tax Credit Trust Fund Debt Service.*** The Budgets include \$21.4 million and \$31.3 million from general revenues in FY 2015 and FY 2016, respectively, to fund debt service for historic tax credits. Funding in the current year reflects a savings of \$10.3 million from a delay in issuance based on project completion and available funds in the Trust Fund.
- ***38 Studios Debt Service.*** The FY 2015 budget includes \$8.6 million for debt service relating to 38 Studios, \$3.7 million less than enacted. This assumes use of settlement proceeds that the Corporation received. The Budget also includes \$12.5 million in FY 2016.
- ***I-195 Commission.*** The Budget includes \$1.1 million, including \$0.8 million from general revenues for the I-195 Redevelopment Commission to fund its operations for FY 2016; FY 2015 revised funding is \$1.2 million. The Budget also includes \$0.5 million in both FY 2015 and FY 2016 for debt service costs of the I-195 land acquisition project.
- ***Professional Licenses.*** The Budget repeals 27 professional license and permit requirements; 21 of which are administered by the Department of Health, four by the Department of Business Regulation, and one each by the Departments of Environmental Management and Elementary and Secondary Education. The changes are intended to place Rhode Island more in line with other states with occupational licensing requirements and to decrease some of the burden to both those trying to enter certain professions and those trying to employ them.
- ***Demand-Driven Workforce Development.*** The Budget includes \$31.6 million from all sources for job development programs and supports in the Department of Labor and Training. These funds will be used to realign workforce training efforts with an emphasis on employers' needs to train people for positions that currently exist and use performance measurements to optimize the investment of existing workforce development funding.

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

- ***Distressed Communities Relief Fund.*** The Budget includes the enacted level of \$10.4 million for the Distressed Communities Relief Fund, but with redistribution of funding among communities. Communities' aid distribution is based on updated qualifying tax levies and reflects inclusion of East Providence as a distressed community. In the first year of a community's qualification, it receives a transition payment of half its proportional share.
- ***Payment in Lieu of Taxes Program.*** The Assembly provided the enacted level of \$40.1 million for FY 2016 payments to municipalities for the Payment in Lieu of Taxes program that reimburses cities and towns for property taxes that would have been due on real property exempted from taxation by state law. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. The FY 2016 enacted amount is \$5.0 million more than recommended and reflects 23.7 percent of the value of the foregone tax.
- ***Motor Vehicles Excise Tax.*** The Budget funds the Motor Vehicles Excise Tax program at the enacted amount of \$10.0 million. The 2010 Assembly enacted legislation lowering the mandated exemption to \$500, for which the state will reimburse municipalities an amount subject to appropriation. Municipalities may provide an additional exemption; however, it will not be subject to reimbursement.
- ***Library Resource Sharing Aid.*** The Budget includes \$8.8 million which is the enacted amount but \$1.1 million, or 12.2 percent, less than current law allows. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation.
- ***Interlibrary Delivery System.*** The Assembly provided \$0.5 million from general revenues, \$0.3 million more than enacted to reflect costs for the new contract for the interlibrary delivery system, which includes the delivery of books, audio/visual materials and other resources which are shared between and among more than 180 public libraries, academic libraries, state institution libraries, school libraries and other special libraries such as the Rhode Island Historical Society.
- ***Library Construction Aid.*** The Budget includes \$2.7 million to fully fund library construction aid requirements. The state reimburses libraries up to half the total costs for eligible projects on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project.
- ***Property Valuation Reimbursement.*** The Budget includes \$0.7 million for FY 2015 and \$1.8 million for FY 2016 to reimburse communities conducting property valuation updates.
- ***Airport Impact Aid.*** The Budget includes the enacted level of \$1.0 million for FY 2016 to the Commerce Corporation so that the Airport Corporation can provide impact aid payments to the seven communities that host the six state airports. The community payments are made proportionately based on the number of total landings and takeoffs.
- ***Municipal Incentive Aid.*** The Assembly provided the enacted amount of \$5.0 million for the third and final year of the Municipal Incentive Aid program to be distributed, based on population, to municipalities that do not have locally-administered pension plans and those with plans that adhere to certain criteria. Communities with these plans must have submitted approved funding improvement plans, if they are required, or if they are not required, they must be making their required annual funding payment.
- ***Municipal Road and Bridge Fund.*** The Budget transfers \$6.4 million of bond premium proceeds that were deposited into the Rhode Island Capital Plan Fund in FY 2015 to the Municipal Road and

Bridge Revolving Fund. The Assembly previously capitalized the fund with \$10.3 million from bond premium proceeds and \$5.0 million from tobacco settlement funds; FY 2016 is the third year of the fund.

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

- **Mandatory Full-Day Kindergarten.** The Budget includes legislation requiring that, beginning in August 2016, all school districts offer full-day kindergarten to every eligible student in order to qualify for any state education aid. The FY 2016 budget provides \$1.2 million in transition aid for municipalities that would not otherwise offer full-day kindergarten in the 2015-2016 school year.
- **FY 2016 Formula Education Aid.** The Budget includes \$841.9 million for school formula aid for school districts, including Central Falls, the Metropolitan Career and Technical School, Davies Career and Technical School and charter schools pursuant to the funding formula. This is \$34.7 million more than enacted and fully funds current estimates. This includes the \$1.2 million for full-day kindergarten transitions.
- **Funding Formula Assumptions.** The Budget funds the fifth year of the education funding formula adopted by the 2010 Assembly. The calculation for FY 2016 uses March 2015 student enrollment data adjusted for FY 2016 projected charter school enrollments, a per pupil core instruction amount of \$8,928 and state share ratio variables updated with June 30, 2014 data. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years.
- **Special Education Funds.** The education funding formula allows for additional state resources for high-cost special education students when those costs exceed five times the district's combined per pupil core instruction and student success factor amounts. The Budget includes \$2.5 million for FY 2016. This is \$1.0 million more than enacted and represents a plan to gradually increase funds annually.
- **Early Childhood Funds.** The education funding formula allows for additional state resources to increase access to voluntary, free, high-quality pre-kindergarten programs. The Budget includes \$4.0 million for FY 2016. This is \$1.0 million more than enacted and represents a plan to gradually increase funds annually.
- **Transportation Funds.** The education funding formula allows for additional state resources to districts for transportation costs. The Budget includes \$4.4 million for FY 2016, which is consistent with the enacted level. The state currently provides funding to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts. The Assembly rejected the Governor's proposal to repeal the requirement that local education agencies provide transportation for students attending private schools.
- **Career and Technical Education Funds.** The education funding formula allows for additional state resources to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and offset the higher than average costs of maintaining highly specialized programs. The Budget includes \$3.5 million for FY 2016, which is consistent with the enacted budget.
- **School Construction Aid.** The Budget includes \$90.9 million for school housing aid in FY 2016, which is \$23.0 million more than enacted. This includes \$70.9 million to fund projected costs of school housing aid to local districts under the existing program, which is \$3.0 million more than enacted. The Assembly also provided \$20.0 million from general revenues derived from bond refinancing proceeds to

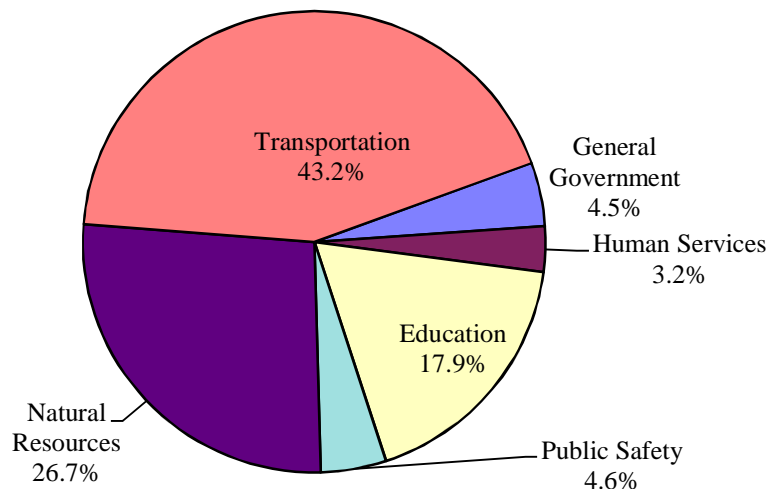
establish a new capital fund and create a School Building Authority within the Department of Elementary and Secondary Education to oversee the fund.

- **Group Home Aid.** The Budget includes \$5.1 million for group home aid, which is \$1.0 million less than enacted and reflects all beds opened as of December 31, 2014.
- **Textbook Mandate and Reimbursement.** The Budget includes the enacted level of \$240,000 for reimbursements allowed under the textbook reimbursement program. The Assembly rejected the Governor’s proposal to eliminate the requirement that cities and towns provide textbooks for non-public school students and restored funding for the limited reimbursements currently allowed.
- **School Breakfast.** The Budget includes the enacted level of \$270,000 from general revenues for the administrative cost reimbursements to districts for the school breakfast program.
- **Vision Services.** The Budget continues the plan to shift expenses for students attending the Rhode Island Vision Services Education Program at the Paul Sherlock Center from the state to local districts over a three year period for total savings to the state of \$745,000; there are savings of \$0.2 million included for FY 2016, which reflects the end of state funding for the program.

**Capital Budget (See Section IV: Capital Budget)**

- **Outlays and Funding.** The FY 2016 through FY 2020 adopted plan includes \$3,400.7 million of outlays on \$9,202.0 million of project estimates. Average outlays would be \$708.7 million per year for the five-year period with \$338.7 million required at the end of the period to complete the projects.

**FY 2016 - FY 2020 Capital Projects by Function**



- **Debt Restructuring.** The Budget includes a restructuring of general obligation bond debt, where principal payments are deferred and/or shortened to provide additional savings in particular years. The budget includes savings of \$63.5 million in FY 2016, with anticipated FY 2017 savings of \$19.4 million. General revenue funded debt service would increase in FY 2018, remain flat in FY 2019 and then increase by approximately \$15 million per year from FY 2020 to FY 2025 as compared to the current debt structure. In total, an additional \$90.0 million of long term debt will be incurred to save the projected

\$83.9 million during the next two fiscal years; however, net present value savings are estimated to be positive.

- **General Obligation Bonds Referenda.** Financing the five-year plan is based on \$463.9 million of general obligation bond debt issuances, including \$243.0 million approved by voters in November 2014 and \$73.0 million from new general obligation bonds to be presented to the voters on the November 2016 ballot.
- **Other Debt Approvals.** The plan requires \$67.7 million of new debt for several Higher Education projects, of which the Assembly approved \$5.1 million from revenue bonds for fraternity infrastructure improvements at the University. The Assembly also authorized the Rhode Island Turnpike and Bridge Authority to issue \$65.0 million from revenue bonds for repairs to the four bridges under its control; however, that debt does not appear in the state's budget.
- **Financing.** Paying for the five-year outlays includes \$852.2 million from debt financing and \$2,548.6 million from current or pay-go sources. Pay-go represents 74.9 percent with debt funding being 25.1 percent.
- **Debt Levels.** Total net tax supported debt decreases during the period through FY 2020 by \$357.9 million from \$1,864.5 million to \$1,506.6 million. However, past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget.
- **Debt Ratios.** Net tax supported debt would decrease from 3.6 percent of personal income reported for FY 2014 to 3.4 percent into FY 2015 before dropping gradually back to 2.3 percent in FY 2020, assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected.
- **Debt Service.** Debt service in the recommended capital budget would decrease from 7.1 percent of useable general revenues in FY 2015 to 4.9 percent in FY 2020.
- **Rhode Island Capital Plan Fund.** The plan relies heavily on the use of Rhode Island Capital Plan funds, an important source of pay-go funds designed to reduce the need for borrowing. Total outlays for the five-year period are \$618.7 million.

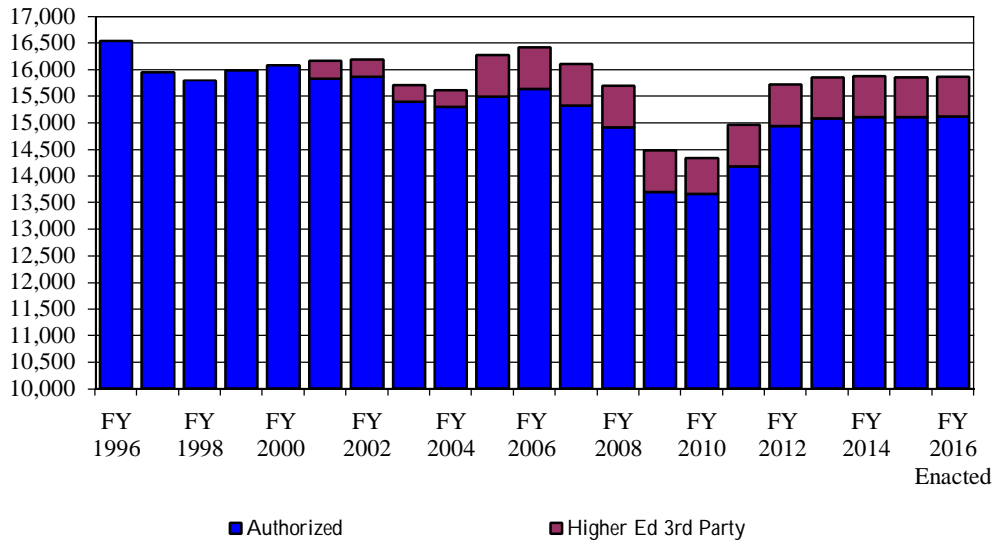
#### **State Government (See Section VI, Special Reports: State Government Personnel and Staffing)**

- **Staffing.** The Assembly provided \$1,921.0 million for personnel expenditures and 15,118.4 full-time equivalent positions, including 745.8 higher education positions supported by research or other third-party funds. This is \$11.5 million more than the Governor's recommendation. Staffing is 32.4 positions more than enacted and is 1.0 fewer than the Governor's recommendation.

Among the changes are 5.0 new positions for the Executive Office of Commerce, 6.0 new positions in the Office of the Governor, 6.5 customer service representatives for the Division of Motor Vehicles, 3.0 revenue agents, 1.0 judge for the District Court, and 11.0 federally funded positions in several departments.

The FY 2015 final budget includes 15,100.7 positions, 14.7 more positions than the FY 2015 enacted budget. In FY 2015, the state averaged 13,801.1 filled positions reflecting an average of 1,262.0 non-research vacancies. In FY 2014, the state averaged 13,908.9 filled positions reflecting an average of 1,001.8 non-research vacancies.

### Full-Time Equivalent Positions



- Unidentified Statewide Personnel Savings.** The Budget includes \$5.0 million in undistributed statewide savings. It does not include repealing certain parity provisions, changes to medical benefits, longevity, position classification changes or extending the probationary period as proposed by the Governor to assist in realizing a proposed \$22.0 million in savings.
- Pension Settlement.** The Assembly passed legislation to codify the pension settlement. The legislation does not exclude any parties. It preserves about 90 percent of the 2011 pension reform savings while making several changes to the cost-of-living adjustment, accrual rates, and retirement age. It also allows municipalities to re-amortize unfunded liability four additional years. There is no assumed impact to the FY 2016 budget; the FY 2017 budget would require an additional \$12.6 million from general revenues.
- Employee Classification Study.** The Budgets include a total of \$1.0 million from general revenues, \$0.5 million in each year for a classification and compensation study.
- Directors' Salaries.** The Assembly provided a four-month extension to the requirement for the Department of Administration to refer by the last day in April, proposed salaries for cabinet directors to the General Assembly, which will take effect in 30 days unless they are rejected by formal action by the General Assembly. The public hearing process would be extended to July and the referral of proposed salaries to the Assembly would be extended to August 30.
- Positions in Unclassified Service.** The Assembly did not concur with the Governor's proposal to allow the director of the Department of Administration to deem non-union senior agency level positions as unclassified as positions are vacated and created. However, it amended the unclassified service to add certain specific positions, including those for HealthSource RI, the Office of Commerce and others.
- Personnel Appeal Board.** The Assembly did not concur with the Governor's proposal to allow the Personnel Appeal Board to reverse an action of the personnel administrator only if the Board were to find that an action had been arbitrary, capricious, or contrary to rule or law.
- CurrentCare Health Information Exchange.** The Budget assumes that the Administration will continue support for the Health Information Exchange, which is an electronic network that gives medical professionals access to their patients' health information.

- ***Lean Process Improvement Projects.*** The Budget includes \$0.1 million from general revenues for the Office of Management and Budget to fund lean process improvement projects to improve operational efficiency.
- ***Unemployment Insurance Benefits.*** The Budget includes \$175.5 million in FY 2016 for the payment of unemployment insurance benefits, including \$1.5 million from federal funds for the WorkShare program and the remainder from the Trust Fund. This is \$34.5 million less than enacted to reflect current benefit recipients.
- ***New Unemployment Insurance Tax and Benefit System.*** The Assembly provided \$750,000 from the Information Technology Investment Fund for the imaging system portion of a \$10 million project to build and implement a new tax and benefit system for unemployment insurance administration.
- ***Temporary Caregiver Insurance.*** The Budget includes \$11.0 million and 10.0 positions from the temporary disability insurance trust fund for benefit payments and administration of the temporary caregiver insurance program, allowing eligible claimants up to four weeks of benefits to care for a seriously ill child, spouse, domestic partner, parent, parent-in-law or grandparent, or to bond with a newborn child, new adopted child or new foster care child.
- ***Police and Fire Relief Fund.*** The Budget includes \$4.3 million from general revenues in FY 2015 and \$4.2 million in FY 2016 for the Police and Fire Relief program for annuity payments and in-state tuition to eligible spouses, domestic partners and dependents of certain injured or deceased police officers and firefighters.
- ***Contingency Fund.*** The Budgets include the enacted amount of \$250,000 for the Governor's Contingency Fund.
- ***Information Technology Investment Fund.*** The Assembly maintained the current law distribution from the tobacco settlement proceeds to allow a total of \$26.3 million to be deposited into the Information Technology Investment Fund in FY 2015. The Budgets assume use of \$23.2 million from the Fund, including \$6.4 million for the Unified Health Infrastructure Project, \$2.4 million for the Judiciary's case management system and \$0.8 million for the Department of Labor and Training's Unemployment Insurance Tax and Benefit System, which is estimated to cost \$10 million.
- ***Capital Projects Consolidation.*** The Budget consolidates construction, property and asset management functions for certain departments into the Department of Administration. The positions are kept in their respective agencies, including the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Corrections, and Transportation.
- ***CollegeBoundfund.*** The Budget transfers administrative responsibility of the state's tuition savings program from the Higher Education Assistance Authority to the Office of the General Treasurer and provides 1.0 position and \$0.3 million to administer the program.
- ***Municipal Incentive Grants.*** The Assembly did not concur with the Governor's proposal to add \$0.1 million for FY 2016 for a municipal incentive grants program that would have been administered by the Office of the Lieutenant Governor.
- ***Statewide Operational Savings.*** The Budget assumes undistributed statewide general revenue savings of \$2.0 million from a Division of Purchasing and Bureau of Audits review of recent state commodity and deliverable based contracts to ensure that the state has achieved all attainable savings. The Department of Administration will also obtain outside services to identify the savings.

- **Energy Procurement.** The Budget assumes \$1.0 million in savings through competitive purchasing and energy efficiency initiatives.
- **Printing Savings.** The Budget includes statewide savings of \$0.1 million in printing costs. The Division of Information Technology will conduct a review of state printing to reduce the number of office printers.
- **Telephone Savings.** The Budget includes \$0.1 million in statewide savings from an effort of the Division of Information Technology from conducting a review of desk phones to identify and eliminate unused and underused telephone lines.
- **Voter Rolls.** The Budget includes \$35,000 for FY 2015 and \$100,000 for FY 2016 for the Office of the Secretary of State to pursue efforts to update the state's voter rolls and contact eligible voters who have not registered.
- **Matching Public Funds for Elections.** The FY 2015 final budget includes \$2.6 million from general revenues for the Matching Public Funds campaign finance program administered by the Rhode Island Board of Elections for the November 2014 election.
- **Convention Center Authority.** The Budgets include \$21.0 million and \$23.0 million from general revenues for the Convention Center Authority to cover debt service requirements in FY 2015 and FY 2016, respectively. This includes a savings of \$2.0 million in the current year, primarily from refunding existing bonds.
- **License Plate Reissuance Delay.** The Budget includes legislation delaying the reissuance of license plates from September 2015 to July 2016 and includes \$3.0 million from general revenues to begin production of the plates. The Division of Motor Vehicles will begin distributing new plates as of July 1, 2016.
- **Health Reform Assessment.** The Assembly authorized the Department of Administration to charge an assessment to fund HealthSource RI, which cannot be more than the revenues that would be raised through the federally facilitated marketplace. The assessment is estimated to generate \$7.1 million in calendar year 2016. The FY 2016 budget assumes use of \$3.6 million from the assessment.

## **Health and Human Services**

- **Medicaid Working Group.** The FY 2016 enacted budget includes general revenue savings of \$83.6 million based on the efforts of the "Working Group to Reinvent Medicaid." The final budget allocated the savings somewhat differently than the Governor originally proposed and included use of revenue enhancements and lower medical benefit costs estimated at the May caseload conference.
- **Managed Care Plans.** The Budget includes \$887.9 million, including \$426.4 million from general revenues for medical benefits to be paid to Neighborhood Health and UnitedHealthcare for those enrolled in RItE Care or the Rhody Health Partners programs in FY 2016.
- **Rhody Health Options.** The Budget includes \$253.8 million, including \$126.2 million from general revenues for the state's integrated system to pay for long term care and acute care services for individuals eligible for Medicare and Medicaid through a managed care plan.
- **Nursing Facilities Payments.** The Budget includes \$180.8 million, including \$89.8 million from general revenues and includes a reduction to the rates paid to nursing facilities through the fee-for-service program.



- ***Home and Community Based Services.*** The Budget includes \$73.1 million, including \$36.3 million from general revenues for the fee-for-service payments made to home and community care providers.
- ***Hospital Payments.*** The Budget includes \$79.3 million, of which \$38.9 million is from general revenues, for inpatient and outpatient services at the state's community hospitals as well as the inpatient and outpatient upper limit reimbursement payments in FY 2016.
- ***Graduate Medical Education.*** The Budget includes \$1.0 million in FY 2015 and \$2.0 million in FY 2016 to be matched by Medicaid for the graduate medical education payments.
- ***Electronic Visit Verification.*** The Budget includes savings of \$5.9 million, \$2.9 million from general revenues, in the Office of Health and Human Services and Department of Behavioral Healthcare, Developmental Disabilities and Hospitals from implementing an electronic visit verification process for home care providers.
- ***Predictive Modeling.*** The Budget includes savings of \$2.0 million, \$1.0 million from general revenues, from addressing fraud, waste and abuse, and identifying Medicaid provider payment reimbursement policies and inconsistencies through the predictive modeling initiative.
- ***Medicaid Program Efficiencies.*** The Budget includes savings of \$4.0 million, \$2.7 million from general revenues, from program efficiencies that include: confirming residency, addressing out-of-plan services in managed care and shifting state costs to Medicaid or, for certain individuals, Medicare.
- ***Unified Health Infrastructure Project.*** The Budget includes state and federal funding totaling \$53.9 million in FY 2015 and \$38.4 million in FY 2016 to support the Unified Health Infrastructure Project. This includes \$8.9 million from general revenues for FY 2015 and \$5.7 million for FY 2016 and dedication of \$4.4 million and \$2.0 million from the Information Technology Investment Fund in FY 2015 and FY 2016, respectively.
- ***Medicaid for Certain Adults.*** The Budget includes \$424.6 million from federal Medicaid funds to provide medical benefits to certain low income, non-disabled adults in FY 2015 and \$468.9 million in FY 2016. The benefits are 100 percent federally funded until January 2017, at which time the Medicaid rate will incrementally decrease to 90 percent in January 2020, requiring a 10 percent state match.
- ***Services for Adults with Developmental Disabilities.*** The Budget includes \$234.9 million in FY 2015 and \$230.9 million in FY 2016 to provide residential and community based support services to approximately 4,200 adults with developmental disabilities in both the state-run and privately operated systems. This includes state support of \$116.0 million in FY 2015 and \$114.1 million in FY 2016.
- ***Eleanor Slater Hospital Food and Laundry Service.*** The Budget includes savings of \$0.6 million, \$0.3 million from general revenues, from transferring food purchasing activities and warehousing operations to the Department of Corrections and privatizing laundry services.
- ***Department of Justice Consent Decree.*** The Budget includes \$4.0 million, including \$2.0 million from general revenues for direct services for adults with developmental disabilities to comply with the consent decree with the United States Department of Justice. The Budget also includes \$725,000 to fund other costs related to the consent decree in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' budget.
- ***Cost of Care Automation.*** The Budget includes savings of \$0.9 million, \$0.5 million from general revenues from streamlining and improving the billing system to ensure proper payment is made from

participants receiving services through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' Division of Developmental Disabilities.

- ***System of Care.*** The Budget includes \$71.7 million from all sources, including \$52.6 million from general revenues for out-of-home and foster care services provided through the System of Care networks. The revised budget includes \$82.7 million, of which \$63.8 million is from general revenues. The current contracts expired at the end of FY 2015 with the option to renew for FY 2016.
- ***Child Care Rate Increase.*** The Budget includes an additional \$2.2 million, including \$1.7 million from general revenues for subsidized child care expenses to reflect a 3.0 percent rate increase for all age groups in all child care settings as well as a \$10 increase in the weekly rate paid for infant care in home-based settings.
- ***Child Care While in Training.*** The Budget permanently extends the child care pilot program allowing families with income at or below 180 percent of poverty who are participating in certain job readiness programs access to subsidized child care if child care is required for their participation. The Budget includes \$0.2 million from federal sources in the Department of Human Services to fund the program, which was set to expire June 30, 2015.
- ***Meals on Wheels.*** The Budget adds \$330,000 from general revenues for Meals on Wheels for FY 2016. This is in addition to \$200,000 already provided as a community service grant through the Department of Human Services.
- ***Paratransit Expenses.*** The Budget includes \$6.3 million and \$6.4 million from all sources for paratransit expenses in FY 2015 and FY 2016, respectively. For FY 2016, this is \$0.5 million less than enacted from general revenues to reflect the utilization of a new vendor contract for managing the state's paratransit system and \$0.3 million more from gas tax revenues to reflect the updated per penny yield estimate.
- ***Non-Prescribing Boards Consolidation.*** The Assembly rejected the Governor's proposal to consolidate all of the non-prescribing health professional boards into a single division within the Department of Health and create a single board of review for appeals, discipline and advisory functions.
- ***Poison Control Center.*** The Assembly provides \$150,000 in FY 2015 and \$200,000 in FY 2016 from general revenues to fund the Poison Control Center, which provides assistance and medical diagnosis of poisonings.
- ***Technology Upgrades.*** The Budget includes \$0.5 million from general revenues to purchase new computer equipment for the Department of Children, Youth and Families.
- ***Utilization Management.*** The Budget includes \$0.8 million from general revenues for the procurement of utilization management services for the Department of Children, Youth and Families. The Department will contract with an outside vendor to determine the effectiveness of out-of-home services being provided and to adjust costs within the System of Care.
- ***Foster Care Support.*** The Budget includes \$1.0 million from general revenues to fund increased foster care expenses. This is partially offset by \$0.6 million in savings from Department of Children, Youth and Families' staff taking over foster care support and referral functions previously contracted to private providers.
- ***PANDA Contract.*** The Budget includes \$0.3 million from general revenues for the contract with Rhode Island Hospital for the Pediatric Abuse and Neglect Diagnostic clinic. This is \$0.1 million less

than enacted in both FY 2015 and FY 2016 and assumes that the hospital will be able to offer the same services under a reduced contract.

- **Cash Assistance Benefits Caseload.** The Budget includes \$110.6 million, including \$31.5 million from general revenues for Rhode Island Works assistance, subsidized child care, supplemental security income and general public assistance for FY 2016. This is \$3.9 million more than enacted, including \$1.9 million more from general revenues for updated costs adopted at the November and May Caseload Estimating Conferences. The Assembly did not concur with the Governor's proposal to exclude these estimates from future Caseload Estimating Conferences.
- **Rhode Island Works Employment Programs.** The Budget includes \$3.9 million from federal temporary assistance to needy families block grant funds for the pilot programs included in the enacted budget. This includes wage reimbursements and related assistance for subsidized employment and on-the-job training programs and expanded childcare assistance for participating families up to 225 percent of poverty. This includes the enacted level of \$1.5 million for Rhode Island Works and adds \$0.9 million, for a total of \$2.4 million for child care assistance.
- **Child Support IRS Reserve Account.** The Budget includes \$300,000 from general revenues to establish an account for Internal Revenue Service recalls of tax intercepts after child support payments are made to custodial parents. The average total of the payments has been approximately \$300,000 annually and prior resources used for these recalls are no longer available.
- **New Veterans' Home.** The Budget includes the expenditure of general obligation bond proceeds approved by the voters in November 2012 for the design and construction of the new Veterans' Home adjacent to the existing home in Bristol, including \$8.1 million in FY 2015 and \$13.4 million in FY 2016. It also includes \$34.2 million from federal reimbursement funds for FY 2016.

## Education

- **Public Higher Education.** The Budget includes \$1,061.9 million for Public Higher Education institutions including debt service. The Budget includes \$190.5 million from general revenues, which is \$7.7 million more than FY 2015.
- **Public Higher Education Tuition and Fees.** The Budget assumes tuition and fee increases consistent with Board approval of 2.8 percent for in-state and out-of-state students at the University, 7.8 percent for in-state students at the College and 8.0 percent at the Community College.
- **University Fraternity Circle Infrastructure Project.** The Budget includes authorization for \$5.1 million from revenue bonds for improvements to water distribution and storm water management systems, gas, electric, roadways, walkways and parking lots for the University of Rhode Island's fraternity circle. Annual debt service would be \$0.4 million.
- **Rhode Island College Re-Purpose Adams Library.** The capital budget adds \$12.1 million from Rhode Island Capital Plan funds to the academic buildings renovations project for which the voters approved \$50.0 million from general obligation bonds in 2012. The additional funds will be used to re-purpose areas within Adams Library to accommodate several departments that will be moving there from other buildings in conjunction with the other renovations.
- **Office of Postsecondary Commissioner.** The Budget includes \$2.0 million and 15.0 full-time equivalent positions to staff the Office of Postsecondary Commissioner.

- ***Need Based Scholarships and Grants.*** The Budget eliminates the state's current need based scholarships and grants program and allocates \$10.1 million from tuition savings fees and federal loan reserve funds for a new Last Dollar Scholarship program for students with proven academic performance and financial need to attend Rhode Island's higher education institutions. Approximately \$2.0 million of these funds is reserved for students attending Rhode Island non-profit and independent schools; the remainder of funding will go to public higher education institutions.
- ***Dual Enrollment Initiative.*** The Budget includes \$1.3 million from tuition savings fees for a new dual and concurrent enrollment initiative to allow qualified high school students to earn college credit at no cost to the student.
- ***Higher Education Assistance Authority Merger.*** The Budget transfers 10.0 full-time equivalent positions from the Rhode Island Higher Education Assistance Authority to the Office of Postsecondary Commissioner and abolishes the Authority as a stand-alone agency; 1.0 position and \$0.3 million is shifted to the Office of the General Treasurer to administer the *CollegeBoundfund*.
- ***URI Chemistry Building.*** The Budget includes \$4.0 million from Rhode Island Capital Plan funds, \$2.0 million from University funds and \$1.5 million from private funding to build out the fourth floor of the new chemistry building for which the voters approved \$61.0 million from general obligation bonds in 2010. Final cost estimates were more than originally anticipated, requiring the additional funding to finish the building.
- ***Gateway to URI (Welcome Center).*** The Budget includes \$7.3 million from unrestricted University funds for a new project to design and construct a new welcome center located on Upper College Road. The new building will offer space to create a one-stop shop of information and programs for prospective students and their families.
- ***URI/RIC Nursing Education Center.*** The Budget includes \$1.3 million from Rhode Island Capital Plan funds for FY 2015 through FY 2017 for program management services associated with the construction of a new nursing education center.
- ***Higher Education Asset Protection.*** The Budget includes \$69.8 million from Rhode Island Capital Plan funds for asset protection projects at the institutions of public higher education for the five-year period of the capital plan.
- ***Polaris MEP.*** The Budget includes \$350,000 for a new community service grant for Polaris Manufacturing Extension Partnership, a division of the University of Rhode Island's Research Foundation.
- ***Telecommunications Education Access Fund.*** The Budget includes \$1.5 million in FY 2015 and \$2.2 million in FY 2016, including \$0.4 million from general revenues in both years, to support the Telecommunications Education Access Fund. This fund provides financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the Internet. It is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line.
- ***Race to the Top Software Maintenance Contracts.*** The Budget includes \$0.3 million from general revenues for several information technology and software maintenance contracts that had been created and funded with federal Race to the Top funds, which expired in FY 2015.
- ***Channel 36 Transition Grant.*** The Budget includes \$200,000 from general revenues for a third year of grant funding to assist in the transition of Channel 36 from a state agency to control of the Rhode

Island PBS Foundation. The FY 2014 budget included \$300,000 and the FY 2015 budget included \$250,000.

- ***RI Film and Television Office.*** The Budget transfers the Rhode Island Film and Television Office including \$0.3 million from general revenues and 2.6 full-time positions from the Department of Administration to the Rhode Island State Council on the Arts.
- ***Arts Grants.*** The Budget includes the enacted amount of \$1.1 million from general revenues for grants awarded to various arts organizations and artists throughout the state.
- ***Creative and Cultural Economy Bond.*** The Budget includes \$35.0 million from general obligation bonds approved by the voters on the November 2014 ballot for renovations to public and nonprofit theaters and performance spaces with \$5.0 million of that reserved for qualifying projects at historic sites. The program is administered by the Rhode Island State Council on the Arts in consultation with the Historical Preservation and Heritage Commission.

## **Public Safety**

- ***Prison Population.*** The Budget assumes a population of 3,292, which is 122 more inmates than the enacted population of 3,170. It also assumes a revised population of 3,239 for FY 2015, which is 69 more than enacted.
- ***Correctional Officer Training Class.*** The Budget delays a new correctional officer class from FY 2015 to FY 2016 for a savings of \$0.7 million in the current year. The revised budget maintains funding for recruitment of the new class, which will be held in FY 2016 at a cost of \$0.8 million. The class is delayed pending an outcome of litigation with the Department of Justice concerning the correctional officer examination process.
- ***Veterans' Calendar.*** The Assembly statutorily established a veterans' treatment calendar in the District Court and increased the number of District Court judges from 12 to 13. The Budget adds 1.0 full-time equivalent position and \$234,000 for the new judge position.
- ***State Police Pay-Go Pension Trust Fund.*** The Budget includes \$1.0 million of general revenue savings from the establishment of a trust fund to pay for State Police pay-go pensions. Sworn members hired prior to July 1, 1987 were not required to contribute to their pensions, which are funded through an annual appropriation. The Budget includes an initial deposit of \$15.0 million from Google forfeiture funds to seed the trust.
- ***Corrections Asset Protection.*** The Budget includes \$18.8 million from Rhode Island Capital Plan funds for FY 2016 through FY 2020 for asset protection projects at correctional facilities including drainage system improvements, window replacement, painting and HVAC.
- ***Minimum Security Renovations.*** The Budget includes \$9.9 million from Rhode Island Capital Plan funds for FY 2016 through FY 2020 to construct a new support services facility, expand the minimum security kitchen area, and install new equipment to increase its capacity to serve, feed, and house a larger inmate population.
- ***Medium Security Renovations.*** The Budget includes \$19.9 million from Rhode Island Capital Plan funds for FY 2016 through FY 2020 for infrastructure improvements at the John J. Moran medium

security facility. This includes the expansion of available space for dining areas, kitchen, dispensary, and other inmate programs and recreational activities.

- **Indigent Defense Program.** The Budget includes the enacted amount of \$3.5 million from general revenues in FY 2016 for the Judiciary's indigent defense program.
- **Judicial Asset Protection.** The Budget includes \$4.6 million from Rhode Island Capital Plan funds for FY 2016 through FY 2020 for asset protection projects at Judicial buildings, including drainage system improvements, security upgrades, courtroom restorations, interior refurbishments to public areas and office spaces, cellblock upgrades, elevator upgrades and exterior refurbishments.
- **Judicial Complex Restoration.** The Budget includes \$3.8 million from Rhode Island Capital Plan funds for FY 2016 through FY 2020 for restoration of the Licht complex. This includes plaster repair, courtroom bench restoration, carpet replacement, and repainting the courthouse interior.
- **Judicial HVAC.** The Budget includes \$4.7 million from Rhode Island Capital Plan funds for FY 2016 through FY 2020 for the replacement, restoration and cleaning of the heating, ventilation and air conditioning system for all judicial complexes. Work includes water pump and boiler installations and the replacement of water lines, fan coils, exhaust fans and air handlers.
- **Judicial Noel Shelled Courtrooms.** The Budget includes \$10.0 million from Rhode Island Capital Plan funds beginning in FY 2016 to build out of the shelled courtrooms at the Noel Judicial Complex to relieve overcrowding at the Garrahy Judicial Complex.
- **Judicial Case Management System.** The Assembly provided \$1.5 million for FY 2015 and \$0.9 million for FY 2016 from the Information Technology Investment Fund for the Judiciary's case management system.
- **56<sup>th</sup> State Police Training Academy.** The Budget delays the start of the 56<sup>th</sup> State Police Training Academy to February 2016; an anticipated 40 trainees will be sworn into the State Police in July 2016.
- **Consolidated Training Academy.** The Budget includes \$0.3 million from Google forfeiture funds for a feasibility study regarding the construction of a Consolidated Training Academy for use by the State Police, the Municipal Police Training Academy, and the Providence Police.
- **New Joint Force Headquarters.** The Budget includes \$2.5 million from Rhode Island Capital Plan funds in FY 2015 and \$0.6 million in FY 2016 for Phase I of a project to build a new headquarters for the National Guard to be located at Camp Fogarty in East Greenwich. The Military Staff currently shares space with the Emergency Management Agency in Cranston. The total project cost is \$32.7 million including \$22.0 million from federal funds and \$10.7 million from Rhode Island Capital Plan funds.
- **Attorney General Building Renovations.** The Budget includes \$6.0 million from Google Settlement funds to be used by the Attorney General for projects that include the potential rehabilitation of the Gloria McDonald building on the Pastore campus.

## Environment

- **Bays, Rivers and Watersheds Coordination Team.** The Assembly abolished the Bays, Rivers and Watersheds Coordination Team. The restricted receipts from an \$80,000 transatlantic cable fee, a \$1 per hundred gallons charge on septage disposal in the state, and a \$250,000 annual allocation from the Oil

Spill, Prevention, Administration and Response Fund that previously supported the Team will now be used by the Department of Environmental Management for efforts relating to watershed and marine monitoring, water pollution abatement, and climate change.

- **Commercial Feed Registration Fee Increase to Local Agriculture and Seafood Program.** The Assembly rejected the Governor's proposal to increase the commercial feed registration fee from \$60 to \$100 per year, per product to support the Local Agriculture and Seafood Small Grants and Technical Assistance Fund. The Assembly instead included \$0.1 million from general revenues for the program.
- **Open Space and Healthy Communities Bonds.** The Budget includes \$33.0 million from general obligation bonds approved by the voters in November 2014 for brownfields remediation, flood prevention, farmland acquisition, recreation and development grants, as well as improvements and renovations to the Roger Williams Park and Zoo.
- **Clean Water State Revolving Loan Bonds.** The Budget includes \$20.0 million from general obligation bonds approved by the voters in November 2014 for the Clean Water State Revolving Loan Fund, a subsidized loan program for local governmental units to finance wastewater infrastructure projects.
- **Fort Adams Sailing Improvements.** The Budget includes \$3.4 million in FY 2015 and \$3.6 million in FY 2016 for improvements to Fort Adams State Park, which will allow the state to host large-scale sailing events. The state was awarded a stopover for the Volvo Ocean Race, which occurred in May of 2015. The funding for FY 2016 also reflects anticipated private donations for the construction of a mid-park educational and recreational facility.
- **Rocky Point.** The Budget includes \$3.7 million in FY 2015 and \$0.2 million in FY 2016 from Rhode Island Capital Plan funds for work on the approximately 85 acre property formerly known as Rocky Point Park. The work in FY 2015 included demolition of buildings, maintenance and renovations on the property and the FY 2016 funding is for a feasibility study on the future use and development of the site.
- **Galilee Piers.** The Budget includes \$3.9 million in FY 2015 and \$0.4 million in FY 2016 from state and federal sources for infrastructure improvements at the Port of Galilee.
- **World War II State Park Improvements.** The Budget includes \$1.8 million in FY 2015 and \$0.8 million in FY 2016 from Rhode Island Capital Plan funds to revitalize the currently closed World War II State Park, eliminating the empty pond and replacing it with a splash park. The FY 2016 budget includes \$250,000 from general revenues for the first year of a five-year initiative to transfer maintenance and operation of the park from the state to Woonsocket following the completion of the capital project.
- **State Recreational Facilities Improvements.** The Budget includes \$12.2 million from Rhode Island Capital Plan funds for the FY 2016 through FY 2020 period for improvements at Rhode Island parks and management areas.
- **State Piers.** The Budget includes \$4.0 million from Rhode Island Capital Plan funds for the FY 2016 through FY 2020 period, including \$0.1 million for FY 2016, for marine infrastructure and pier development at sites critical to Rhode Island's tourism and fishing economy.

## Transportation

- **Transportation Fees.** The Assembly did not concur with the Governor's proposal to delay the transfer of \$13.0 million of transportation related fees collected by the Division of Motor Vehicles to the Department of Transportation.
- **Winter Maintenance.** The FY 2015 Budget includes \$19.1 million for winter maintenance expenditures, \$5.9 million more than enacted to reflect increased operations during the winter of 2015. The Budget assumes \$17.1 million of winter maintenance expenditures in FY 2016.
- **Highway Drainage.** The Budget includes \$3.7 million for catch basin inspection and cleaning. Pursuant to the state's sewer systems permit, the Department must inspect and clean the state's 25,000 catch basins annually; however, the Department of Justice has cited the state for being out of compliance with the permit. Funding would be derived from a dedicated portion of the Highway Maintenance Account.
- **Turnpike and Bridge Authority.** The Budget includes support for the Turnpike and Bridge Authority of \$15.5 million in the form of 3.5 cents of the gasoline tax. This is consistent with legislation enacted by the 2014 Assembly, which provided this revenue in lieu of tolls on the new bridge for management and operations of the bridges under the Authority's control.
- **Rhode Island Public Transit Authority.** The Budget includes a transfer of \$3.6 million from the Highway Maintenance Account to the Rhode Island Public Transit Authority in FY 2016. This reflects a five percent share of funding available in the account, consistent with legislation enacted by the 2014 Assembly. The Assembly also provided \$2.0 million from general revenues for operating support.
- **Rhode Island Public Transit Authority - Fare Increase.** The Assembly adopted legislation to allow the Authority to charge the half-fare rate of \$1.00 per one-way trip for low income riders who are elderly or disabled; these riders currently pay no fare. Elderly and disabled riders whose income exceeds 200 percent of poverty shall continue to pay half-fare prices during off-peak hours and the full-fare of \$2.00 during peak hours. The change is effective October 1, 2015 and is designed to put the state more in line with other states and federal guidelines.
- **Rhode Island Public Transit Authority Debt Service.** The Budget includes general revenue funding for the Authority's debt service payments in lieu of Authority sources in order to reduce the projected operating shortfalls. This includes \$1.8 million in FY 2015 and \$1.7 million in FY 2016.
- **Maintenance Facilities.** The Budget includes \$1.6 million from Rhode Island Capital Plan funds for FY 2016 through FY 2020 for improvements to departmental infrastructure, including pavement repair, replacement and repairs of the HVAC systems, roof repairs and improvements to windows and garage doors at several facilities.
- **Salt Storage Facilities.** The Budget includes \$1.0 million from Rhode Island Capital Plan funds each year of the FY 2016 through FY 2020 period for the construction of salt storage facilities at various locations statewide where salt is currently stored uncovered.
- **Capital Equipment Replacement.** The Budget includes \$10.2 million from Rhode Island Capital Plan funds for the FY 2016 through FY 2020 period to replace heavy trucks, sweepers, loaders, backhoes and tractors for the Department of Transportation's Maintenance Division.