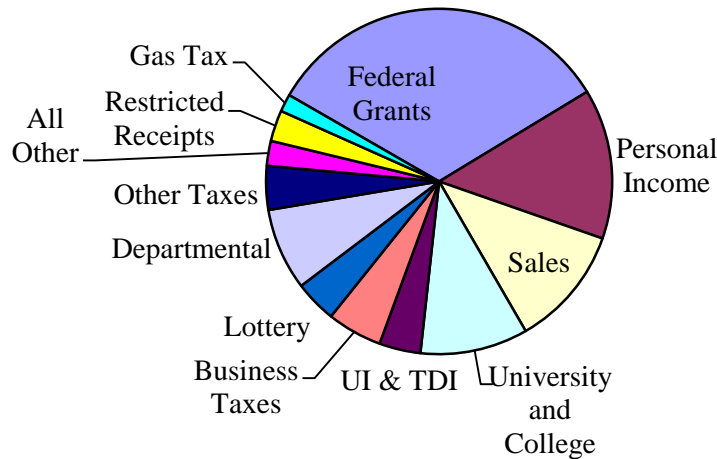

Section I

Budget at a Glance

Governor's FY 2017 Budget at a Glance

The Governor's budget recommendations for FY 2017, along with her revisions to the FY 2016 enacted budget, are contained in 2016-H 7454, introduced on February 3, 2016. While most supporting documents were made available with the introduction, the Capital Budget was not provided until two weeks later, on February 17. By law the budget is due by the third Thursday in January, which was January 21, 2016 this year.

Sources of Funds



Budget Issues

- **FY 2017 Gap.** The Budget Office estimates that in preparing the FY 2017 budget, the Governor faced a projected revenue-expenditure gap of about \$190 million. This was higher than the House Fiscal Staff projections based on differing Budget Office assumptions. That gap was significantly reduced by increased resources from the FY 2015 closing and consensus revenue estimates, partially offset by overspending. The Governor's budget resolves much of the deficit through revenue items, a majority of which are non-recurring. There are numerous spending changes in human service agencies which amount to a reduction that appears to be structural in nature.
- **Out-Year Projections.** The out-years again appear to be significantly unbalanced. The forecast included with the Budget estimates a \$192.1 million gap for FY 2018, equating to 5.3 percent of useable revenues, that grows to \$332.6 million in FY 2021, 8.6 percent of useable revenues. The FY 2018 gap is primarily due to the use of one-time items in the resolution of the current budget gap. The estimate also reflects the growing impact of casino gaming in Massachusetts and the final phase-in of shifting transportation funding from general revenues.
- **Budget Assumptions.** Her budget follows the traditional Rhode Island budgeting practice of assuming passage of legislation submitted with the budget and approval by requisite federal agencies of changes under their purview. Should any of that legislation not pass, the budget will be significantly unbalanced. Notably, there is an assumption for \$8.0 million in undefined caseload savings in the current year, which would likely need immediate statutory authority.

- **Revenue and Caseload Estimating Conferences.** The Governor proposes changes to the timing, scope and process of the revenue and caseload estimating conferences including removing cash assistance spending from the purview of the Caseload Estimating Conference. She also proposes moving the conferences that occur in early November to late January.
- **Submission Deadline.** The Governor proposes delaying the budget submission deadline by three weeks from the third Thursday in January to the second Thursday in February. For years when a new governor is inaugurated, the deadline would be delayed five weeks from the first Thursday in February to the second Thursday in March.

Taxes and Revenues

Tax Changes

- **Earned Income Tax Credit.** The Governor proposes increasing the Earned Income Tax Credit for low and moderate wage earners from 12.5 percent of the federal credit to 15.0 percent effective for tax year 2017. The Governor's budget assumes an associated revenue loss of \$2.7 million for FY 2017. The loss would annualize to \$5.5 million in FY 2018.
- **Cigarette Tax.** The Governor's budget assumes \$7.1 million in revenues associated with proposed legislation to increase the cigarette excise tax by \$0.25 per pack, to \$4.00 per 20-pack, effective August 1, 2016. The total price per pack in Rhode Island remains lower than in Massachusetts because of minimum markup provisions. The Office of Revenue Analysis estimates that the final retail price per pack in Rhode Island would be approximately \$0.40 less per pack; it reports Rhode Island's price is currently \$0.69 less.

Enhanced Compliance and Collections

- **Intercompany Transaction Audit.** The Governor's budget assumes collecting an additional \$6.7 million in corporate income taxes owed to the state from transactions between related companies that are not part of a combined group, but are affiliated, and transactions between commonly controlled companies that may not have been taxed accurately prior to the institution of combined reporting. The project would permit the Division of Taxation to work with a vendor to analyze existing data to determine taxes owed. These revenues are expected to be non-recurring.
- **Fraud and Waste Data Tool Revenue Enhancement.** The Governor's budget assumes net revenues of \$3.5 million by investing a total of \$1.5 million for annual service agreements and purchasing a fraud and waste data tool that will combine data across agencies, including Department of Labor and Training, Department of Revenue and health and human service agencies to detect fraud and waste.
- **Revenue Agents and Officers.** The Governor's budget assumes a net budget impact of \$3.0 million from the addition of five new positions in the Division of Taxation to increase compliance efforts.
- **Nexus Program.** The Governor's budget assumes new revenue collections of \$1.0 million from the reinstatement of the Division of Taxation Nexus Program, which would identify and register businesses with a physical presence in the state to ensure that they pay all taxes owed. The Governor's recommended budget includes 1.0 new associated full-time position and assumes costs of \$0.1 million for the program. The net increase to the state would be \$0.9 million.
- **Retaliatory Assessments.** The Governor's budget assumes \$1.1 million in new insurance company gross premiums tax collections from increased enforcement of retaliatory tax structures for insurance policies,

which require that policies written for Rhode Island residents by out-of-state insurers are subject to the higher of the Rhode Island tax rate or that of the state where the insurer is domiciled.

Other Revenues

- ***Medical Marijuana.*** The Governor's FY 2017 budget includes legislation to restructure the taxing and regulation of the state's medical marijuana system. The proposal includes new registration requirements and fees and reduces the compassion center surcharge from 4.0 percent to 3.0 percent, effective July 1, 2016. Accounting for the cost of five new positions and software for the Department of Business Regulation to administer the program, the Governor's budget shows a net increase of \$8.5 million in revenues from the proposal.
- ***DMV Fees.*** The Governor's budget maintains the current law provision requiring the transfer of 75.0 percent of motor vehicle fees into the Highway Maintenance Account or \$25.4 million more than FY 2016. In FY 2016, 25.0 percent was transferred and in FY 2018, all of the fees will be transferred into the Account.
- ***Hospital Licensing Fee.*** The Governor's budget includes \$169.1 million in revenues from extending the hospital licensing fee into FY 2017 using the same two-tiered fee as included in FY 2016. The licensing fee appears annually in the Appropriations Act.
- ***Rhode Island Airport Corporation Transfer.*** The Governor proposes that the Rhode Island Airport Corporation transfer \$275,000 to state general revenues by June 30, 2017.
- ***Infrastructure Bank Transfer.*** The Governor proposes that the Infrastructure Bank transfer \$8.0 million to state general revenues by June 30, 2017.
- ***Resource Recovery Corporation Transfer.*** The Governor proposes that the Resource Recovery Corporation transfer \$1.5 million to state general revenues by June 30, 2017.
- ***Narragansett Bay Commission Transfer.*** The Governor proposes that the Narragansett Bay Commission transfer \$1.5 million to state general revenues by June 30, 2017.
- ***RIHEBC Transfer.*** The Governor's budget transfers \$5.0 million from Rhode Island Health and Educational Building Corporation reserves to state general revenues in FY 2017.
- ***Forward Capacity Market Revenue.*** The Governor's budget includes \$0.1 million in revenues from the state's participation in a Forward Capacity Market agreement, in which the state commits to a one hour twice per year test to demonstrate its ability to decrease demand for electricity. If successful, an incentive payment is made. The last four year agreement, which ended in FY 2014, yielded a total of \$0.4 million.
- ***State Fleet Passenger Vehicles.*** The Governor's budget assumes \$1.0 million in revenues from the sale of current vehicles. The Governor's budget proposes leasing approximately 250 light-duty passenger vehicles that are currently used by employees in numerous departments. A third party administrator would be responsible for maintenance and replacement with the leasing cost offset by the current costs to operate and maintain.
- ***Health Care Provider Taxes.*** The Governor's budget does not reflect the revenue losses associated with proposed reductions in rates paid to, or caseload reductions for, managed care and nursing home services. Managed care plans are subject to a 2.0 percent provider tax and the proposed reductions likely lower FY 2017 revenues by \$1.3 million. The nursing home reductions would reduce revenues from the 5.5 percent provider tax by \$0.2 million. FY 2016 reductions would also produce revenue losses not accounted for.

Tax Credits and Incentives

- ***Tax Stabilization Incentives.*** The 2015 Assembly enacted legislation authorizing the Commerce Corporation to reimburse municipalities up to 10.0 percent of foregone revenue resulting from tax stabilization agreements, subject to appropriation. The Governor's budget proposes allowing the Commerce Corporation to enter into up to five incentive agreements with municipalities for state reimbursement of up to 50.0 percent of foregone property tax revenue per year. Municipalities would be selected for the larger agreements via a competitive process.
- ***Rebuild Rhode Island Tax Credit.*** The Governor's budget includes \$20.6 million from debt refinancing for the Rebuild Rhode Island Tax Credit program. The Governor's FY 2016 budget indicated \$12.1 million from refinancing proceeds would be recommended for the program in FY 2017. The Governor also includes legislation to permit the funds for this credit be used by the Commerce Corporation to fund tax stabilization incentives.
- ***Anchor Tax Credit.*** The enacted budget includes \$1.8 million for the Anchor Tax Credit program, which creates a tax credit of an unspecified amount for businesses that successfully solicit the relocation of a separate business or the relocation of at least ten employees of that business on a permanent basis. Documents supporting the Governor's FY 2016 recommended budget indicated the Governor's intent to recommend an additional \$3.9 million in FY 2017 for a total of \$5.7 million. The Governor's budget includes legislation that would allow the Commerce Corporation to utilize funds allocated for this purpose to assign credits under the Rebuild Rhode Island tax credit program. The Governor recommends \$1.0 million less for this program in the current year and does not propose additional funding for FY 2017.
- ***New Qualified Jobs Tax Credit.*** The Governor's budget includes legislation altering the New Qualified Jobs Tax Credit program authorized by the 2015 Assembly. The proposal would eliminate the current credit maximum of \$7,500 per new job created and reduces the total number of new jobs needed to qualify by half. Total credits earned by a company for each job would still be capped at the amount of the employee's income tax withholdings.
- ***Research and Development Tax Credit.*** The Governor recommends \$5.0 million for a new tax credit program to assist businesses with costs associated with research and development. The refundable credit would be capped at the lesser of \$0.2 million or the amount of the municipal property taxes associated with the company's research and development investment.
- ***Wavemaker Fellowships.*** The Governor's budget includes legislation to significantly alter the Wavemaker Fellowship Tax Credit program authorized by the 2015 Assembly. Proposed changes include eliminating the existing annual limits for recipients who have attained a post-secondary degree in specific science, information technology, engineering, mathematics, and design fields. The proposal also includes allowing automatic approval of credits for applicants who meet specific criteria, eliminating the employer-blind requirement for the applicant selection, and allowing businesses to reserve credits for their eligible employees. The Governor's budget includes \$5.0 million for the program, which is \$3.2 million more than documents supporting the Governor's FY 2016 budget indicated would be recommended for FY 2017.

Economic Development

- ***Debt Restructuring.*** The FY 2016 enacted budget included a restructuring of general obligation bond debt, where principal payments are deferred and/or shortened to provide additional savings in particular years. The FY 2016 budget includes savings of \$64.5 million, with anticipated FY 2017 savings of \$19.4 million. The savings for FY 2017 are actually \$36.2 million, or \$16.8 million more than expected.

- **Main Street Streetscape Improvement Fund.** The Governor recommends an additional \$1.0 million for the Main Street Streetscape Improvement Fund. The 2015 Assembly provided \$1.0 million for the fund and authorized the Commerce Corporation to award loans, matching grants and other forms of financing to enhance sidewalks, signage of public space and lighting in order to create an attractive environment in local business districts. The recommendation is consistent with documents supporting the Governor's FY 2016 budget that indicated the use of an additional \$1.0 million from general revenues available from debt refinancing in FY 2017.
- **Affordable Housing.** The Governor's budget includes \$1.0 million from general revenues from debt restructuring to finance the production or preservation of affordable housing. The 2015 Assembly provided \$3.0 million to be used as part of a pilot affordable housing preservation and construction program through Rhode Island Housing. Documents supporting the Governor's FY 2016 recommended budget did not indicate a second year of funding from debt refinancing proceeds for the fund.
- **Housing Bond.** The Governor recommends \$40.0 million of new general obligation bonds to be submitted to the voters on the November 2016 ballot for affordable housing.
- **Innovate RI Small Business Programs.** The Governor's budget includes \$2.0 million, \$1.0 million more than enacted from general revenues, to support Small Business Innovation Research grants and the Bioscience and Engineering Internship Programs.
- **38 Studios Debt Service.** The Governor includes \$2.5 million in FY 2017 for debt service relating to 38 Studios, \$10.0 million less than enacted. This assumes use of settlement proceeds that the Corporation received. The Governor's budget also includes the enacted amount of \$12.5 million in FY 2016.
- **Commerce Corporation - Operations.** The Governor's budget includes \$7.5 million from general revenues to support general operations of the Corporation, which is \$0.1 million more than enacted.
- **First Wave Closing Fund.** The Governor's budget includes \$5.0 million from general revenues available from debt refinancing for the First Wave Closing Fund that may be used by the Commerce Corporation to provide businesses with working capital, for a total of \$10.0 million. The 2015 Assembly authorized the fund and provided \$5.0 million in FY 2016. Documents supporting the Governor's recommended FY 2016 budget indicated that no additional funding would be recommended.
- **Impact Faculty.** The Governor recommends the creation of a program to assist the state's institutions of higher education to attract and secure the hiring of faculty members who have had professional success commercializing their research. The Governor's budget includes \$2.8 million for the program, including \$1.5 million from debt refinancing proceeds.
- **Industry Cluster Grants.** Consistent with documents supporting the Governor's recommended FY 2016 budget, the Governor's budget includes \$1.3 million for the Industry Cluster Grants program, which enables the Commerce Corporation to provide startup and technical assistance grants ranging from \$75,000 to \$250,000 and to provide competitive grants ranging from \$100,000 to \$500,000 for activities within an industry cluster and to close industry cluster gaps.
- **P-Tech Initiative.** The Governor's budget includes \$1.4 million for the P-Tech Initiative, which establishes partnerships between high schools, higher education institutions, and employers to offer courses towards high school diplomas and associate's degrees. The enacted budget includes \$0.9 million for the program and the Commerce Corporation has partnered with three school districts. The recommendation would expand the program to at least five districts.

- ***Innovation Initiative.*** The Governor’s budget includes \$1.5 million from general revenues available from debt refinancing for Innovation Initiative vouchers for businesses with less than 500 employees. Vouchers of up to \$50,000 may be given for research and development assistance from a Rhode Island university, research center, or medical center.
- ***College and University Research.*** The Governor’s budget includes \$165,000 for a College and University Research Collaborative to conduct ongoing economic analysis by the state’s public and private higher education institutions to inform economic development policy.
- ***Historic Tax Credit Trust Fund Debt Service.*** The Governor’s budget include \$30.9 million and \$31.0 million from general revenues in FY 2016 and FY 2017, respectively, to fund debt service for historic tax credits.
- ***Building and Fire Permit Initiatives.*** The Governor recommends \$250,000 from general revenues to expedite building permit and fire inspection processes for state supported and certain municipal projects. The Governor’s recommended appropriation for the Commerce Corporation’s operations includes the enacted level of \$250,000 for these initiatives, bringing total recommended funding to \$0.5 million.
- ***Minimum Wage.*** The Governor’s budget includes legislation increasing the minimum wage from \$9.60 per hour to \$10.10 per hour, effective January 1, 2017. The 2015 Assembly increased the minimum wage from \$9.00 per hour to the current \$9.60, effective January 1, 2016.
- ***Air Service Development.*** The Governor’s budget includes \$1.5 million from general revenues for an initiative to support additional direct routes to major metropolitan areas.
- ***Rhody Rail Commuter Pass.*** The Governor’s budget includes \$1.5 million to create a Rhody Rail Pass program, which will offer users discounted fare options and rail information. The program is intended to improve rail connectivity between Rhode Island and the metropolitan Boston area.
- ***Quonset Piers.*** The Governor recommends a total of \$90.0 million from bond proceeds for extension and renovation of the Quonset Business Park’s piers. This includes \$70.0 million from new general obligation bonds to be put before the voters on the November 2016 ballot and up to \$20.0 million from revenue bonds to be issued by the Commerce Corporation.
- ***Innovation Campus Bond.*** The Governor recommends \$20.0 million of new general obligation bonds to be submitted to the voters on the November 2016 ballot for the construction of one or more innovation campuses. Documents supporting the Governor’s budget indicate that state funds would be used to leverage resources from the state’s higher education institutions, industry partners, federal funds, and philanthropic donations.

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

- ***Distressed Communities Relief Fund.*** The Governor recommends the enacted level of \$10.4 million for the Distressed Communities Relief Fund, but with redistribution of funding among qualifying communities. Distribution is based on updated tax levies. In the first year a community qualifies, it receives a transition payment of half its proportional share; in the year a community no longer qualifies, it also receives a transition payment of half its proportional share. The FY 2017 recommendation reflects the inclusion of Cranston as a qualifying community and includes a transition payment out of the program for East Providence, which no longer qualifies.

- ***Payment in Lieu of Taxes Program.*** The Governor recommends \$42.0 million for the Payment in Lieu of Taxes program that reimburses cities and towns for property taxes that would have been due on real property exempted from taxation by state law. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. The recommendation is \$1.9 million more than enacted and represents full funding for the program. The FY 2016 enacted amount of \$40.1 million represents 23.7 percent of the foregone tax.
- ***Motor Vehicles Excise Tax.*** The Governor's 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 Governor recommends \$8.5 million for library aid. Current law allows 25.0 percent reimbursement of second prior year expenditures. This reflects a reduction of \$0.3 million or 30.8 percent to the statewide reference Library Resource grant, of which \$212,500 is for tutoring sessions, citizenship tests, and prepping for General Education Diplomas; \$63,826 is for the Heritage Quest and African American Heritage research databases, and \$35,000 is for business and marketing reference databases.
- ***Library Construction Aid.*** The Governor recommends \$2.2 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. The three-year moratorium on the acceptance of applications for library construction aid projects ended June 30, 2014.
- ***Property Valuation Reimbursement.*** The Governor recommends \$1.8 million for FY 2016 and \$0.6 million for FY 2017 to reimburse communities conducting property valuation updates. The Budget includes legislation to alter the current property revaluation schedule that requires valuation updates every third and sixth year and a full revaluation every ninth year. The legislation would require updates to property valuations every fifth and tenth year, with full revaluations occurring every fifteenth year.
- ***Airport Impact Aid.*** The Governor recommends the enacted level of \$1.0 million for FY 2017 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 Governor's budget does not include funding for the Municipal Incentive Aid program, for which FY 2016 was the third and final year of a \$5.0 million annual appropriation.

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

- ***FY 2017 Formula Education Aid.*** The Governor recommends \$863.8 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 \$30.8 million more than enacted and fully funds current estimates for the core formula.
- ***Funding Formula Assumptions.*** The Governor funds the sixth year of the education funding formula adopted by the 2010 Assembly. The calculation for FY 2017 uses March 15, 2015 student enrollment data adjusted for FY 2017 projected charter school enrollments, a per pupil core instruction amount of \$8,979 and state share ratio variables updated with June 30, 2015 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. Aid amounts are subject to final student enrollment data collected in March 2016.

- ***Funding Formula Review.*** The Governor includes legislation requiring the Department of Elementary and Secondary Education to conduct a review of the education funding formula no less than every five years and make recommendations to the Assembly.
- ***Density Aid.*** The Governor's budget includes \$2.6 million for a new category of aid which would provide additional state support for those districts that have at least 5.0 percent of their students enrolled at a school of choice, which includes charter schools or state schools. For FY 2017, six districts would be eligible for this funding, which provides \$300 per pupil for every student sent to a charter or state school.
- ***Local Charter and State School Tuition.*** The Governor recommends legislation that reduces the local tuition payments made to charter and state schools by \$355 per student in an effort to capture the cost differential between traditional districts and charter schools. This is estimated to reduce local tuition payments to charter and state schools by \$3.6 million.
- ***Special Education Funds.*** The education funding formula allows for additional resources from the state for high-cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Governor recommends \$4.5 million for FY 2017. This is \$2.0 million more than enacted and represents the plan to gradually increase funds annually to the total needed. The Governor recommends language to reduce the threshold for eligibility to four times the per pupil core instruction amount and student success factor amount, effective FY 2018.
- ***Early Childhood Funds.*** The education funding formula allows for additional resources from the state to increase access to voluntary, free, high-quality pre-kindergarten programs. The Governor recommends \$5.2 million for FY 2017. This is \$1.2 million more than enacted and represents the plan to gradually increase funds annually. Early childhood categorical funds are used as a match for a federal grant; the corresponding increase in federal grant funds is \$3.2 million. The total additional money of \$4.4 million will provide funds to increase the pre-kindergarten classes by 20 from 33 to 53.
- ***Transportation Funds.*** The education funding formula allows for additional resources from the state to districts for transportation costs. The Governor recommends \$4.4 million for FY 2017 which is consistent with the FY 2016 enacted level. The state currently provides funding to mitigate a portion of the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts.
- ***Career and Technical Education Funds.*** The education funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and offset the higher than average costs of maintaining highly specialized programs. The Governor recommends \$3.5 million for FY 2017, which is consistent with the enacted budget.
- ***English Language Learner Funds.*** The Governor's budget includes \$2.5 million for a new category of funding to support English language learners that are in the most intensive programs. The funding shall be used on evidence-based programs proven to increase outcomes and will be monitored by the Department of Elementary and Secondary Education. This is intended to be the first of a two-year phase up to a total of \$5.0 million for FY 2018 and beyond.
- ***State Schools Stabilization Funding.*** The Governor's budget adds \$2.3 million in stabilization funding to the Davies Career and Technical School and the Metropolitan Career and Technical School in order to

mitigate some of the losses in funding from the implementation of the funding formula and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. Davies would receive \$2.0 million and the Met School the remaining \$0.3 million.

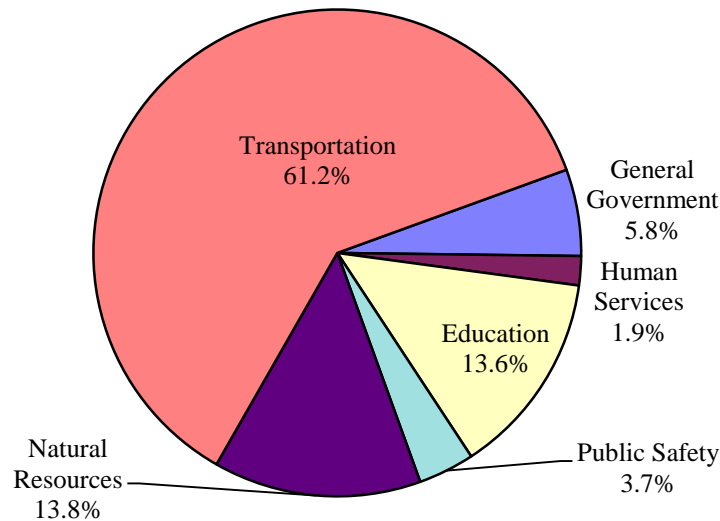
- ***School Construction Aid.*** The Governor recommends a total of \$80.0 million to fund projected costs of school housing aid to local districts for FY 2017, which is \$10.9 million less than enacted for FY 2016. This includes the enacted level of \$70.9 million for the traditional program and \$9.1 million for the new School Building Authority. The enacted budget included \$20.0 million from general revenues derived from bond refinancing proceeds to seed the new fund. The Governor also proposes placing \$40.0 million on the November 2016 ballot for voter approval of general obligation bond debt to support school construction aid.
- ***Local Maintenance of Effort.*** The Governor recommends legislation to change the maintenance of effort requirement for local communities' contribution to education beginning in FY 2018. It would require the annual contribution to increase by the greater of inflation or consistent per pupil growth, defined as at least one percent for two consecutive years. Under current law, communities must contribute as much as they did the previous year. The proposal does not change the exemptions for high local contribution communities, high per pupil expenditure communities and non-recurring expenditures.
- ***Local Education Budgets.*** The Governor recommends legislation to require local education agencies to post their adopted budgets on their websites and include a link to the Department of Elementary and Secondary Education's website effective for FY 2018.
- ***Full-Day K Transition Funding.*** The Governor's budget includes legislation that repeals the requirement that beginning in FY 2017, the state will provide full funding, rather than transitioned aid, for any district converting from a half-day to a full-day kindergarten for the 2014-2015 school year or after. The Governor's budget excludes \$2.5 million in funding to the 13 districts that converted to full-day kindergarten in FY 2015 or after based on this repeal.
- ***Group Home Aid.*** The Governor's budget reflects \$4.0 million for group home aid consistent with current law that requires that aid be paid for all beds opened as of December 31, 2015. The FY 2017 budget is \$1.1 million less than the FY 2016 enacted budget.
- ***Textbook Reimbursement.*** The Governor recommends the enacted level of \$240,000 for reimbursements allowed under the textbook reimbursement program. Under current law, the state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade.
- ***School Breakfast.*** The Governor recommends the enacted level of \$270,000 from general revenues for the administrative cost reimbursements to districts for the school breakfast program. Food is paid for from federal sources.

Capital Budget (See Section IV: Capital Budget)

- ***Outlays and Funding.*** The FY 2017 through FY 2021 recommended plan includes \$5,443.0 million of outlays on \$12,393.3 million of project estimates. Average outlays would be \$1,088.6 million per year for the five-year period with \$1,014.3 million required at the end of the period to complete the projects.
- ***General Obligation Bonds Referenda.*** Financing the five-year plan is based on \$616.8 million of general obligation bond debt issuances, including \$243.0 million approved by voters in November 2014

and \$257.5 million from new general obligation bonds to be presented to the voters on the November 2016 ballot.

FY 2017 - FY 2021 Capital Projects by Function



- **Other Debt Approvals.** The Governor recommends \$20.0 million to be approved by the 2016 Assembly under the Public Debt Management Act for Quonset pier repairs.
- **Financing.** Paying for the five-year outlays includes \$1,108.2 million from debt financing and \$4,334.9 million from current or pay-go sources. Pay-go represents 79.6 percent with debt funding being 20.4 percent.
- **Debt Levels.** Total net tax supported debt increases during the period through FY 2021 by \$51.3 million from \$1,675.8 million to \$1,727.1 million. Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget.
- **Debt Ratios.** Net tax supported debt would decrease from 3.6 percent of personal income reported for FY 2015 to 2.9 percent into FY 2017 before dropping gradually back to 2.6 percent in FY 2021 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected.
- **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 \$589.4 million.
- **RhodeWorks.** After the budget was submitted, the Assembly adopted new RhodeWorks legislation in 2016-H 7409, Substitute A, as amended that the Governor signed into law on February 11, 2016. The capital budget was adjusted to include toll revenue and Grant Anticipation Revenue Vehicle (GARVEE) bonds authorized in the legislation. In the total outlays mentioned above, \$545.5 million is from funding authorized as part of the RhodeWorks legislation.

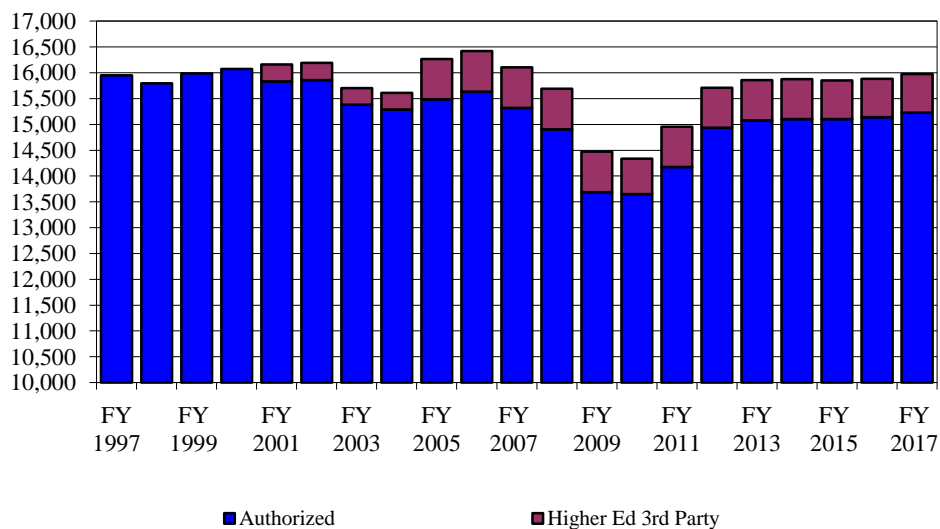
State Government (See Section VI, Special Reports: State Government Personnel and Staffing)

- **Staffing.** The Governor recommends \$1,987.8 million for personnel expenditures and 15,227.3 full-time equivalent positions, including 745.8 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$66.9 million more and 108.9 more positions than the FY 2016 enacted budget. The expenditures include both salaries and benefits, as well as contracted services.

Among the changes are 14.0 new positions in the Department of Administration, including 3.0 for the Office of Performance Management, 1.0 new cybersecurity director, 4.0 for the Division of Capital Asset Management and Maintenance; 9.0 in the Department of Revenue, including 5.0 in the Division of Taxation to enhance revenue collection; 6.0 in the Department of Business Regulation to primarily reflect staffing the medical marijuana program; 34.6 positions in education, primarily for professors and advisors at the University of Rhode Island; 4.0 additional maintenance staff and program manager positions in the Military Staff; and 13.0 new positions for the Department of Corrections for discharge planning and support of the Justice Reinvestment Initiative.

As of January 9, there were 13,706.3 positions filled, leaving 1,283.8 non-research vacancies. In FY 2015, the state averaged 13,804.3 filled positions reflecting an average of 1,133.9 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



- **Employee Classification Study.** The Governor’s budget includes a total of \$1.2 million from general revenues for a classification and compensation study over FY 2016 and FY 2017.
- **Directors’ Salaries.** The Governor’s budget proposes to repeal the current process for the General Assembly’s notification in determining salaries for cabinet directors, instead allowing it to be similar to that of employees in the Office of the Governor and entitle them to receive cost-of-living increases as provided to unclassified employees of the Executive branch.
- **Personnel Appeal Board.** The Governor proposes legislation to require the Personnel Appeal Board to give deference to the degree of discipline imposed upon the employee by the appointing authority provided that the factual findings of the Personnel Appeal Board are substantially consistent with the facts relied upon by the appointing authority and the degree of discipline imposed was not arbitrary, capricious or contrary to rule or law.

- ***Probationary Period.*** The Governor proposes to extend the probationary period for certain positions from 6 months to 12 months effective July 1, 2016 or upon the expiration of applicable labor contracts.
- ***Retiree Health Insurance.*** The Governor proposes altering the requirements for what benefits shall be included in early retiree health plans and offering a waiver to certain recipients.
- ***Parental Leave.*** The Governor’s budget includes \$750,000 from general revenues for a “parental leave” initiative. No further documentation for intended use has been provided.
- ***Lean Process Improvement Projects.*** The Governor recommends \$0.1 million from general revenues for the Office of Management and Budget to fund lean process improvement projects to improve operational efficiency. The Governor also recommends \$40,000 for both FY 2016 and FY 2017 for two lean process management events per year for Department of Business Regulation staff.
- ***Office of the Health Insurance Commissioner.*** The Governor’s budget includes \$1.6 million from general revenues for the Office of the Health Insurance Commissioner for staff and operating costs associated with the Office’s rate review activities, including funding for 9.0 positions and contracted information technology services currently funded from federal grant funds. The grants are scheduled to expire September 30, 2016.
- ***DMV Extended Hours.*** The Governor’s budget includes \$40,000 for FY 2016 and \$107,000 for FY 2017 for a pilot program that would allow the Division of Motor Vehicles to offer extended hours on certain days at a registry location, which has yet to be determined.
- ***DMV Information Technology Modernization.*** The Governor’s revised FY 2016 and FY 2017 recommendations include \$3.3 million and \$2.7 million from all sources, respectively, for Division of Motor Vehicles’ information technology modernization, for which a new contract amendment was signed in November 2015. The project is scheduled to be completed in December 2016, with some user modules available for customer service representatives’ use earlier in FY 2017.
- ***Municipal Portal.*** The Governor’s budget includes legislation to establish a Municipal Finance Transparency Portal to allow access to municipalities’ financial reports and contracts in a standardized format. The Governor includes \$0.2 million and 1.0 new full-time position for the Division of Municipal Finance for this initiative.
- ***Electronic Permitting System Expansion.*** The Governor’s budget includes \$0.5 million from general revenues to expand the Electronic Permitting System, a standardized system available to the State Building Code Commission and all municipalities and fire districts. The first phase of the system includes permits for building and fire codes of ten municipalities. The additional funds will allow expansion to include 25 additional communities by the end of FY 2017.
- ***Cybersecurity Unit.*** The Governor’s budget includes \$0.8 million to fund a Cybersecurity Unit within the Department of Administration. This includes funding for a director of cybersecurity position as well as funding for consultants and providing cybersecurity training for employees in the Executive Branch.
- ***Information Technology Investment Fund.*** The Governor’s budget assumes use of \$24.7 million from the Information Technology Investment Fund over two years, including \$15.7 million in FY 2016 and \$9.0 million in FY 2017.
- ***State Regulation Modernization System.*** The Governor’s budget includes \$0.7 million from general revenues for the Office of Regulatory Reform and the Secretary of State to create an online and searchable code of state regulations.

- ***Workers' Compensation Assessment.*** The Governor's budget includes statewide savings of \$0.3 million from general revenues from a reduction to assessed fringe benefits, specifically related to Workers' Compensation. A Bureau of Audits' review revealed that certain higher education employees were misclassified and this classification resulted in a higher assessment than required.
- ***Renewable Energy Fund Surcharge.*** The Governor proposes legislation to extend the Renewable Energy Fund surcharge by five years. The surcharge of 0.3 mills per kilowatt-hour generates \$2.5 million annually and is set to expire on December 31, 2017. The Fund is administered by the Commerce Corporation.
- ***Consolidation of Internal Audit.*** The Governor's budget reflects the consolidation of internal auditing functions, which are currently performed in several agencies, into the Office of Management and Budget. This consolidation reflects the merger of staff from the Bureau of Audits, the Department of Transportation, the Department of Human Services and auditors from higher education in a new office of internal audit. The Governor's budget assumes \$0.1 million in personnel savings.
- ***Diversity Equity and Opportunity.*** The Governor recommends a new Office of Supplier Diversity, which will work in conjunction with the current Minority Business Enterprise Compliance Office to support minority, women, and disability business enterprises.
- ***Unemployment Insurance Benefits.*** The Governor's budget includes \$156.3 million in FY 2017 from the Unemployment Insurance Trust Fund for the payment of unemployment insurance benefits. This is \$17.7 million less than enacted to reflect current benefit recipients.
- ***UI Taxes.*** The Governor's budget includes a proposal to make changes to the unemployment insurance taxes that some employers pay and lowers the amount the trust fund must hold in reserve in order to save Rhode Island employers an estimated \$30 million in 2017 from a reduction in unemployment insurance taxes.
- ***TDI Fraud and Program Integrity Task Force.*** The Governor proposes legislation to establish a Temporary Disability Insurance Fraud and Integrity Task Force charged with educating workers, employers and healthcare professionals about the program.
- ***TDI Benefits.*** The Governor proposes legislation that would reduce the amount of time a claimant has to apply for temporary disability insurance benefits from 52 weeks to 90 days. The Governor's budget includes total benefits of \$168.0 million for FY 2017, which is \$7.0 million less than enacted.
- ***Temporary Caregiver Insurance.*** The Governor's budget includes \$9.5 million from the Temporary Disability Insurance Trust Fund for benefit payments and administration of the temporary caregiver insurance program. This is \$0.5 million less than enacted.
- ***Police and Fire Relief Fund.*** The Governor's budget includes \$4.0 million from general revenues for the Police and Fire Relief program for annuity payments and in-state tuition to eligible spouses, domestic partners and dependents of certain injured or deceased police officers and fire fighters. This is \$0.1 million less than enacted.
- ***TechHire Initiative.*** The Governor's budget includes \$2.0 million from general revenues for a new initiative to provide online courses and other nontraditional approaches to rapidly train workers in the field of information technology. The stated goal is to train and place 2,000 Rhode Islanders in the next five years.

- ***Office of Debt Management.*** The Governor’s budget includes an additional \$0.3 million in revenues from removing the exemption to the fee paid for debt issuances for taxable issues and refundings and by municipalities. The revenues would support a new Office of Debt Management within the Office of the General Treasurer. The Office will be responsible for monitoring the process by which the state and other governmental units issue and manage public debt. Funding will support 1.0 new position and technology upgrades including a web portal to track all public debt.
- ***Crime Victims Compensation Benefits.*** The Governor’s budget includes \$120,000 from general revenues for a new justice reinvestment initiative to provide additional funding for relocation benefits and transportation through the crime victims’ compensation program. This is intended to be the first year of a three year program.
- ***Crime Victims Compensation Eligibility.*** The Governor recommends legislation that would specify eligibility for crime victims’ compensation grants to any minor or person in the care and custody of the state and who is identified as a victim of sex trafficking or sexual exploitation. These individuals are currently eligible for crime victim compensation benefits and have been recipients of program benefits.
- ***CollegeBoundfund.*** The Governor’s budget adds \$0.1 million and 1.0 program director position in the Office of the General Treasurer who will be responsible for monitoring investments of the fund and assisting in developing the strategy to grow the program. The enacted budget transferred administrative responsibility of the state’s tuition savings program from the Higher Education Assistance Authority to the Office of the General Treasurer and included 1.0 position and \$0.3 million to administer the program.
- ***Contingency Fund.*** The Governor’s budget includes the enacted amount of \$250,000 for the Governor’s Contingency Fund. The FY 2016 revised budget includes \$0.4 million, including \$160,800 in funds reappropriated from FY 2015.
- ***Capital Asset Management and Maintenance.*** The Governor’s budget reflects the merger of the Divisions of Capital Projects and Facilities Management to create the Division of Capital Asset Management and Maintenance. The Governor’s budget adds \$0.7 million from general revenues to fund 4.0 new full-time equivalent positions.
- ***New Voting Equipment.*** The Governor’s budget adds a total of \$1.0 million from general revenues for a multi-year purchase and maintenance agreement for new voting equipment.
- ***Online Voter Registration.*** The Governor’s budget includes \$0.1 million from general revenues for FY 2017 for implementation of an online voter registration portal that would allow residents to register to vote and/or change their voter registration information online.
- ***Convention Center Authority.*** The Governor’s budget includes \$22.5 million from general revenues for the Convention Center Authority to cover debt service requirements in FY 2017.
- ***License Plate Reissuance.*** The Governor proposes a delay in the start of license plate reissuance from July 2016 to April 2017. Documents supporting the Governor’s recommended budget note that the reissuance should occur after the anticipated December 2016 deployment of the Registry’s modernized information technology system for administrative ease.

Health and Human Services

- ***Unified Health Infrastructure Project.*** The Governor provides state and federal funding totaling \$118.6 million in FY 2016 and \$57.4 million in FY 2017 to support the Unified Health Infrastructure Project

in the Office of Health and Human Services and Department of Human Services' budgets. This includes \$80.2 million more for FY 2016, of which \$10.0 million is from general revenues and \$4.9 million from Information Technology Investment funds.

- ***Unified Health Infrastructure Project – Medicaid Savings.*** The Governor includes \$19.0 million in general revenue savings in the Office of Health and Human Services from maximizing federal opportunities and improved efficiencies through automated enrollment once the Unified Health Infrastructure Project goes live on July 12, 2016.
- ***Unified Health Infrastructure Project – Administrative Savings.*** The Governor's budget assumes general revenue savings of \$1.3 million in the Department of Human Services from administrative efficiencies related to the go-live operations of the Unified Health Infrastructure Project.
- ***Home Care Rates.*** The Governor proposes to raise the rates paid to personal care attendants and home care workers by seven percent and includes \$4.1 million, \$2.0 million from general revenues in the Office of Health and Human Services budget. This impacts services in both the managed care and fee-for-service system.
- ***Overdose Task Force Recommendations.*** The Governor includes \$1.4 million, \$0.7 million from general revenues in the Office of Health and Human Services' budget to address the problem of opioid dependency. She also includes \$2.5 million in the Department of Corrections' budget to provide treatment and skills training for total support of \$4.0 million.
- ***Nursing Facilities Adjustment.*** The Governor includes savings of \$4.1 million, \$2.0 million from general revenues from eliminating the October 1, 2016 nursing home rate increase.
- ***Reinventing Medicaid.*** The Budget reduces FY 2016 medical assistance expenses adopted at the November caseload conference by \$16.1 million, including \$8.0 million from general revenues, from unidentified proposals to achieve savings through Reinventing Medicaid. The Budget includes language to give the Secretary broad authority to implement undefined fiscal controls.
- ***Hospital and Nursing Home Incentive Programs.*** The Budget reallocates reductions to hospital payment programs to serve as the \$21.3 million state match for the incentive programs. Supporting documents suggest that the reductions to hospitals would not occur if alternate match were found.
- ***Hospital Payments.*** The Governor eliminates \$27.9 million, \$13.8 million from general revenues, for the inpatient and outpatient upper payment limit reimbursements to be made to the community hospitals in FY 2017. Supporting documents suggest that the reductions to hospitals would not occur if alternate match for the hospital and nursing home incentive programs were found.
- ***Uncompensated Care Payments.*** The Governor lowers the uncompensated care payments made to community hospitals by \$15.2 million, including \$7.5 million from general revenues in FY 2017. Supporting documents suggest that the reductions to hospitals would not occur if alternate match for the hospital and nursing home incentive programs were found.
- ***Graduate Medical Education.*** The Governor eliminates the \$2.0 million state payment to Lifespan for graduate medical education activities in FY 2016 and FY 2017.
- ***Managed Care Contracts.*** The Governor's budget assumes savings of \$6.8 million, including \$2.0 million from general revenues from re-procuring the state's contract for its RIte Care and Rhody Health Partners managed care plans, including benefits for the Medicaid expansion population.

- ***Managed Care Organizations Administrative Rate.*** The Governor’s budget proposes savings of \$8.8 million, including \$3.3 million for nine months of savings in FY 2017 from reducing the administrative rate paid for the managed care plans providing Medicaid services.
- ***Primary Care Settlement.*** The Governor includes savings of \$2.5 million from a one-time, not-yet-finalized, settlement relating to medical assistance payment to primary care providers as savings against operating costs in the Executive Office of Health and Human Services. Such settlements would typically appear in the caseload estimate or as adjustments to closing caseload expenditures. The request instead underfunds administrative expenses by \$1.0 million in FY 2016 and \$1.5 million in FY 2017 in expectation of excess funds.
- ***Medicaid Transportation Contract.*** The Governor includes savings of \$2.0 million, including \$1.0 million from general revenues, from her recommendation to re-negotiate the current three-year transportation contract in the medical assistance program.
- ***Children’s Health Account.*** The Governor’s budget includes \$4.0 million in general revenue savings from increasing to \$12,500 from \$7,500 the assessment charged to commercial insurers that offsets the state cost for certain services provided to children with special health care needs.
- ***Project Sustainability – Direct Care Worker Rates.*** The Governor includes \$2.5 million from general revenues matched by Medicaid to support a \$0.45 hourly rate increase to direct care workers in the privately operated system for adults with developmental disabilities.
- ***Office of Health Analytics and Policy.*** The budget includes \$0.8 million, \$0.4 million from general revenues, for the Executive Office to hire a contractor with claims analysis and health care actuarial experience, consistent with the recommendation made by the Governor’s Working Group for Healthcare Innovation. The Working Group also recommended creating a central office to oversee health policy initiatives and coordinate public hearings that inform the state’s understanding of its health care spending, the associated drivers, and possible solutions for cost containment. The Governor’s budget does not add staff for a new Office.
- ***Child Care Providers Union Agreement.*** The Governor recommends \$0.7 million from federal funds over FY 2016 and FY 2017 for the provisions of the collective bargaining agreement that includes home computers, orientation and training session, direct deposits and certification bonuses.
- ***Volunteer Guardianship Program.*** The Budget eliminates the Volunteer Guardianship Program in the Division of Elderly Affairs for general revenues savings of \$81,512.
- ***Long Term Care Ombudsman.*** The Budget reduces funding for the long term care ombudsman from \$320,900 to \$230,900 from all sources; this is a \$90,000 reduction, including \$45,000 from general revenues.
- ***Medicaid Rehabilitation Services.*** The Budget eliminates the personal care attendants program and the home modification program in the Office of Rehabilitation Services for savings of \$0.6 million, including \$0.3 million from general revenues. Services to approximately 40 people would still be available but the individual would have to pay instead of the state Medicaid program.
- ***Eleanor Slater Hospital Study.*** The Budget includes \$1.0 million from Rhode Island Capital Plan funds for a feasibility study to determine the next step in the Eleanor Slater Hospital re-organization plan.
- ***Developmental Disabilities Caseload Growth.*** The Governor adds \$5.8 million, \$2.9 million from general revenues, for anticipated caseload growth over FY 2016, based on increasing awareness of the

state's program for developmentally disabled adults through the consent decree.

- **Residential Placements.** The Governor includes all funds savings of \$3.1 million in the revised budget and \$16.6 million in FY 2017 from transitioning developmentally disabled adults in both the state-run RICLAS and privately operated systems from 24 hour residential placements to less intensive shared living arrangements in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.
- **Eleanor Slater Hospital Reorganization.** The Governor's budget assumes FY 2017 savings of \$8.4 million, including \$4.1 million from general revenues from the re-organization of the state-run hospital, the specifics of which are not identified.
- **System of Care.** The Governor's FY 2016 revised budget includes \$79.5 million from all sources including \$53.6 million from general revenues for services provided to children in the care of the Department of Children, Youth and Families provided through the System of Care networks. This is \$4.9 million more than enacted from all sources, including \$1.0 million from general revenues. The Governor's recommended budget includes an initiative to return responsibility for administrative functions associated with the System of Care back under Department control.
- **Foster Care Support.** The Governor's budget includes \$27.1 million for foster care and adoption assistance subsidies, including \$1.0 million from general revenues to fund a foster care rate increase included in the enacted budget. This increase brings the average daily foster care rate up by 15.8 percent from \$16.05 per day to \$18.59 per day.
- **DCYF Daycare.** The Governor's budget includes \$5.4 million for daycare subsidies provided to children in the care of the Department of Children, Youth and Families, including \$4.7 million from general revenues and \$0.7 million from federal funds. The Governor's revised and recommended budgets assume the same caseload as FY 2015, adjusted to reflect the 3.0 percent childcare provider rate increase in the enacted budget that became effective July 1, 2015.
- **Senior Centers.** The Governor's budget adds \$600,000 from general revenues for the state's senior centers.
- **Veterans' Affairs – New Positions.** The Governor adds three new positions and elevates the Division of Veterans' Affairs to an independent office.
- **Race to the Top – Early Childhood Development.** The Governor's budget adds \$1.1 million from general revenues to fund staff and programs at the Department of Human Services to replace Race to the Top federal funds that will expire December 31, 2016.
- **Lead Poisoning Prevention.** The Governor's budget includes \$187,000 from general revenues to backfill the loss of one-time funding from the Providence Water Supply Board for lead poisoning prevention efforts. Funds will be used to support certified lead centers, which provide case management to lead poisoned children, and for data analysis.
- **Women, Infants, and Children Nutrition Program Transfer.** The Governor's budget reflects the transfer of the Women, Infants, and Children Nutrition Program from the Department of Human Services to the Department of Health to comply with federal statutes. The Governor's budget includes \$26.1 million from federal funds and 13.0 full-time equivalent positions to support the program.
- **New Interpreter Position.** The Governor's budget includes \$0.1 million to fund a new staff interpreter position for public hearings, informational sessions, and interoffice communication for the Commission on

the Deaf and Hard of Hearing.

- **Poison Control Center.** The Governor recommends the FY 2016 enacted level of \$200,000 from general revenues for FY 2017 to fund the Poison Control Center, which provides assistance and medical diagnosis of poisonings.
- **New Veterans' Home – Bond Authorization.** The Governor proposes new bond language to ensure that there are sufficient resources to build the new Veterans' Home, which will still cost the state less than originally anticipated. The voters approved a \$94 million bond that would be reduced by federal reimbursements. The federal Veterans Administration approved a different project design than anticipated a new cost of \$121.0 million, but also authorized a larger reimbursement.

Education

- **Public Higher Education.** The Governor's budget includes \$1,163.4 million for Public Higher Education institutions including debt service. This is \$73.3 million more than enacted from all funds. The Governor's budget includes \$199.5 million from general revenues, which is \$3.2 million more than enacted. Excluding debt service, general revenue support increases by \$10.8 million.
- **Public Higher Education Tuition and Fees.** The Governor's budget prohibits tuition increases for the three public higher education institutions.
- **Higher Education Asset Protection Funding.** The Governor's budget includes \$8.0 million of additional Rhode Island Capital Plan funding for asset protection projects, including \$5.7 million for the University, \$2.0 million for the College, and \$0.3 million for the Community College. The additional funding from Rhode Island Capital Plan funds is intended to allow the institutions to use unrestricted resources that they would otherwise commit to asset protection projects beyond their Rhode Island Capital Plan fund allocation for personnel and operating expenses.
- **University Engineering Building Referendum.** The Governor recommends \$25.5 million of new general obligation bonds to be submitted to the voters on the November 2016 ballot for the second phase of a project to renovate and build additions to the College of Engineering complex at the University of Rhode Island. Annual debt service would be \$2.1 million; total debt service would be \$40.8 million.
- **Westerly Campus Capital Project.** The Governor's budget includes \$2.0 million from Rhode Island Capital Plan funds for a new facility in Westerly for the Community College to provide laboratory and classroom space for collaborative programs with local private industries.
- **Coastal Resiliency Initiative.** The Governor's FY 2017 budget includes \$0.1 million for a new Coastal Resiliency Initiative at the University's Graduate School of Oceanography to assist shoreline communities in preparing for and managing climate change impacts.
- **Rhode Island Nursing Education Center.** The Governor's budget includes \$6.2 million for the new Rhode Island Nursing Education Center, which is scheduled to open for the spring 2017 semester. This amount includes \$2.8 million for the facility's operating and administrative expenses and \$3.4 million from general revenues for the state's first lease payment.
- **Dual Enrollment Initiative.** The Governor recommends the enacted level of \$1.3 million from tuition savings fees for the dual and concurrent enrollment initiative to allow qualified high school students to earn college credit at no cost to the student.

- ***Last Dollar Scholarship.*** The Governor recommends the enacted level of \$10.1 million from tuition savings fees and federal loan reserve funds for the Last Dollar Scholarship program for students with proven academic performance and financial need to attend Rhode Island’s public higher education institutions.
- ***Telecommunications Education Access Fund.*** The Governor recommends \$1.8 million in FY 2017, including \$0.9 million from general revenues to support the Telecommunications Education Access Fund. This is \$0.5 million more from general revenues than the enacted budget. This fund provides financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the Internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line.
- ***Advanced Coursework Pilot Program.*** The Governor’s budget proposes using \$0.6 million previously dedicated to supporting underperforming schools for an advanced course work pilot program to support high school students in accessing personalized advanced coursework opportunities. Funding would support approximately 1,000 students.
- ***Innovation and Empowerment Fund.*** The Governor’s budget includes \$1.0 million to seed a new innovation and empowerment fund to support grants made to schools to promote innovation, flexibility and best practices.
- ***Principal Empowerment and Training Fund.*** The Governor’s budget includes \$1.0 million from general revenues for a new professional development initiative for principals.
- ***Kindergarten Entry Profile Survey.*** The Governor’s budget includes \$350,000 to fund a kindergarten entry profile survey initiative.
- ***Race to the Top Early Learning Challenge.*** The Governor recommends \$219,700 from general revenues for 3.3 positions to continue the programs created under the Race to the Top - Early Learning Challenge program in the Department of Elementary and Secondary Education. The grant expires December 31, 2016. Funding would support the positions for the other six months of FY 2017.
- ***Computer Science Education.*** The Governor’s budget includes \$260,000 from general revenues to expand access to computer science courses for elementary and secondary students.
- ***PSAT/SAT.*** The Governor’s budget includes \$500,000 from general revenues to provide the SAT and PSAT for free to all Rhode Island public school students.
- ***Fellowship for Instructional Excellence.*** The Governor’s budget includes \$750,000 from general revenues for the first year of a proposed two-year fellowship program to bring approximately seven master teachers into two-year fellowships at the Department of Elementary and Secondary Education. Funding would be used to pay the district for the salary and benefit cost of the teachers participating in the fellowship.
- ***Performance Management and Educator Performance Support.*** The Governor recommends \$0.3 million from general revenues and 2.0 new positions in the Department of Elementary and Secondary Education to support the Department’s performance management system and the evaluation model to develop and implement professional practice and training for all evaluators.
- ***Model Evaluation System.*** The Governor recommends \$290,000 from general revenues for a model evaluation system in the Department of Elementary and Secondary Education. Funding will support assessment training and fund the instructional management system, which combines curriculum assessment, instructional practice tools and student data for use by teachers and school administrators.

Public Safety

- **Prison Population.** The Governor's budget assumes a population of 3,200, which is 92 less inmates than the enacted population of 3,292. It also assumes a revised population of 3,183 for FY 2016, which is 109 less than enacted. Through the first four months of 2016, the average inmate population is 3,149.
- **Correctional Officer Training Class.** The Governor recommends \$0.6 million for recruiting and training costs for a correctional officer training class to be held in FY 2017; the class is delayed from FY 2016 pending an outcome of litigation with the Department of Justice concerning the correctional officer examination process. She also recommends \$51,400 to acquire expert legal services to make sure the issue is resolved.
- **Weapons Requalification.** The Governor recommends the enacted level of \$0.5 million from general revenues to conduct annual weapons requalification for correctional officers.
- **Weapons Training Software.** The Governor's budget includes \$80,000 from general revenues to purchase an electronic weapons simulator for the Department of Corrections to train staff in situations such as inmate disturbances or hostage situations.
- **New Correctional Facility Study.** The Governor recommends \$250,000 from Rhode Island Capital Plan funds for FY 2017 to conduct a cost-benefit analysis and study options for replacing the Maximum Security and High Security facilities with a new facility for both populations.
- **Corrections Asset Protection.** The Governor includes \$18.8 million from Rhode Island Capital Plan funds for FY 2017 through FY 2021 for asset protection projects at correctional facilities.
- **Medium Security Renovations.** The Governor includes \$20.0 million from Rhode Island Capital Plan funds for FY 2017 through FY 2021 infrastructure improvements at the John J. Moran medium security facility. This includes the expansion of available space for dining areas, kitchen, and dispensary and other inmate programs and recreational activities.
- **Intake Service Center Renovations.** The Governor includes \$7.5 million for FY 2017 through FY 2021 to restore the exterior of the Intake Service Center including window and roof replacement, as well as joint patching and resealing the brick veneers on the north and south side of the building.
- **Discharge Planning.** The Governor's budget adds \$0.1 million from shifting inmate discharge planning from contracted services to direct personnel. She adds authorization for 8.0 new full-time equivalent positions.
- **Corrections Database Programming.** The Governor recommends adding \$0.2 million from general revenues to make programming changes and maintenance for the inmate and probation/parole tracking databases and to continue funding for the Community Mapping and Reentry System (CMARS) that was previously funded through the recidivism grant for which funding ended September 30, 2015.
- **Mental Health and Psychiatric Services.** The Governor recommends adding \$0.5 million from general revenues in the Department of Corrections budget for mental health and psychiatric services for inmates. This reflects a new sex offender treatment contract, the provision of psychiatric services and the replacement of a retiring on-call psychiatrist during FY 2016. This would provide a total of \$1.3 million for FY 2017.

- ***Corrections Dental Contract.*** The Governor's budget includes \$1.1 million from general revenues, which is \$160,000 more than enacted for contracted dental services for the Department of Corrections based on a newly negotiated contract.
- ***Medication/Mediation Assisted Treatment Program.*** The Governor recommends \$2.5 million to begin a medication-assisted treatment program of opioid users in the Adult Correctional Institutions. The funds would be used to screen for opioid use disorders and conduct an assessment of new inmates to determine treatment options. The initiative would also start medication-assisted treatment prior to release with community referral for ongoing treatment.
- ***Justice Reinvestment Initiative/Pretrial Population Management.*** The Governor's budget includes \$1.3 million and 5.0 new probation officer positions to fund a proposal of the Justice Reinvestment Working Group that would allow the closure of one double module at the Intake Service Center and the budget assumes savings of \$1.4 million from this closure. It assumes that changes in the management of the pre-trial population, through the use of diversion tools at various points, would result in decreasing the length of stay for failure to appear or failure to pay; however, there is no proposed legislation.
- ***Transitional Employment Grant.*** The Governor's budget includes \$0.5 million from general revenues for transitional employment grants to be administered by the Office of Management and Budget. This initiative is intended to increase employment and reduce recidivism of formerly incarcerated individuals.
- ***Indigent Defense Program.*** The Governor's budget includes \$3.8 million from general revenues in FY 2017 for the Judiciary's indigent defense program, which is \$0.2 million more than enacted.
- ***Judicial Asset Protection.*** The Governor includes \$4.8 million from Rhode Island Capital Plan funds for FY 2017 through FY 2021 for asset protection projects at Judicial buildings, including security upgrades, courtroom restoration, fire suppression and alarm system upgrades, interior refurbishments to public areas and office spaces, cellblock upgrades, and elevator upgrades.
- ***Judicial Complex Restoration.*** The Governor includes \$3.0 million from Rhode Island Capital Plan for FY 2017 through FY 2021 for the restoration of the Licht Judicial Complex. This includes plaster repair, courtroom benches, carpet replacement, and repainting of the courthouse interior.
- ***Judicial HVAC.*** The Governor includes \$3.8 million from Rhode Island Capital Plan for FY 2017 through FY 2021 for the replacement and/or restoration and/or cleaning of the heating, ventilation and air conditioning system for all judicial complexes including Licht, Garrahy, Murray, McGrath, Noel, Traffic Tribunal and Fogarty Judicial Annex. Work includes water pump and boiler installations and the replacement of water lines, exhaust fans, air handlers, baseboard control valves, the variable air volume box and the domestic water system.
- ***Judicial Noel Shelled Courtrooms.*** The Governor includes \$10.0 million from Rhode Island Capital Plan funds starting in FY 2016 to begin the build out of the shelled courtrooms at the Noel Judicial Complex to relieve overcrowding at the Garrahy Judicial Complex.
- ***Sheriffs' Academy.*** The Governor provides \$47,250 for FY 2016 to hold a six-week training academy for new sheriffs recruits. The Academy would begin in May 2016 to allow the Division of Sheriffs to fill vacancies for the beginning of FY 2017.
- ***State Police Arbitration Settlement.*** The Governor's budget includes \$2.9 million from all sources for costs associated with the September 2015 decision settling the contract arbitration between the state and the Rhode Island State Troopers Association. The settlement provides cost-of-living increases of 3.5

percent, 3.0 percent, and 3.5 percent for the contract years ending April 30, 2014, April 30, 2015, and April 30, 2016, respectively, for a total increase of 10.0 percent.

- **35.0 New Troopers.** The Governor's budget provides \$4.2 million for 35.0 new state police troopers, anticipated to graduate from the 56th Training Academy and be sworn into the State Police in July 2016.
- **National Guard Activations.** The Governor includes \$50,000 from general revenues each year in FY 2016 and FY 2017 for possible activation of National Guard troops for cybersecurity events.
- **Rhode Island Statewide Communications Network.** The Governor's capital recommendation includes \$10.0 million from all sources for FY 2017 through FY 2021 for the Rhode Island Statewide Communications Network. This includes \$5.0 million from Rhode Island Capital Plan funds, \$2.5 million from federal sources, and \$2.5 million from restricted receipts. The Budget also includes \$1.1 million from general revenues each year in FY 2016 and FY 2017 for the contract with Motorola to maintain the radio system.

Environment

- **Recreation, Green Spaces, and Healthy Communities Bonds.** The Governor's budget includes \$35.0 million of new general obligation bonds to be submitted to the voters on the November 2016 ballot for facilities and infrastructure improvements at state parks, stormwater pollution prevention, brownfield remediation, bikeways development, open space acquisition, and recreation acquisition and development grants. Annual debt service would be \$2.8 million.
- **Local Agriculture and Seafood Program.** The Governor's budget requires deposit of lease payments from renewable energy projects costing \$5.0 million or more into the Local Agriculture and Seafood Fund. This would result in Deepwater Wind's \$150,000 annual lease payment being deposited to restricted receipts instead of general revenues. The Assembly did not concur with similar legislation proposed during last year's budget process.
- **Fort Adams Sailing Improvements.** The Governor's capital budget includes \$4.4 million for FY 2017 through FY 2021 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 includes Rhode Island Capital Plan funds and also reflects anticipated private donations for the construction of a mid-park educational and recreational facility.
- **Galilee Piers.** The Governor's capital budget includes \$5.7 million from state and federal sources for FY 2017 through FY 2021 for infrastructure improvements at the Port of Galilee.
- **World War II State Park Improvements.** The Governor's capital budget includes \$1.6 million from Rhode Island Capital Plan funds in FY 2016 to complete the capital project to revitalize the currently closed World War II State Park, eliminating the currently empty pond and replacing it with a splash park. The Budget also includes \$250,000 from general revenues each year in FY 2016 and FY 2017 for the first and second years 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 Governor's capital budget includes \$8.3 million for FY 2017 through FY 2021, including \$7.9 million from Rhode Island Capital Plan funds and \$0.4 million from federal sources for improvements at Rhode Island parks and management areas.

- **State Piers.** The Governor's capital budget includes \$3.5 million from Rhode Island Capital Plan funds for FY 2017 through FY 2021 for marine infrastructure and pier development at sites critical to Rhode Island's tourism and fishing economy.

Transportation

- **DMV Fees.** The Governor's budget maintains the current law provision requiring the transfer of 75.0 percent of motor vehicles fees into the Highway Maintenance Account or \$25.4 million more than FY 2016. In FY 2018, all of the fees will be transferred into the Account.
- **Winter Maintenance.** The Governor's revised FY 2016 budget includes \$20.6 million for winter maintenance expenditures, \$3.5 million more than enacted to reflect increased operations during the winter of 2016. The Governor's budget assumes \$21.7 million of winter maintenance expenditures in FY 2017.
- **Highway Drainage.** The Governor's budget includes \$5.0 million for catch basin inspection and cleaning. Pursuant to the state's sewer systems permit, the Department of Transportation must inspect and clean the state's 25,000 catch basins annually. The Department is currently required by a consent decree with the U.S. Department of Justice to maintain storm drains and address pollutants that are going into the Narragansett Bay and other waterways.
- **RhodeWorks Program.** The Governor's budget includes \$850,000 in expenditures relating to RhodeWorks, an initiative to accelerate the replacement and reconstruction of state bridges with the goal of reducing the percentage of deficient bridges. This includes \$100,000 for public relations, \$300,000 for engineering services and \$450,000 for outside legal services.
- **Increase Maintenance Staff.** The Governor's budget reflects the reclassification of 40 existing vacant positions as maintenance staff. These positions will be used for increased state operations in the areas of drainage, road striping, and bridge maintenance.
- **Rhode Island Public Transit Authority.** The Governor's budget includes an additional \$1.9 million from the growing Highway Maintenance Account and \$1.2 million from general revenues to pay for debt service in FY 2017. Despite the increased funding, the Governor's budget shows the Public Transit Authority with deficit projections of \$0.8 million in FY 2016 and \$2.7 million in FY 2017.

