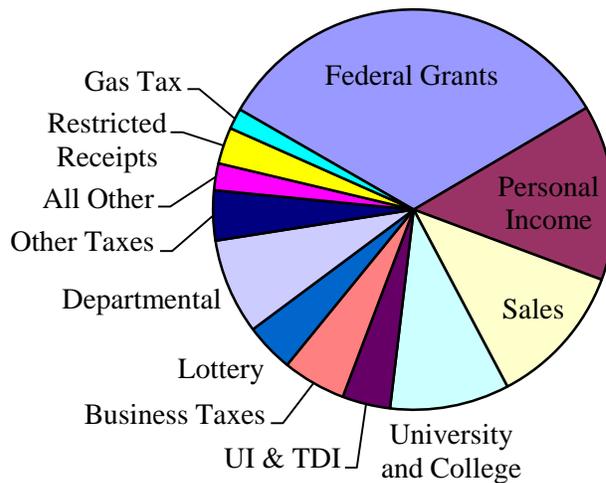

Section I

Budget at a Glance

Governor's FY 2018 Budget at a Glance

The Governor's budget recommendations for FY 2018, along with her revisions to the FY 2017 enacted budget, are contained in 2017-H 5175, introduced on January 19, 2017. This was in compliance with the law requiring the budget be submitted by the third Thursday in January. Most required supporting documents were also made available that day; the Capital Budget was provided the next day.

Sources of Funds



Budget Issues

- **FY 2018 Gap.** The Budget Office estimates that in preparing the FY 2018 budget, the Governor faced a projected revenue-expenditure gap of about \$185 million. This was similar to the House Fiscal Staff June projections. By November it was clear that increased resources from the FY 2016 closing and consensus revenue estimates would decrease that gap. The House Fiscal Staff estimated in December that those additional resources would be offset by overspending in the current year that would likely impact FY 2018 as well. This revised the gap between expected expenses and available general revenues to about \$112 million. This represents approximately 2.9 percent of general revenue expenditures.
- **Out-Year Projections.** The out-years continue to be significantly unbalanced. The forecast included with the Budget estimates a \$150.6 million gap for FY 2019, equating to 4.0 percent of useable revenues, that grows to \$194.1 million in FY 2021, 4.8 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 reflected growing impact of casino gaming in Massachusetts; this one factors in the new Tiverton Casino offsetting some of that. It also includes greater growth in sales tax collections based on the Governor's sales tax collection proposal. Staff is still reviewing the assumptions used for both expenditures and revenues.
- **Budget Assumptions.** The Governor's budget follows the traditional Rhode Island budgeting practice of assuming passage of legislation submitted with the budget and approval by requisite federal agencies of

changes under their purview. Should any of that legislation not pass; the budget will be significantly unbalanced.

Taxes and Revenues

Tax Changes

- ***Cigarette Tax.*** The Governor's budget assumes \$8.7 million in revenues associated with proposed legislation to increase the cigarette excise tax by \$0.50 per pack, to \$4.25 per 20-pack, effective August 1, 2017. 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 \$0.22 less than Massachusetts.

Enhanced Compliance and Collections

- ***Remote Sellers Sales Tax Collection/Reporting.*** The Governor's budget assumes \$34.7 million in revenues associated with proposed legislation requiring remote sellers and marketplace providers to collect and remit sales and use taxes or be responsible for multiple notifications to customers before and after sales are made regarding their obligation to pay taxes on the purchases. Notably, Amazon, the nation's largest e-commerce retailer has recently announced it would begin collecting sales taxes due on its transactions with Rhode Islanders beginning February 1, 2017.
- ***Taxation Compliance Staffing.*** The Governor's budget assumes a total of \$2.0 million in additional personal income, business, and sales tax revenues from the filling of two revenue agent positions and two data analyst positions in the Division of Taxation to increase compliance efforts. Accounting for the \$0.4 million cost for the positions, the net budget impact is \$1.6 million.
- ***Taxation Penalties.*** The Governor proposes legislation allowing the Division of Taxation to penalize violators of tax statutes by revoking or suspending licenses or permits it issues, imposing fines of \$100 to \$50,000, and recovering legal costs. The legislation also increases the scope of sales tax enforcement to penalize those who fail to remit tax collected from a customer, increase the maximum fine from \$10,000 to \$25,000 and maximum imprisonment from one to five years, and expands the definition of prohibited manipulations of sales transaction data. No specific revenue estimates appear to be tied to these measures.

Other Revenues

- ***Medical Marijuana Receipts Transfer.*** The Governor's budget proposes legislation to annually transfer to state general revenues any remaining medical marijuana related receipts collected by the Department of Business Regulation and the Department of Health after expenses are covered. The budget assumes transfers of \$0.3 million and \$0.7 million in FY 2017 and FY 2018, respectively.
- ***Hospital Licensing Fee.*** The Governor's budget includes \$169.0 million in revenues from extending the hospital licensing fee into FY 2018 using the same two-tiered fee as included in FY 2017. The licensing fee appears annually in the Appropriations Act.
- ***Apprenticeship Fees.*** The Governor recommends eliminating fees associated with registered apprenticeships in Rhode Island to incentivize employers to establish apprenticeship programs and her budget lowers expected revenues by \$45,000 to reflect that.

- ***Penalties for Labor Law Violations.*** The Governor’s budget includes an additional \$650,000 in revenue from proposed changes to labor law violations. The revenues include \$100,000 from increasing the employee misclassification penalty from \$500 to \$1,500 for the first violation and \$950 to \$2,000 for any subsequent violations; \$150,000 from establishing a new penalty for employer wage and hour violations; \$300,000 from establishing a new penalty for employer failure to maintain payroll records; and \$100,000 from increasing the electrical trades violations penalty. It also assumes \$125,000 of restricted receipts would be generated from increasing unemployment reporting violations from \$10 to \$25 per incident.
- ***Infrastructure Bank Transfer.*** The Governor proposes that the Infrastructure Bank transfer \$1.0 million to state general revenues by June 30, 2018.
- ***Resource Recovery Corporation Transfer.*** The Governor proposes that the Resource Recovery Corporation transfer \$6.0 million to state general revenues by June 30, 2018.
- ***Narragansett Bay Commission Transfer.*** The Governor proposes that the Narragansett Bay Commission transfer \$2.5 million to state general revenues by June 30, 2018.
- ***RI Health and Educational Building Corporation Transfer.*** The Governor proposes that the Rhode Island Health and Educational Building Corporation transfers \$1.2 million to state general revenues by June 30, 2018.
- ***Turnpike and Bridge Authority Transfer.*** The Governor proposes that the Rhode Island Turnpike and Bridge Authority transfer \$2.6 million to state general revenues by June 30, 2018.
- ***Public Utilities Commission Rent.*** The Governor’s budget includes an additional \$0.2 million in revenue from increasing the rent charged to the Public Utilities Commission for its headquarters, a state-owned building in Warwick. The Commission is primarily funded from restricted receipts generated from billing the regulated utilities.

Commerce

- ***Refundable Investment Tax Credit Fund.*** The Governor’s budget includes a \$3.3 million impact from establishment of a refundable tax credit for qualifying business capital investments. The credit is the lesser of \$200,000 or the employer’s tax liabilities for the year. This expands access to investment tax credits to more businesses than current law allows. The Budget treats this as a revenue reduction, but it appears the intent is to appropriate general revenues to a fund similar to other recent tax credits.
- ***Refundable Job Training Tax Credit Fund.*** The Governor’s budget includes a \$2.0 million impact to establish a refundable tax credit for manufacturers and businesses in targeted industries for training qualified employees. The credit is the lesser of \$200,000 or the employer’s tax liabilities for the year. This expands access to job training tax credits to more businesses than current law allows. The Budget treats this as a revenue reduction, but it appears the intent is to appropriate general revenues to a fund similar to other recent tax credits.
- ***Rebuild Rhode Island Tax Credit.*** The Governor’s budget includes \$20.0 million from general revenues to continue funding for the Rebuild Rhode Island Tax Credit program. This would bring total funds committed to funding these tax credits, which are redeemed over time, to \$46.0 million. The Assembly capped the total amount of credits awarded under the program at \$150.0 million.
- ***Wavemaker Fellowships.*** The Governor’s budget includes \$1.6 million from general revenues for continued funding of the student loan forgiveness program enacted by the 2015 Assembly. It provides up to four years of loan forgiveness for an associate, bachelor or a graduate degree in the fields of natural or

environmental sciences, computer technology, engineering or medicine. Recipients must work at least 35 hours per week for an employer located in the state; and two-thirds of the awardees must be permanent residents of the state. The Governor's revised budget reduces the enacted funding for the program by \$1.5 million to \$2.0 million based on current use.

- **Main Street Streetscape Improvement Fund.** The Governor recommends providing an additional \$1.0 million for the Main Street Streetscape Improvement Fund. The FY 2016 and FY 2017 budgets each 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.
- **Municipal Technical Assistance Grants.** The Governor's budget recommends \$250,000 from general revenues and legislation to establish a fund to provide technical assistance to municipalities to evaluate and streamline municipal zoning, planning and permitting codes to foster economic development.
- **First Wave Closing Fund.** The 2015 Assembly authorized the closing fund to provide financing to ensure that certain transactions that are critical to the state's economy occur, subject to the Commerce Corporation's Board approval and provided \$5.0 million in FY 2016. The additional \$7.0 million allocated as part of the FY 2017 budget brought total funding to \$12.0 million. Commitments made through the end of 2016 total \$1.5 million. The Governor's budget adds \$1.5 million from general revenues in the current year, for total support of \$13.5 million.
- **P-Tech Initiative.** The Governor's budget includes \$1.2 million for the P-Tech Initiative, which establishes partnerships between high schools, higher education institutions, and employers to offer courses towards high school diplomas and associate's degrees. The enacted budget includes \$1.2 million for the program and the Commerce Corporation has partnered with five school districts, including three in the final year of funding. Two new school districts joined during FY 2017, and the Governor's budget would fund two additional school districts in FY 2018 and FY 2019.
- **Innovation Initiative.** The Governor's budget includes \$2.5 million from general revenues for Innovation Initiative grants and vouchers for businesses with less than 500 employees. Vouchers of up to \$50,000 may be given for research and development assistance from a Rhode Island university, research center, or medical center. Grants may be given to organizations that offer technical assistance to businesses or to businesses in targeted industries. Grants must be matched by funds from a private sector or non-profit partner.
- **Commerce Corporation - Operations.** The Governor's recommended budget includes \$7.5 million from general revenues to support general operations of the Corporation in FY 2018, which is \$80,000 more than enacted. She increases enacted funding by \$40,000 for the current year.
- **Innovate RI Small Business Programs.** The Governor's budget includes the enacted level of \$1.0 million to support Small Business Innovation Research grants and the Bioscience and Engineering Internship Programs.
- **College and University Research.** The Governor's budget includes the enacted level of \$150,000 for the College and University Research Collaborative to conduct ongoing economic analyses by the state's public and private higher education institutions to inform economic development policy.
- **Air Service Development.** The Governor's budget includes \$0.5 million from general revenues for an initiative to support additional direct routes to major metropolitan areas. This would provide a total of \$2.0 million for this purpose including the \$1.5 million allocated in the FY 2017 enacted budget.

- ***Experimental Program to Stimulate Competitive Research (EPSCoR).*** The Governor recommends the enacted amount of \$1.2 million for participation in the National Science Foundation’s Experimental Program to Stimulate Competitive Research.
- ***Polaris Manufacturing Extension Partnership.*** The Governor’s budget includes an additional \$300,000 to provide a total of \$550,000 from general revenues to support Rhode Island manufacturers by continuing to deploy technical experts to provide LEAN training facilities layout and assistance in manufacturing optimization. Polaris Manufacturing Extension Partnership is a Providence-based nonprofit organization. It receives funding from the National Institute of Standards and Technology to subsidize its consulting services to make them more affordable to smaller manufacturing business owners, fund awareness activities and educational seminars.
- ***National Security Infrastructure Fund.*** The Governor’s budget includes \$200,000 from general revenues to provide grants and loans in support of national security infrastructure and supporting strategies to repurpose surplus defense facilities and properties. This fund was authorized in Chapter 30-32 of the Rhode Island General Laws.
- ***Affordable Housing.*** The Governor’s budget includes \$40.0 million from general obligation bond funds approved by the voters in November 2016 to provide funding for affordable housing support, including rehabilitation of existing structures and new construction. The Budget also includes \$10.0 million from general obligation bonds the voters approved on the November 2016 ballot to improve properties that are blighted or in need of revitalization, including residential, commercial, and public properties.
- ***Quonset Piers.*** The Governor’s budget includes a total of \$90.0 million for extension and renovation of the Quonset Business Park’s piers. This includes \$50.0 million of general obligation bond proceeds approved by the voters on the November 2016 ballot, \$25.0 million from revenue bonds authorized by the 2016 Assembly to be issued by the Quonset Development Corporation, and \$15.0 million from Rhode Island Capital Plan funds.
- ***Port of Providence.*** The Governor’s budget includes \$20.0 million from general obligation bond funds approved by the voters on the November 2016 ballot to increase terminal capacity at the Port of Providence by funding the acquisition of up to 25 acres of land located between Allens Avenue in the City of Providence and the Providence River and associated infrastructure improvements. The state would enter into a revenue sharing agreement with ProvPort, a non-profit entity that provides port services for the City. ProvPort would be responsible for the management and marketing of the land; however, the state would own the land itself.
- ***Innovation Campus Bond.*** The Governor’s budget includes \$20.0 million from general obligation bonds approved by the voters on the November 2016 ballot for the construction of one or more innovation campuses affiliated with the University of Rhode Island.
- ***38 Studios Debt Service.*** The Governor’s budget assumes that debt service relating to 38 Studios will be paid with settlement funds that the Commerce Corporation recently received from defendants in the state’s lawsuit.
- ***Historic Tax Credit Trust Fund Debt Service.*** The Governor recommends \$31.0 million and \$31.1 million from general revenues in FY 2017 and FY 2018, respectively, to fund debt service for historic tax credits.
- ***Minimum Wage.*** The Governor’s budget includes legislation increasing the minimum wage from \$9.60 per hour to \$10.50 per hour, effective October 1, 2017. The 2015 Assembly increased the minimum wage from \$9.00 per hour to the current \$9.60, effective January 1, 2016. The recommended budget includes \$0.1

million for the impact on the Department of Environmental Management's seasonal recreational program in FY 2018.

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

- ***Distressed Communities Relief Fund.*** The Governor recommends the enacted level of \$12.4 million for the Distressed Communities Relief Fund; there is a redistribution of funding among qualifying communities based on updated tax levies. In the first year a community qualifies, it receives a transition payment of half its proportional share; in the year a community no longer qualifies, it also receives a transition payment of half its proportional share. The FY 2018 recommendation reflects the inclusion of Johnston as a qualifying community and exclusion of Cranston. Both communities receive transition payments.

- ***Payment in Lieu of Taxes Program.*** The Governor recommends \$45.2 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 \$3.2 million more than enacted and represents full funding for the program.

- ***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.

The Governor also proposes legislation to change the current requirement to use clean retail values in vehicle valuation to not more than 70.0 percent of the retail value beginning January 1, 2018. The state would reimburse municipalities for the revenue loss beginning in FY 2019. The Governor's out-year projections assume a cost of \$58.0 million in FY 2019 growing to \$62.4 million in FY 2022.

- ***Library Resource Sharing Aid.*** The Governor recommends \$9.4 million to level fund state support of public libraries at 22.8 percent. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation.

- ***Library Construction Aid.*** The Governor recommends \$2.3 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 \$0.6 million for FY 2017 and \$0.9 million for FY 2018 to reimburse communities conducting property valuation updates. Current law requires that municipalities complete full revaluations every nine years with statistical updates every third and sixth year following a full revaluation.

- ***Airport Impact Aid.*** The Governor recommends the enacted level of \$1.0 million for FY 2018 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.

- **Local Government Assistance.** The Governor recommends \$80,000 from general revenues for the Department of Revenue to purchase actuarial services to review and provide analysis of the City of Providence's employee retirement system.

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

- **FY 2018 Formula Education Aid.** The Governor recommends \$916.5 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 \$42.0 million more than enacted and fully funds current estimates for the core formula.
- **Funding Formula Assumptions.** The Governor funds the seventh year of the education funding formula adopted by the 2010 Assembly. The calculation for FY 2018 uses March 15, 2016 student enrollment data adjusted for FY 2018 projected charter school enrollments, a per pupil core instruction amount of \$9,163 and state share ratio variables updated with June 30, 2016 data. Districts that received more state funding are in the last year of a seven year phase-in, and aid to districts that are receiving less state funding is being phased in over ten years. Aid amounts are subject to final student enrollment data collected in March 2017.
- **School of Choice Density Aid.** The Governor's budget includes \$0.9 million for the density aid category which provides additional state support for those districts who have at least 5.0 percent of their students enrolled at a school of choice, which includes charter schools or state schools. This is \$0.6 million less than the enacted level, reflecting year two of a phased down, three-year program. For FY 2018, six districts would be eligible for this funding which provides \$100 per pupil for every student sent to a charter or state school. For FY 2017, six districts received \$175 per student from density aid funding.
- **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 2018, consistent with the enacted budget.
- **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 \$6.2 million from general revenues for FY 2018. This is \$1.1 million more than enacted and represents match on \$6.0 million in recently awarded federal funds.
- **Transportation Funds.** The education funding formula allows for additional resources from the state to districts for some transportation costs. The Governor recommends \$6.4 million for FY 2018, which is consistent with the FY 2017 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 \$4.5 million for FY 2018, which is consistent with the enacted budget.
- **English Language Funds.** The Governor's budget includes \$2.5 million to continue funding to support English language learners that are in the most intensive programs. The funding is calculated at the level of 10.0 percent of the Core Instruction Amount, applied to students in the most intensive English

learner programs. Funds may only be used on evidence-based programs proven to increase outcomes for English learners and will be monitored by the Department of Elementary and Secondary Education. The 2016 Assembly authorized this as a one-year pilot program; the Governor recommends this category of funds be made permanent.

- **State Schools Stabilization Funding.** The Governor's budget adds \$3.8 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 \$3.0 million and the Met School the remaining \$0.8 million. The recommendation is \$2.2 million more than enacted.
- **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 2018. This includes the enacted level of \$70.9 million for the traditional program and \$9.1 million for the School Building Authority.
- **Group Home Aid.** The Governor's budget reflects \$4.1 million for group home aid consistent with current law that requires that aid be paid for all beds opened as of December 31, 2016. The FY 2018 budget is \$0.7 million less than the enacted budget.
- **Recovery High School.** The Governor's budget continues providing \$0.5 million from general revenues to continue supporting the state's recovery high school, which provides programs to students recovering from substance abuse. The 2016 Assembly authorized this as a one-year pilot program, and legislation to extend it would be required but was not submitted with the 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 from federal sources.

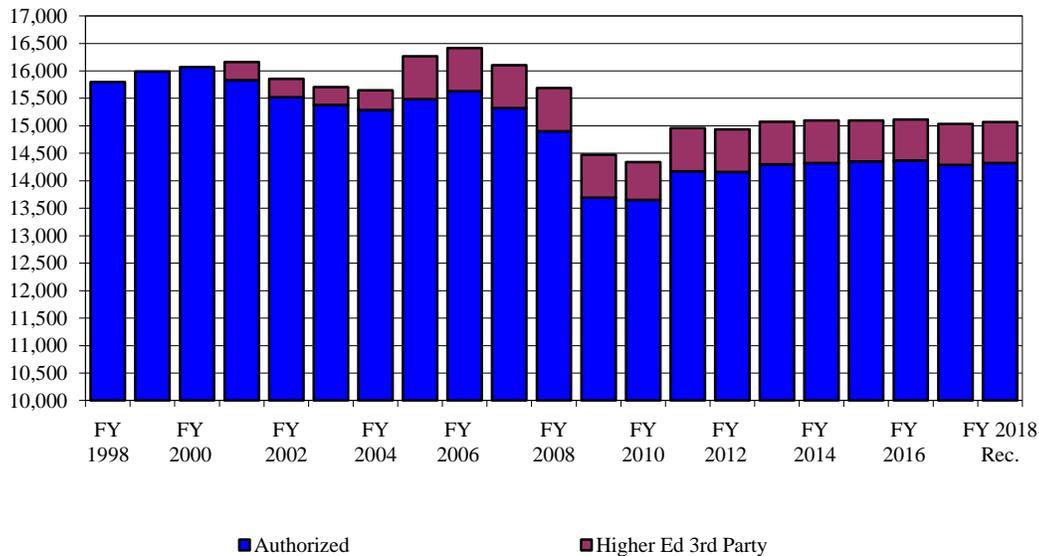
State Government (See Section VI, Special Reports: State Government Personnel and Staffing)

- **Fraud Detection and Prevention.** The Governor's budget assumes undefined savings of \$3.5 million from fraud and waste detection and prevention efforts to be achieved in FY 2018. The FY 2017 enacted budget assumes revenues of \$5.0 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. It does not appear that this tool has been purchased yet.
- **Personnel.** The Governor recommends \$1,979.1 million for personnel expenditures and 15,067.4 full-time equivalent positions, including 745.8 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$6.4 million less and 114.8 more positions than the FY 2017 enacted budget. The expenditures include both salaries and benefits, as well as contracted services.

Salary and benefit costs are \$37.8 million more than enacted and are offset by a reduction of \$44.2 million for contracted services, largely for the Unified Health Infrastructure Project.

Among the staffing changes are 74.0 new positions in the Department of Transportation, including project managers and workers needed to carry out the Department’s plan to perform more operations in-house and the overall reorganization. The Governor adds 16.0 new positions in the Department of Revenue related to revenue initiatives and the implementation of new computer systems for Taxation and the Registry; and 26.7 new positions in the Department of Labor and Training. The Governor recommends the merger of the Emergency Management Agency into the Department of Public Safety which would grow by 21.4 positions net of the transferred ones, including a new commissioner, support staff, capitol police officers and screeners, and several new civilian positions. The increase in new positions were partially offset by the elimination of 60.0 full-time equivalent positions in the Department of Human Services.

Full-Time Equivalent Positions



As of January 7, there were 13,797.8 positions filled, leaving 1,022.4 non-research vacancies. In FY 2016, the state averaged 13,687.4 filled positions reflecting an average of 1,274.8 non-research vacancies. In FY 2015, the state averaged 13,801.1 filled positions reflecting an average of 1,142.1 non-research vacancies.

- **Directors’ Salaries.** The Governor’s budget proposes to repeal the requirement that the Department of Administration seek the General Assembly’s approval in determining salaries for cabinet directors. Director’s salaries would solely be determined by the Governor. This has been requested in the Governor’s prior two budgets; the Assembly did not concur.
- **Unclassified Positions.** The Budget adds several positions in various departments to the unclassified service. The positions include a legislative liaison, policy directors, chiefs of staff, the Medicaid director, and a commissioner in the Department of Public Safety.
- **Statewide Benefit Assessment.** The Budgets include savings of \$1.2 million and \$1.5 million in FY 2017 and FY 2018, respectively, from lowering the assessed fringe benefit rate for most employees from 4.75 percent to 4.49 percent in FY 2017 and to 4.20 percent in FY 2018. The savings are reflected in agency budgets. The assessed fringe is a rate that is applied to the amount of all salaries and wages paid, and is used to pay workers’ compensation claims, unemployment claims, and unused leave.
- **Medical Benefit Savings.** The Budget includes medical benefit savings of \$2.6 million in FY 2018 from updating the medical benefit rates. Though the rates are higher than the enacted budget; the recommendation is lower than what agencies had assumed in their requests.

- ***Workers' Compensation Outsourcing.*** The Governor's budget includes savings of \$1.3 million from general revenues from a proposal to privatize the administration of the Workers' Compensation program. The program is currently administered by 14.0 full-time equivalent positions.
- ***Disparity Study.*** The Governor's budget includes \$100,000 from general revenues to conduct a disparity study to examine procurement practices of state agencies, to award at least 10.0 percent of its purchasing and construction contracts to women and minority based businesses. The time period for the study is from July 1, 2011 through June 30, 2016.
- ***Electric Vehicle Rebate Program.*** The Governor's budget includes \$250,000 from general revenues to provide incentives for the purchase or lease of electric vehicles.
- ***E-Procurement.*** The Governor's budget assumes savings of \$350,000 from the implementation of an electronic procurement system. The system will be made available to agencies, quasi-public agencies, institutions of higher education and municipalities. It is unclear how this initiative results in savings to the state; it appears that staffing and storage cost efficiencies may be achieved.
- ***Lean Process Improvement Projects.*** The Governor's revised budget includes \$100,000 from general revenues to fund lean process improvement projects to improve operational efficiency in the Department of Administration's budget.
- ***Health Care Utilization Review Program Transfer.*** The Governor recommends transferring the oversight of the health care utilization review process from the Department of Health to the Office of the Health Insurance Commissioner.
- ***City Year.*** The Budget includes the enacted amount of \$50,000 from general revenues to City Year for the Whole School Whole Child Program, which provides individual support to at-risk students.
- ***License Plate Reissuance.*** The Governor proposes a one-year delay in the start of license plate reissuance until April 2018; the reissuance should occur after the deployment of the Registry's modernized information technology system for administrative ease. The budget shifts expected revenues and expenses to account for the delay.
- ***Technology Surcharge.*** The Governor proposes legislation to allow the Division of Motor Vehicles to extend the \$1.50 surcharge on its transactions from FY 2018 through FY 2022. The revenues are currently used for debt service for the Division's new information technology system; the proposed legislation codifies the original use and extends the use to maintenance and enhancements.
- ***Integrated Tax System Support.*** The Governor's budget includes \$1.0 million from general revenues for ongoing technical support and maintenance of the Department of Revenue's new integrated tax system for which the 2016 Assembly authorized borrowing \$25.0 million through Certificates of Participation to consolidate separate Division of Taxation programs and functions into a single computer system.
- ***Unemployment Insurance Benefits.*** The Governor's budget includes \$161.2 million in FY 2018 from the Unemployment Insurance trust fund for the payment of unemployment insurance benefits. This is \$0.8 million more than enacted to reflect current benefit recipients.
- ***Temporary Disability Insurance Benefits.*** The Governor recommends \$173.0 million from the Temporary Disability Insurance trust fund for benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. This is \$5.0 million more than enacted.

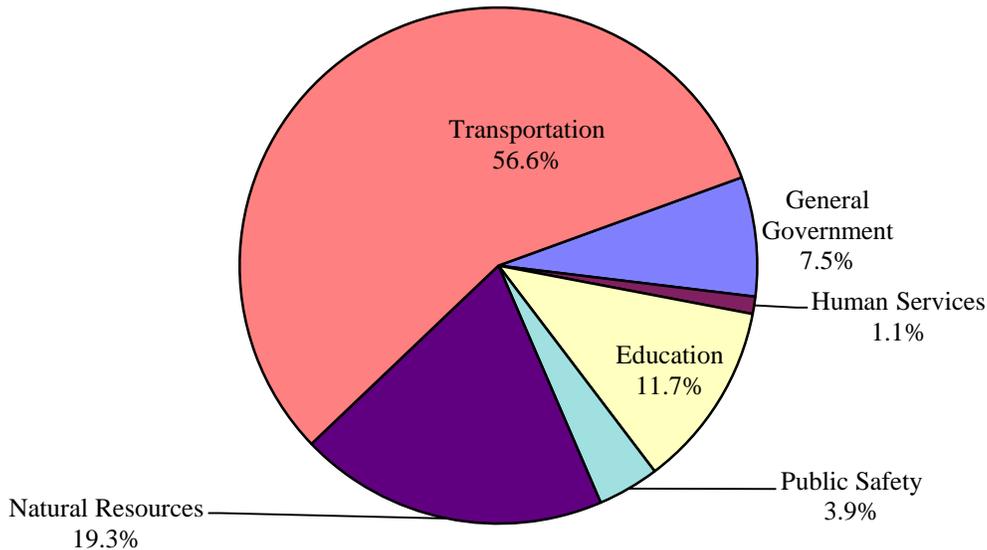
- **Temporary Caregiver Insurance Benefits.** The Governor recommends \$14.5 million from the Temporary Disability Insurance trust fund for the payment of benefits. This is \$5.0 million more than enacted.
- **Police and Fire Relief Fund.** The Governor's budget includes \$3.9 million from general revenues for the Police and Fire Relief program for annuity payments and in-state tuition to eligible spouses, domestic partners and dependents of certain injured or deceased police officers and firefighters. This is \$0.1 million less than enacted.
- **Contingency Fund.** The Governor's budget includes the enacted amount of \$250,000 for the Governor's Contingency Fund. The FY 2017 revised budget includes \$0.5 million, including \$292,000 in unused funds reappropriated from FY 2016.
- **Governor's Office Staff.** The Governor's revised FY 2017 and FY 2018 recommendations for the Office of the Governor lowers its staffing costs by allocating \$0.8 million of costs for several staff members to eight other state agencies. The enacted budget only assumed the allocation of the costs for a portion of one position to the Department of Administration. In the current recommendation, personnel costs are allocated to the Departments of Administration, Labor and Training, Public Safety, Transportation, Elementary and Secondary Education, Executive Office of Commerce, Executive Office of Health and Human Services, and Office of Postsecondary Commissioner.
- **Scanning Project for Business Services.** The Governor recommends \$50,000 from general revenues for the Secretary of State to begin scanning business records to allow for online viewing.
- **E-Poll Books.** The Governor's budget does not include any funding to purchase electronic poll books for FY 2018. The FY 2017 enacted budget includes \$195,000 from general revenues to purchase 200 electronic poll books; this was intended to be a multi-year initiative to purchase 1,600 books by the 2018 election.
- **New Voting Equipment.** The Governor recommends providing \$1.2 million from general revenues for the second year of a multi-year purchase and maintenance agreement for new voting equipment.
- **Rhode Island Historical Society.** The Governor includes the enacted level of \$125,000 in general revenue support for the Rhode Island Historical Society.
- **Newport Historical Society.** The Governor includes the enacted level of \$18,000 in general revenue support for the Newport Historical Society.
- **DMV Staff.** The Governor's budget includes \$0.3 million from general revenues to support operations and staffing costs for 8.0 new positions at the Division of Motor Vehicles to facilitate training and implementation of the new system without a negative impact on wait times.
- **Information Technology Projects.** The Budget includes \$16.2 million through the issuance of Certificates of Participation for several information technology projects. This includes: \$8.1 million for the development of a hospital information system, including electronic medical records and patient/case management tracking for the Departments of Human Services, Corrections and Behavioral Healthcare, Developmental Disabilities and Hospitals; \$2.5 million for the Department of Health to upgrade its Vital Records system; \$2.0 million to expand the new tax system; and \$3.5 million for a new payroll system. The annualized debt service would be \$2.1 million, assuming a 5.0 percent interest rate and a 10-year term.
- **Energy Improvements in State Facilities.** The Budget includes \$12.0 million through the issuance of Certificates of Participation to make energy improvements, including lighting and HVAC systems in

several state facilities, including group homes, the Cannon Building, the State House and others. Annualized debt service costs would be \$1.7 million; however, the payments would be made with energy savings. The Governor’s capital plan also includes \$5.0 million from Rhode Island Capital Plan funds to be used for the same purpose.

Capital (See Section IV: Capital Budget)

The Governor’s five-year capital recommendations for FY 2018 through FY 2022 call for total outlays of \$4,731.8 million for the period. Financing the plan requires \$987.7 million of debt issuances and \$3,744.1 million from current revenue streams. Over half of the expenditures are for transportation projects, including roads and bridges, rail, and public transportation. The next largest shares are for natural resources and education project outlays. The three areas account for almost 90 percent of total outlays during the five-year period. Highlights of her capital budget include:

FY 2018 - FY 2022 Capital Projects by Function



- **Outlays and Funding.** The FY 2018 through FY 2022 recommended plan includes \$4,731.8 million of outlays on \$11,974.1 million of project estimates. Average outlays would be \$946.4 million per year for the five-year period with \$1,138.6 million required at the end of the period to complete the projects.

- **General Obligation Bonds Referenda.** Financing the five-year plan is based on \$399.1 million of general obligation bond debt issuances. In a departure from past practice, the budget does not assume any new referenda will go before the voters in November 2018 or November 2020. The average bond referenda over the past five elections was \$189.3 million and the voters approved \$227.5 million on the November 2016 ballot. The impact of future referenda is excluded from any bond or debt projections in the plan.

- **Other Debt Approvals.** The Governor recommends \$139.1 million to be approved by the 2017 Assembly under the Public Debt Management Act, including \$88.8 million from revenue bonds for the University of Rhode Island’s White Horn Brook Apartments. The remaining debt would be issued through Certificates of Participation including \$16.2 million for information technology projects throughout the state, \$12.0 million for energy improvements in state facilities, \$10.5 million for confined aquatic dredged

material disposal cells, and \$11.6 million for the third phase of energy performance improvements at the University of Rhode Island.

- **Financing.** Paying for the five-year outlays includes \$987.7 million from debt financing and \$3,744.1 million from current or pay-go sources. Pay-go represents 79.1 percent with debt funding being 20.9 percent.
- **Debt Levels.** Total net tax supported debt decreases during the period through FY 2022 by \$414.0 million from \$1,935.1 million to \$1,521.1 million. The FY 2018 levels assume issuance of \$92.0 million from authorized general obligation bonds, \$50.3 million of new debt recommended by the Governor for approval by the 2017 Assembly, and \$10.5 million of other previously approved debt. Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget and as noted previously the plan identifies no new general obligation bond funded debt.
- **Debt Ratios.** Net tax supported debt would decrease from 3.2 percent of personal income reported for FY 2016 to 3.1 percent into FY 2017 before increasing to 3.4 percent in FY 2018, and then dropping gradually back to 2.2 percent in FY 2022 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected especially since as previously noted, the budget does not assume any new referenda will go before the voters in November 2018 or November 2020, a departure from past practice.
- **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 \$650.9 million.

Health and Human Services

- **Unified Health Infrastructure Project.** The Governor provides state and federal funding totaling \$87.5 million in FY 2017 and \$20.9 million in FY 2018 to support the Unified Health Infrastructure Project in the Executive Office of Health and Human Services and Department of Human Services' budgets.
- **Unified Health Infrastructure Project - Legal Costs.** The Governor adds \$100,000 from general revenues in the Department of Human Services' FY 2017 revised budget to fund legal fees incurred as a result of grievances filed related to implementation of the new eligibility system. She also includes \$150,000 from general revenues in the Department of Administration's budget for a total of \$250,000.
- **Governor's Healthy Aging in the Community Initiative.** The Governor's budget assumes savings of \$25.2 million, including \$12.3 million from general revenues, from what is being termed the Healthy Aging in the Community Initiative. The stated goals are to target resources towards community and home based care services for individuals receiving long term care services to decrease the length of stay in a nursing home or delay entry into a facility. The initiative assumes a reduction in the number of nursing home residents, a reduction in rates paid based on residents' acuity, and revising prior initiatives for managed care enrollment in the case of longer stays. A portion of the savings has been redirected to an expected increase in community based services and initiatives to improve them. The items are summarized in the following table and explained further below.

Governor's Healthy Aging in the Community Initiative		
<i>Proposal</i>	<i>General Revenues</i>	<i>All Funds</i>
Integrated Care Initiative - Exclude Longer Term		
Nursing Home Residents from Managed Care	\$ (7,879,373)	\$ (16,192,712)
Nursing Facilities - Acuity Rate Reduction	(5,224,523)	(10,736,792)
Nursing Home Census - Reduce by 2.5%	(2,493,538)	(5,124,410)
Subtotal	\$ (15,597,434)	\$ (32,053,914)
Home and Community Based Service Expansion	3,313,141	6,808,756
Total	\$ (12,284,293)	\$ (25,245,158)

- **Integrated Care Initiative.** The Governor's budget assumes savings of \$16.2 million, \$7.9 million from general revenues from a plan to move long-term stay nursing home residents who are enrolled in the Rhody Health Options managed care program back to the fee-for-service program and no longer pay Neighborhood Health Plan of Rhode Island to administer their care. The integrated care initiative began in November 2013.
- **Nursing Facility Acuity Rates.** The Governor's budget assumes savings of \$10.7 million, \$5.2 million from general revenues by rebasing the rates paid to a nursing facility based on a resident's level of need.
- **Nursing Facilities Census Reduction.** The Governor's budget includes savings of \$5.1 million, including \$2.5 million from general revenues from assuming that the number of individuals residing in a nursing home is reduced by 2.5 percent from either transitioning the resident to a less expensive setting or delaying the transition into a home by increasing community supports.
- **Home and Community Based Service Expansion.** The Governor's budget adds \$6.8 million, including \$3.3 million from general revenues from expanding services in order to delay entry into a nursing home. This is in addition to the \$4.7 million, including \$2.3 million from general revenues that was required to be added at the November caseload conference for home and community based services to reflect a reduction in nursing home days in the prior fiscal years.
- **Nursing Facilities Rate Freeze.** The Governor's budget includes savings of \$11.5 million, \$5.6 million from general revenues from eliminating the scheduled October 1, 2017 nursing home rate increase in both the fee-for-service and Rhody Health Options programs. This rate freeze is not identified as a component of the Healthy Aging in the Community Initiative.
- **Hospital Rates.** The Governor's budget includes savings of \$15.1 million, \$5.2 million from general revenues from reducing the rates by one percent from the FY 2017 level starting January 1, 2018.
- **Home Care Rates.** The Governor proposes increasing the rates paid to personal care attendants and home care workers in the Executive Office of Health and Human Services by seven percent and includes \$5.2 million, \$2.5 million from general revenues. This impacts services in both the managed care and fee-for-service system.
- **Graduate Medical Education.** The Governor proposes eliminating the \$2.0 million state payment to Lifespan for graduate medical education activities for FY 2018.
- **Health System Transformation Project.** The Governor announced the state's partnership with the federal Centers for Medicare and Medicaid Services to leverage \$130 million from federal funds over five years for the Health System Transformation Project in November 2016. Funding for this project is not included in either the FY 2017 revised or FY 2018 budgets. The project is part of the Reinventing Medicaid

initiative to provide comprehensive, quality healthcare to those enrolled in Medicaid and is intended to support hospitals, nursing facilities, and affordable care entities. Current plans for the funds are unclear.

- **Behavioral Healthcare Inpatient Hospital Rates.** The Governor's budget assumes savings of \$2.4 million, including \$0.9 million from general revenues, from a five percent reduction in rates paid for inpatient hospital stays for behavioral health and/or substance abuse treatment.
- **Upper Payment Limit Reimbursement.** The Governor's budget includes savings of \$9.9 million, including \$4.1 million from general revenues to reflect a 50 percent reduction to enhanced payments made to community hospitals for Medicaid services based on Medicare rates.
- **Managed Care Organizations Administrative Rate.** The Governor's budget proposes savings of \$2.2 million, including \$0.8 million from general revenues from reducing the administrative rate paid to the managed care plans by 3.0 percent.
- **Federally Qualified Health Centers Payments.** The Governor's budget assumes savings of \$3.3 million, including \$1.2 million from general revenues, from moving all payments made to the federally qualified health centers into the rates paid by the managed care plans and anticipating that the plans will determine if the health center is the appropriate setting for treatment.
- **Healthcare Innovation Working Group.** The Governor's budget adds \$250,000 from general revenues in the Executive Office of Health and Human Services' FY 2018 budget for a consultant to analyze state health data and develop policy recommendations in support the Governor's Working Group for Healthcare Innovation. This would include holding public hearings to understand state health care spending, as well as the causes and solutions to increasing costs.
- **Children's Health Account.** The Governor's budget includes \$3.6 million in general revenue savings from increasing the assessment charged to commercial insurers that offsets the state cost for certain services provided to children with special health care needs by \$5,000 from \$7,500 to \$12,500.
- **Project Sustainability - Direct Care Worker Rates.** The Governor includes \$3.0 million from general revenues matched by Medicaid to provide a rate increase to direct care workers in the privately operated system for adults with developmental disabilities; a rate increase was also included in the FY 2017 enacted budget. Supporting budget documents equate this to a five percent increase in wages; the proposed legislation does not cite a specific rate increase but rather an increase based on funding that will be appropriated for this purpose.
- **Developmental Disabilities Caseload Growth.** The Governor adds \$4.9 million, \$2.4 million from general revenues for anticipated caseload cost growth over FY 2017, based on projected costs of the state's program for developmentally disabled adults.
- **Elderly and Disabled Transportation.** The Governor adds \$300,000 from general revenues for a pilot program to provide 10-trip RIPTA passes to some elderly and disabled individuals who previously received free bus passes. This would cover 15,000 passes and 150,000 trips.
- **Child Care Provider Rates.** The Governor adds \$1.0 million from general revenues to increase rates paid to child care providers who offer higher quality of care. The rates are set in statute, but the Budget does not include any legislation to effectuate the increase envisioned.
- **Head Start Program.** The Governor adds \$390,000 from general revenues to increase state support for Head Start for total state support of \$1.2 million for FY 2018.

- ***Eleanor Slater Hospital Reorganization.*** The Governor assumes savings of \$4.9 million, including \$2.4 million from general revenues, from closing units, transferring medical patients to the Zambarano unit of the state hospital and renovating one of the existing hospital buildings into a step down unit. It is assumed that the Department of Children, Youth and Families will vacate the Youth Assessment Center for the forensic patients from the Pinel building and some patients from the Meyer building to move to that facility. Her budget includes \$2.5 million from Rhode Island Capital Plan funds to renovate the Regan building and the Roosevelt Benton Youth Assessment Center in FY 2017 in order to accomplish this plan.
- ***Eleanor Slater Hospital - Sex Offenders.*** The Governor's budget assumes savings of \$1.0 million, \$0.5 million from general revenues from transferring sex offenders currently receiving in-patient care at the state hospital to a non-hospital setting. This appears to double count the savings assumed in the reorganization.
- ***Eleanor Slater Hospital Laboratory Services - Privatization.*** The Governor's budget includes savings of \$1.0 million, \$0.5 million from general revenues, from privatizing laboratory services at Eleanor Slater Hospital.
- ***Intermediate Care Facilities.*** The Governor's budget assumes savings of \$1.2 million, including \$0.7 million from general revenues, from closing one of the two remaining intermediate care facilities whose residents are former Zambarano hospital patients.
- ***Rhode Island Alliance of Boys and Girls Clubs.*** The Governor includes the enacted level of \$250,000 from general revenues for the Boys and Girls Club Project Reach program, which provides homework assistance and afterschool activities.
- ***Day One.*** The Governor includes the enacted level of \$217,000 from general revenues for outreach programs and supportive services programs relating to sexual assault provided through Day One.
- ***Institute for the Practice and Study of Non-Violence.*** The Governor includes the enacted level of \$200,000 from general revenues to support the Institute's Violence Reduction Strategy program.
- ***Rhode Island Community Food Bank.*** The Governor includes the enacted level of \$175,000 from general revenues for food collection and distribution through the community food bank.
- ***Community Action Agencies.*** The Governor includes the enacted level of \$520,000 to support services provided by the state's community action agencies.
- ***Crossroads.*** The Governor includes the enacted level of \$660,000 from general revenues to support activities provided by Crossroads Rhode Island that address homelessness and other related issues.
- ***Domestic Violence Prevention Activities.*** The Governor includes the enacted level of \$0.3 million from general revenues for domestic violence prevention activities contracted through the RI Coalition Against Domestic Violence and distributed to domestic violence shelters in the state.
- ***Senior Center Support.*** The Governor includes the enacted level of \$400,000 from general revenues to support the state's senior centers through a grant process.
- ***Meals on Wheels/Elderly Nutrition Services.*** The Governor includes the enacted level of \$530,000 from general revenues to support Meal on Wheels.
- ***Respite Care.*** The Governor includes the enacted level of \$140,000 for the Diocese of Providence to support the respite care program.

- ***Elderly Housing Security.*** The Governor includes the enacted level of \$85,000 from general revenues to implement security measures in elderly housing complexes.
- ***Long Term Care Ombudsman.*** The Governor provides \$209,086 for the long term care ombudsman, including the enacted level of \$126,750 from general revenues. The Alliance for Better Long Term Care advocates on behalf of residents of nursing homes, assisted living residences and certain other facilities, as well as recipients of home care services.
- ***Veterans' Programs and Services.*** The Governor includes \$0.2 million from general revenues to support various veterans' programs and services with the Office of Veterans' Affairs determining how the funding is allocated.
- ***New Veterans' Home - Bond Authorization.*** The voters approved new bond language in November 2016 to ensure that there are sufficient resources to build the new Veterans' Home, which will still cost the state less than originally anticipated. The Governor's capital plan includes a total of \$121.0 million for the new home, split equally between general obligation bonds and federal funds.
- ***DCYF Caseload.*** The Governor's budget includes \$93.8 million from all funds, \$66.5 million from general revenues for placement and service costs within the children's behavioral health and child welfare programs excluding foster care support. This is \$7.4 million less than enacted, including \$1.6 million from general revenues from reducing congregate care placements and overall caseload reductions. The Department recently completed a provider contract reprourement for many services formerly delivered through the System of Care, primarily for congregate care placements.
- ***Foster Care Support.*** The Governor's budget includes \$27.5 million for foster care and adoption assistance subsidies, including \$20.4 million from general revenues. This is \$0.1 million more than enacted from general revenues. The additional funding is intended to build additional foster care capacity in support of the Department's efforts to reduce congregate care placements.
- ***DCYF Energy Efficiencies.*** The Governor's budget includes general revenue savings of \$0.3 million from an initiative to increase energy efficiency at the Department's main office building at 101 Friendship Street in downtown Providence. The savings would be achieved by installing energy conservation technology like motion-detecting light sensors and automated heating and cooling systems.
- ***Streamline Lead Poisoning Prevention Program.*** The Governor proposes consolidating funding for the Lead Poisoning Prevention Program at the Department of Health. Currently, funding for lead poisoning prevention activities is also included in the Housing Resources Commission.
- ***Tobacco Prevention and Cessation Program.*** The Governor recommends that \$500,000 of the \$8.7 million estimated to be generated from the proposed cigarette tax increase of \$0.50 fund anti-smoking media campaigns.

Education

- ***Public Higher Education.*** The Governor's budget includes \$1,188.0 million for Public Higher Education institutions including debt service. This is \$26.7 million more than enacted from all funds. The Governor's budget includes \$225.8 million from general revenues, which is \$29.4 million more than enacted.
- ***Public Higher Education Tuition and Fees.*** The Governor's budget assumes tuition and mandatory fee increases consistent with Board approval of 7.0 percent for in-state students and 4.0 percent for out-of-

state students at the University, 6.9 percent for in-state students and 5.0 percent for out-of-state students at the College, and 7.0 percent for students at the Community College.

- ***RI Promise Scholarship.*** The Governor's budget includes \$10.0 million from general revenues for the first year of funding for a new Rhode Island Promise Scholarship program. This program aims to cover two years of tuition and fee costs at one of the three public postsecondary institutions for all qualifying Rhode Island residents. The program envisions a four-year phase-in, with the full cost of the program projected to be \$30.0 million in FY 2021 and after.
- ***Westerly Higher Education and Job Skills Center.*** The Governor's budget includes \$1.3 million from general revenues in the Office of Postsecondary Commissioner to complete a two-year commitment of \$2.0 million to secure the lease for the new Westerly Higher Education and Job Skills Center. Her budget also includes \$1.5 million from restricted receipts to support the operations and staffing costs of the new facility, \$1.1 million more than enacted. The Governor's capital plan includes \$7.0 million from all sources programmed for FY 2017 and FY 2018, including \$2.0 million from Rhode Island Capital Plan funds, \$3.0 million from private funding, and the \$2.0 million from general revenues noted above.
- ***Rhode Island Nursing Education Center.*** The Governor's budget includes \$10.1 million in the Office of Postsecondary Commissioner for administrative costs associated with the new Rhode Island Nursing Education Center, which is scheduled to fully open in September 2017. This amount includes \$5.1 million for the facility's operating and administrative expenses split between the University and the College, \$3.6 million from general revenues for the lease payments and \$1.4 million for debt service for facility equipment expenses. The Governor's budget also shifts staffing for administration of the facility from the University and the College to the Office of Postsecondary Commissioner.
- ***Rhode Island College - New Residence Hall.*** The Governor's budget includes \$3.0 million from Rhode Island Capital Plan funds in FY 2018 to begin work on the construction of a new 376-bed residence hall at the College.
- ***Rhode Island College - Residence Hall Modernization/Renovations.*** The Governor's capital budget includes \$10.0 million from Rhode Island Capital Plan funds over FY 2021 and FY 2022 to renovate four of the College's six existing residence halls.
- ***Community College - Knight Campus Biology and Chemistry Labs.*** The Governor's capital budget includes \$0.8 million from Rhode Island Capital Plan funds, \$0.4 million in each FY 2018 and FY 2019, to complete the renovation of chemistry and biology labs at the Community College's Knight Campus.
- ***University Engineering Building Referendum.*** The Governor's budget includes \$25.5 million from general obligation bonds approved by 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.
- ***University - Fine Arts Center Renovation/Addition.*** The Governor's capital budget includes \$1.0 million from Rhode Island Capital Plan funds in FY 2018 to begin site preparation and other work for renovation of the Fine Arts Center at the University's Kingston campus.
- ***Public Higher Education Asset Protection.*** The Governor's capital budget includes \$73.5 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.
- ***White Horn Brook Apartments.*** The Governor's budget includes authorization for Assembly approval of \$88.8 million from revenue bonds to construct a new 500-bed residence hall for third and fourth-year

students on the University's Kingston Campus. Annual debt service would be \$5.9 million, assuming 5.0 percent interest and a 30-year term and would be supported primarily by dorm rental charges.

- **URI Energy Performance Contract Phase III.** The Governor proposes issuance of \$11.6 million through Certificates of Participation for the University to begin the third phase of an energy performance contract to purchase energy-saving improvements in buildings and infrastructure systems. Annual debt service would be \$1.1 million paid from energy savings, assuming 5.0 percent interest and a 15-year term.
- **Nursing Education Center Parking Lease.** The Governor's budget includes authorization for Assembly approval for the Council on Postsecondary Education to enter into a lease agreement with an unidentified vendor to lease 400 spaces for the new Nursing Education Center. The lease agreement would be for five years with an estimated annual cost of \$0.5 million.
- **Dual Enrollment Initiative.** The Governor's budget includes \$1.8 million for the dual and concurrent enrollment initiative to allow qualified high school students to earn college credit at no cost to the student. The recommendation includes the enacted level of \$1.3 million from tuition savings fees and \$0.5 million from new general revenue funding.
- **Last Dollar Scholarship.** The Governor's budget includes 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. Loan reserve funds are a finite resource projected to be exhausted in FY 2019.
- **College Crusade Support.** The Governor's budget includes the enacted amount of \$3.5 million to support the operations and scholarship programs offered by the College Crusade of Rhode Island, including \$3.1 million from the GEAR-UP federal grant and \$0.4 million from general revenues. The federal grant provides funds to states and nonprofits to support eligible low-income and disabled students in pursuit of secondary school diplomas and to prepare for postsecondary education. The \$0.4 million from general revenues supports staffing and office space.
- **Best Buddies Program.** The Governor's budget includes the enacted amount of \$30,000 from general revenues for Best Buddies Rhode Island to support programs for children with developmental disabilities.
- **Small Business Development Center.** The Governor's budget includes the enacted amount of \$250,000 from general revenues for the Small Business Development Center at the University of Rhode Island.
- **Special Olympics Rhode Island.** The Governor's budget includes the enacted amount of \$50,000 from general revenues for Special Olympics Rhode Island to support its mission of providing athletic opportunities for individuals with intellectual and developmental disabilities.
- **Waterfire Providence.** The Governor's budget includes the enacted level of \$375,000 to support operational costs of Waterfire Providence art installations.
- **Fort Adams.** The Governor's budget includes the enacted level of \$30,000 to support Fort Adams Trust Restoration activities.
- **Telecommunications Education Access Fund.** The Governor recommends \$1.5 million in FY 2018, including \$0.4 million from general revenues to support the Telecommunications Education Access Fund. This general revenue recommendation is consistent with the enacted budget. This fund provides financial assistance to qualified libraries and schools to acquire, install, and use telecommunications

technologies to access the Internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line.

- ***Principal Empowerment and Training Fund.*** The Governor’s budget includes \$0.5 million from general revenues for a professional development initiative for principals, consistent with the enacted budget.
- ***Kindergarten Entry Profile.*** The Governor’s budget includes \$200,000 from general revenues to fund a kindergarten entry profile survey through which districts can receive technical assistance and strategic planning support to build capacity and sustainability for high-quality kindergarten curricula, assessment and instruction practices. This was previously funded from Race to the Top funds.
- ***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, consistent with the enacted budget.
- ***PSAT/SAT.*** The Governor’s budget includes the enacted level of \$500,000 from general revenues to provide the SAT and PSAT for free to all Rhode Island public school students and adds \$133,600 from federal funds to cover costs above the original estimate based on a contract signed in November 2016.
- ***English Language Learner Support.*** The Governor’s budget includes \$60,000 from general revenues to support the implementation of English language learner regulations. The Governor also recommends adding an English Language Learner/World Language Leadership position to support schools with the implementation of these regulations and to support the growth of world language programs; funding for this position and an increase in the authorization cap are not provided to help offset test taking costs.
- ***GED Waiver.*** The Governor’s budget includes an additional \$65,000 from general revenues for the General Education Development waiver program.
- ***Advanced Coursework Network.*** The Governor recommends \$550,000 to support the advanced coursework network. This is \$50,000 less than enacted in the FY 2017 budget and includes \$250,000 from general revenues and \$300,000 from permanent school funds. The program allows middle and high school students in participating districts to access career preparatory as well as college credit bearing courses from a network of providers including postsecondary institutions, community organizations, and local education authorities.
- ***Davies Advanced Manufacturing.*** The Governor recommends \$3.7 million from Rhode Island Capital Plan funds to address technology and infrastructure needs for the advanced manufacturing program at Davies Career and Technical High School.
- ***Hasbro Children’s Hospital.*** The Governor’s budget includes the enacted level of \$90,000 from general revenues to support the hospital school at Hasbro Children’s Hospital.
- ***Child Opportunity Zones.*** The Governor’s budget includes the enacted level of \$245,000 from general revenues to support child opportunity zones through agreements with the Department of Elementary and Secondary Education to strengthen education, health and social services for students and their families as a strategy to accelerate student achievement.
- ***Arts Funds.*** The Governor includes the enacted level of \$0.8 million from general revenues for the Rhode Island State Council on the Arts’ grant programs.
- ***Creative and Cultural Economy Bond.*** The Governor’s capital 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 Governor's budget assumes a population of 3,059, which is 141 less inmates than the enacted population of 3,200. It also assumes a revised population of 3,058 for FY 2017, which is 142 less than enacted. Through the first six months of FY 2017, the average inmate population is 3,022.
- **Corrections Asset Protection.** The Governor includes \$18.9 million from Rhode Island Capital Plan funds for FY 2018 through FY 2022 for asset protection projects at correctional facilities.
- **Dix Building Renovations.** The Governor includes \$2.0 million from Rhode Island Capital Plan funds for FY 2018 through FY 2020 for renovations to the Dix Building including electrical system upgrades, new lighting fixtures, updated office and storage spaces, shower restoration and steam line replacement.
- **Maximum Security Renovations.** The Governor includes \$2.2 million from Rhode Island Capital Plan funds for FY 2018 through FY 2020 for infrastructure improvements at the maximum security facility for improvements to the shower exhaust system, steam pipes, laundry area, yard, roof and other upgrades throughout the facility.
- **Medium Security Renovations.** The Governor includes \$20.3 million from Rhode Island Capital Plan funds for FY 2018 through FY 2020 for infrastructure improvements at the John J. Moran medium security facility including expansion of the dining area, kitchen, dispensary and other inmate programs and recreational activity areas.
- **Intake Service Center Renovations.** The Governor includes \$7.1 million from Rhode Island Capital Plan funds for FY 2018 through FY 2021 to restore the exterior of the Intake Service Center.
- **RIBCO Settlement.** The Governor recommends an additional \$3.9 million for FY 2017 and \$6.7 million for FY 2018 for wage increases resulting from an arbitration award for members of the Rhode Island Brotherhood of Correctional Officers. Total funding is \$12.2 million and \$15.0 million for FY 2017 and FY 2018, respectively. Additional costs related to the retroactive nature of the settlement are included in the FY 2016 audited closing.
- **Department of Justice Lawsuit.** The Governor's FY 2017 revised budget adds \$0.2 million from general revenues for legal services and witness expenses resulting from an ongoing lawsuit with the U.S. Department of Justice. In February 2014, the Department of Justice filed suit against the Department of Corrections alleging that recruitment examinations are biased against minority candidates.
- **Correctional Officer Training Class.** The Governor's budget includes a net savings of \$119,525 from the hiring of 50.0 trainees from the 81st Correctional Officer Academy and 24.0 trainees from the 82nd Academy. The savings reflect increased staffing costs offset by a reduction to overtime.
- **Mental Health Services.** The Governor recommends adding \$0.4 million from general revenues in the Department of Corrections' budget to increase capacity to provide mental health services for inmates. This includes funding for two clinical social workers, one administrative assistant and funding for additional contracted discharge planning services.

- ***Cognitive Behavioral Therapy.*** The Governor recommends \$1.4 million from general revenues to support the cognitive behavioral therapy program enacted for FY 2017. This was a proposal of the Justice Reinvestment Working Group. Funding is \$0.5 million more than enacted to reflect the annualized costs of 4.0 probation and parole officers hired under this initiative and a full year of contracted services.
- ***Inmate Laboratory Testing.*** The Governor recommends \$120,000 from general revenues for a new contract for laboratory testing services needed for the Department of Corrections. These have been provided by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals at no additional cost. Her budget proposes to privatize the Hospital's laboratory functions.
- ***Digital Body Scanner.*** The Governor's revised FY 2017 recommendation includes \$250,000 from Rhode Island Capital Plan funds for the Department of Corrections to purchase a digital body scanner. The equipment will be used at the Intake Service Center to address narcotics and other contraband smuggled into the facility through the commitment process.
- ***Women's Facilities.*** The Governor's budget includes overtime savings of \$1.1 million from general revenues for both FY 2017 and FY 2018 to reflect the Department of Corrections' declining female population. The Department has reassigned six staff posts to offset overtime expenses at other facilities.
- ***Medication/Mediation Assisted Treatment Program.*** The Governor recommends shifting the \$2.0 million enacted for the medication-assisted treatment of opioid users in the Adult Correctional Institutions from the Department of Corrections to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The program supports screening for opioid use disorders and conducting assessments of new inmates to determine treatment options. It also starts medication-assisted treatment prior to release with community referral for ongoing treatment. The recommendation assumes the general revenue funding cannot be used as match for federal funds if the appropriation is not moved.
- ***Recovery Housing.*** The Governor's budget includes \$200,000 from general revenues for a recovery housing pilot program to provide access to 60 individuals with behavioral health issues and a criminal justice history, in ten recovery homes that will focus on peer supports and other services, including employment and education.
- ***Indigent Defense Program.*** The Governor's budget includes \$3.8 million from general revenues for the Judiciary's indigent defense program, which is \$18,760 more than enacted.
- ***Judicial Asset Protection.*** The Governor recommends \$4.9 million from Rhode Island Capital Plan funds for FY 2018 through FY 2022 for asset protection projects at Judicial buildings, including security upgrades, courtroom restoration, fire suppression and alarm system upgrades, interior refurbishments to public areas and office spaces, cellblock upgrades, and elevator upgrades.
- ***Judicial Complex Restoration.*** The Governor recommends \$3.8 million from Rhode Island Capital Plan funds for FY 2018 through FY 2022 for the restoration of the Licht Judicial Complex.
- ***Judicial HVAC.*** The Governor recommends \$3.9 million from Rhode Island Capital Plan funds for FY 2018 through FY 2022 for the replacement and/or restoration and/or cleaning of the heating, ventilation and air conditioning system for all judicial complexes.
- ***Judicial Noel Shelled Courtrooms.*** The Governor recommends \$10.0 million from Rhode Island Capital Plan funds for the build out of the shelled courtrooms at the Noel Judicial Complex to relieve overcrowding at the Garrahy Judicial Complex. The work also involves the construction of a new parking lot to accommodate the need for additional parking for the added courtrooms.

- ***Rhode Island Legal Services.*** The Governor’s budget includes the enacted level of \$90,000 from general revenues for Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- ***Rhode Island Coalition Against Domestic Violence.*** The Governor’s budget includes \$230,000 from general revenues for the Rhode Island Coalition Against Domestic Violence for the domestic abuse court advocacy project, consistent with the enacted budget.
- ***Public Safety Consolidation.*** The Governor proposes merging the Emergency Management Agency into the Department of Public Safety. She also adds a new commissioner position to oversee policy and management of all divisions in the Department of Public Safety, as well as two support staff. The total cost of the three positions is \$0.5 million. This would divide the responsibilities of the Superintendent of State Police into two positions and end its dual role as the Director of the Department of Public Safety. The recommended budget includes funding in the current year for the commissioner position; however, legislation creating the position is not effective until July 1, 2017. It appears the intent is to submit stand-alone legislation to create this position during FY 2017.
- ***Cybersecurity.*** The Governor proposes transferring the cybersecurity function, including the director of cybersecurity position from the Department of Administration to the Department of Public Safety. The recommendation includes \$0.3 million from general revenues to fund two new positions: a cyber analyst and a cyber forensic analyst. The Governor also includes \$50,000 from general revenues each year in FY 2017 and FY 2018 for the Rhode Island National Guard to participate in the Governor’s Cybersecurity Commission working groups.
- ***57th State Police Training Academy.*** The Governor’s budget includes \$0.1 million from general revenues to fund recruitment and testing of candidates for the 57th State Police training academy.
- ***Sheriffs Training Academy.*** The revised budget includes \$15,840 from general revenues for advertising and training costs associated with a Sheriffs Academy. The FY 2018 recommendation includes \$55,000 from general revenues for costs associated with conducting the academy.
- ***Video Conferencing.*** The Governor’s budget includes \$200,000 in general revenue savings for Sheriffs transportation of prisoners by expanding video conferencing for prisoners; however, the budget does not include funding for any associated equipment.
- ***State Police Arbitration Settlement.*** The Governor’s budget includes \$1.0 million in FY 2017 and FY 2018 for costs associated with settling a contract arbitration between the state and the Rhode Island State Troopers Association. The settlement provides salary increases retroactive to May 2016. It includes an increase of 1.25 percent, effective July 1, 2017. The prior settlement covered contract years of April 30, 2014 through April 30, 2016.
- ***Capitol Police Contract Reserve.*** The Governor’s budget includes \$0.3 million from general revenues for an anticipated settlement with Capitol Police officers regarding parity with other positions.
- ***New Capitol Police Screeners.*** The Governor’s budget adds \$0.4 million from general revenues for 5.0 new Capitol Police screeners and 2.0 new Capitol Police Officers supported by user agencies.
- ***Domestic Violence Intervention Program.*** The Governor’s budget includes \$100,000 from general revenues to support domestic violence intervention programs.
- ***Pre-arrest Diversion Program.*** The Governor’s budget includes \$0.2 million in FY 2018 for a mental health program in the Office of the Public Defender, which would include a pre-arrest diversion program

intended to ensure better access to mental health services and reduce the strain on healthcare systems, first responders, the Judiciary, and the Department of Corrections.

- **Transition Employment.** The Governor's budget includes \$400,000 from general revenues for a second year of the Pay for Success transition employment program, which is intended to increase employment and reduce recidivism of formerly incarcerated individuals. A vendor has not yet been selected from the request for proposals process initiated in 2016. This is \$100,000 less than enacted.
- **Rhode Island Statewide Communications Network.** The Governor's capital recommendation includes \$10.0 million from all sources for FY 2018 through FY 2022 for the Rhode Island Statewide Communications Network. This includes \$7.5 million from Rhode Island Capital Plan funds and \$2.5 million from federal sources. The Budget also includes \$1.1 million from general revenues each year in FY 2017 and FY 2018 for the contract with Motorola to maintain the radio system.
- **Attorney General New Customer Services Center.** The Governor recommends use of \$14.0 million from Google Settlement funds that were awarded to the Office of the Attorney General for the Office's new customer service center at the John O. Pastore Government Center. This will allow for the relocation of the consumer protection unit and diversion unit staff and those performing background and fingerprint checks to the Cranston campus.

Environment

- **Outdoor Recreation Investment.** The Governor recommends \$2.5 million from general revenues for outdoor recreation support. Funding will be used for local recreation matching grants, state and local recreation programming such as environmental education and events programming, and state capital funding for recreation-related acquisitions and maintenance. The Governor's budget identifies the source of the new general revenues from the proposed \$0.50 cigarette tax increase, which is expected to generate \$8.7 million.
- **Unified Merchandising Brand.** The Governor recommends \$121,978 from restricted receipts for a new merchandising program, stemming from recommendations of the Outdoor Recreation Council's final report: "A Vision of Outdoor Recreation in Rhode Island." The report recommends the creation of a unified merchandising brand through collaboration between the state tourism campaign and recreation advocates.
- **Local Agriculture and Seafood Grants.** The Governor recommends increasing funding for the local agriculture and seafood program by \$100,000 to provide a total of \$200,000 to allow more small businesses in the food sector to receive grants. Every dollar is matched by private sources.
- **Clean Diesel.** The Governor's FY 2018 recommended budget includes the enacted level of \$2.0 million from general revenues for the implementation of the Clean Diesel Program enacted by the 2016 Assembly to reduce emissions from heavy-duty diesel engines and help companies improve supply chain efficiency. The Department of Environmental Management has begun the process to promulgate rules and regulations; however, no expenditures are planned for FY 2017 and the Governor removes funding from the revised FY 2017 recommendation.
- **Eisenhower House Transfer.** The Governor recommends transferring the management of the Eisenhower House in Newport from the Historical Preservation and Heritage Commission to the Department of Environmental Management.
- **Confined Aquatic Dredged Material Disposal Cells.** The Governor's capital budget includes authorization for Assembly approval of \$10.5 million through Certificates of Participation to provide the

state's share for the construction of a new cell in order to maintain viability of the port and maritime operations. Annual debt service assuming 5.0 percent interest and 10 years would be \$1.5 million. The debt will be paid off in part from user fees.

- ***Volvo Ocean Race.*** The Governor recommends \$775,000 from general revenues in FY 2018 for security and other operating support for the Volvo Ocean Race at Fort Adams State Park. The race will be held in the spring of 2018.
- ***Conservation Districts.*** The Governor recommends \$50,000 from general revenues in FY 2018 for regional conservation districts. The Districts are quasi-public subdivisions of state government, governed by volunteer Boards of Directors from the communities. In prior years, these entities received community service grants.
- ***Recreation, Green Spaces, and Healthy Communities Bonds.*** The Governor's capital budget includes \$35.0 million from general obligation bonds approved by the voters on the November 2016 ballot for facilities and infrastructure improvements at state parks, storm water pollution prevention, brownfield remediation, bikeway development, open space acquisition, and recreation acquisition and development grants.
- ***Galilee Piers.*** The Governor's capital budget includes \$6.2 million from state and federal sources for FY 2018 through FY 2022 for infrastructure improvements at the Port of Galilee.
- ***World War II State Park Improvements.*** The Governor's capital budget includes \$128,715 from Rhode Island Capital Plan funds in FY 2017 to complete the revitalization of the World War II State Park. The Budget also includes \$250,000 from general revenues in FY 2018 for the third year of a five-year initiative to transfer maintenance and operation of the Park from the state to the City of Woonsocket following the completion of the capital project.
- ***State Recreational Facilities Improvements.*** The Governor's capital budget includes \$11.0 million for FY 2018 through FY 2022, including \$10.0 million from Rhode Island Capital Plan funds and \$1.0 million from federal funds for improvements at Rhode Island parks and management areas.
- ***State Piers.*** The Governor's capital budget includes \$0.1 million from Rhode Island Capital Plan funds for FY 2018 through FY 2022 for marine infrastructure and pier development at sites critical to Rhode Island's tourism and fishing economy.

Transportation

- ***Highway Maintenance Account.*** The Governor proposes transferring 0.5 percent of the receipts from the Highway Maintenance Account to the Division of Motor Vehicles to cover costs of fee collection. This equates to \$0.4 million. The Budget assumes it would be used to fund \$0.5 million of salary and benefit costs.
- ***Rhode Island Public Transit Authority.*** The Governor's budget includes \$1.6 million from general revenues to pay for debt service in FY 2018. Despite that, the Governor's budget shows the Authority's deficit projection of \$0.6 million in FY 2018.
- ***Elderly/Disabled Transportation.*** Under current law, the Department of Revenue transfers 1.0 cent of the gas tax to the Department of Human Services for its elderly/disabled transportation program. Of the 1.0 cent, 79.0 percent is paid directly to the Rhode Island Public Transit Authority through the Department

of Human Services, which then retains the rest. The Governor includes legislation to have the Authority's portion transferred directly to it with the Department retaining its 21.0 percent share.

- **Department of Transportation Staffing.** The Governor recommends an additional 74.0 full-time equivalent positions for the Department of Transportation including project managers who will be responsible for the oversight and delivery of assigned projects from initiation to closeout and maintenance bridge workers, reflective of the Department's plan to perform more operations in-house, including lane striping and bridge inspections. Other positions include administrators of new programs, reflective of the Department's recent reorganization.
- **Winter Maintenance.** The Governor's budget assumes \$19.6 million of winter maintenance expenditures in FY 2018, \$1.5 million less than enacted. The revised budget includes \$21.1 million.
- **Immediate Action Projects.** The budget includes \$6.3 million in both years from highway maintenance funds for projects that require immediate actions. This includes \$4.5 million to repair five bridges along Routes 6 and 10.
- **Highway Drainage.** The Governor's capital budget includes \$5.0 million from highway maintenance funds 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.
- **Providence Transit Connector.** The Governor's capital budget includes a total of \$2.0 million from Rhode Island Capital Plan funds, including \$0.5 million in FY 2018 and \$1.5 million in FY 2019 to provide matching funds to improve the transit corridor between Kennedy Plaza, the Providence Train Station and other hubs. The Rhode Island Public Transit Authority was awarded a \$13.0 million federal grant for this purpose.
- **Pawtucket Bus Hub and Transit Corridor.** The Governor's capital budget includes a total project cost of \$7.0 million, including \$1.3 million from Rhode Island Capital Plan funds to match federal funds for Rhode Island Public Transit Authority to build a transit hub adjacent to the new commuter rail station on the Pawtucket/Central Falls border.
- **College Hill Bus Tunnel.** The Governor recommends a total of \$1.6 million from Rhode Island Capital Plan funds over FY 2020 and FY 2021 to match federal funds to make structural and drainage repairs, and safety improvements to the College Hill Bus Tunnel.
- **Bus Purchases.** The Governor recommends the Department of Transportation use funds from the Highway Maintenance Account to provide resources for the Rhode Island Public Transit Authority to finance bus purchases; this includes \$2.9 million in FY 2018 and \$0.2 million in FY 2019. The Governor's capital plan also assumes use of \$3.5 million from Rhode Island Capital Plan funds in FY 2022 for the same purpose, in a departure from past practice.