

## **United Way of RI Public Policy Report** **First Look: Governor's FY2016 Budget Proposal**

On Thursday, March 11<sup>th</sup>, Governor Gina Raimondo introduced her **\$8.6 billion state budget proposal** to the General Assembly, a reduction of 2% in government spending. The House Finance Committee will spend the next five months analyzing the governor's budget proposals, hearing public testimony related to budget bill and other legislation with a fiscal impact to create their own set of recommendations published sometime in June.

**See below for a list of funding priorities in the Governor's budget proposal for education, income supports, health and housing programs.** Please note that this list is **not meant to be exhaustive, but provides some preliminary information** about how United Way's public policy priorities fared in the spending bill. For more information, read the [Governor's Budget Plan Overview](#) or the full [Executive Summary](#).

### **BIG PICTURE HIGHLIGHTS**

- **Health and Human services**—half of the state's cuts, about \$116 million will be made in health and human services, which accounts for 44% of all state spending.
- **Executive Office of Commerce**—a newly created agency that will focus on economic development initiatives and programs. Governor recommends \$76.3 million, including \$62 million in general revenues, \$11.0 million in federal funds, and the rest from restricted receipt accounts. \$84 million from state debt refinancing will provide funding for a set of new economic development initiatives under the leadership of this office.
- **Consolidation**—Governor recommends consolidation of the Governor's Commission on Disabilities, Commission on the Deaf and Hard of Hearing, Office of the Child Advocate, and Office of the Mental Health Advocate within the newly created Division of Advocacy with EOHHS. This consolidation will result in administrative efficiencies and generate budgetary savings.

### **EDUCATION & YOUTH**

- **K-12**—fully funds the K-12 education funding formula, with a \$35.5 million increase over last year.
- **Pre-K**—supports expanding the number of state-sponsored Pre-K classrooms in RI from 17 to 60 by 2019.
- **Full-day K**—Commitment to funding full-day kindergarten in all communities by August 2016, at \$1.4 million (7 districts remaining).

- **School housing aid**—Governor’s budget lifts the moratorium on school construction, setting an annual construction aid appropriation starting in FY2017, at \$80.0 million. The budget also includes funding for school facilities from state debt refinancing proceeds to create a capital fund, at \$20.0 million.
- **Prepare RI**—a dual and concurrent enrollment initiative, provides \$1.3 million in funding to allow eligible high school students to earn credit at their high school and our state’s public colleges and universities at no cost to the student.
- **Pathways in Technology**—modeled after programs in other states the Governor’s budget includes \$900,000 to build partnerships between students, educators and employers in key sectors. The program will allow qualifying high school students to pursue a five- or six- year path to a high school diploma, an associate’s degree and ultimately a job.
- **Foster Care**—Governor recommends an additional \$1.0 million to increase support for foster care.

#### ECONOMIC SECURITY

- **EITC**—Governor proposes expanding EITC from 10% to 15% over the next two years.
- **RI Works and Child Care Assistance**—Governor recommends level funding, \$88.6 million from all sources, including \$9.7 million from general revenue for the RI Works and Child Care Assistance Programs. Federal financing increases by \$1.9 million, increase is attributed to growth in CCAP transition pilot program (approx. 1,000 additional families have accessed the program).
- **SNAP**—Governor recommends \$268.0 million, consisting entirely of federal funds.
- **Social Security**—tax credit for social security benefits if a single filer under \$50,000 or a joint filer under \$60,000.
- **Office of Economic Empowerment**—budget proposes the creation of a new office that would link workers with state and federal supports for education, job training, financial stability, and employment opportunities, funded at \$300,000.

#### HOUSING and HOMELESSNESS

- **Office of Housing and Community Development**—Several functions from the Department of Administration have been transferred to the new Executive Office of Commerce, including the Office of Housing and Community Development, at \$10.9 million.
- **Affordable housing**—Funding to finance the production and preservation of affordable housing through a 4% tax credit for young workers, seniors and other residents, at \$3.0 million
- **Homelessness prevention**—no additional funding, the Housing Resources Commission (HRC) remains solely funded by the real estate conveyance tax, which is coming in at around

\$3.2 million. At current funding levels, HRC is not able to afford critical wrap around services for the permanent and supportive homeless population.

## **HEALTH**

- **Medicaid**—The Governor recommends an \$88.1 million reduction in medical assistance program, focused on reining in Medicaid costs. Cuts primarily impact providers, specifically nursing facilities and hospitals.
- **Working Group to Reinvent Medicaid**—established on February 26, 2015, the working group will focus on identifying additional areas to save Medicaid costs. First report is due on April 30, 2015.
- **HealthSource RI**—the Governor proposed a new 1% to 4% fee on all individual and small-group health premiums in the state, whether purchased on or off the exchange; the new fee would bring in around \$12 million in FY2016, mirrors the cost of a federal exchange.
- **Unified Health Infrastructure Project (UHIP)**—supports funding for UHIP, a multi-phase project to establish a modern, fully integrated eligibility system covering multiple programs of public assistance (including Medicaid) and the state-based health insurance exchange. UHIP is the largest scale information technology project ever undertaken by the State of Rhode Island with an estimated total cost now surpassing \$229.0 million.
- **ACA expansion for childless adults** with incomes up to 138%, supported by unmatched FY2016 federal funds of \$547.1 million. Following December 21, 2016 federal matching rates decline incrementally until reaching 90 percent for 2020 and thereafter. Beginning in FY2017, forecast includes general revenues spanning the projection totaling \$138.3 million to accommodate the loss of federal funds.