



Rhode Island KIDS COUNT Budget Analysis

Governor's Fiscal Year 2016 Budget Proposal

Items Affecting Children and Families

The Governor's proposed Fiscal Year 2016 budget includes many items that will affect the well-being of Rhode Island's children and families, including:

Early Learning & Development

- Maintains current eligibility, family copayments, and reimbursement rates for the Child Care Assistance Program. Maintains state general revenue funding at \$9.7 million and adds \$1.9 million in federal funds.
- Maintains \$1 million in state-directed funding to reduce waiting lists for Head Start.
- Fully funds the early learning/Pre-K categorical program based on the expansion plan that is part of the education funding formula (with an additional \$1 million). Includes \$1.3 million in new federal funding for Pre-K expansion.
- Includes an additional \$1.4 million in education formula aid to help the seven remaining school districts in Rhode Island (Coventry, Cranston, East Greenwich, Johnston, North Kingstown, Tiverton and Warwick) establish universal full-day kindergarten. Funding for the *Full-Day Kindergarten Start-Up Fund* is continued at \$250,000 to assist with start-up costs. Budget Article 6 requires all districts to offer full-day kindergarten to every eligible student by 8/2016.

Education

- Fully funds the fifth year of the education funding formula, giving \$35.5 million more over FY 2015, for a total of \$842.9 million.
- Includes \$12.3 million to fund the categorical programs that are part of the education funding formula, including a \$1.0 million increase for high-cost special education, level funding for career and technical education, a \$2.0 million decrease for transportation, and a \$1.0 million increase for early learning (State Pre-K).
- Recommends moving the MET from its own program to the education aid program (i.e., those programs funded by the funding formula).
- Discontinues state financing for the Textbook Expansion Program (\$240,000).
- Level funds the School Breakfast Program at \$270,000 and the Rhode Island Telecommunications Access Fund at \$400,000.
- Recommends that school districts no longer be required to provide transportation to students attending private schools or loan textbooks and other supplies to students attending private schools.
- Recommends \$70.9 million for school housing aid to districts and provides \$20.0 million to finance a new School Building Authority Capital Fund with the Rhode Island Department of Education overseeing the distribution of funds.
- Provides \$250,000 in grant funding to approved teacher preparation programs to recruit and train more diverse teachers.
- Provides \$1.3 million for Prepare RI, a dual enrollment initiative that will allow qualified students to earn credit at their high school and at state public higher education institutions, at no cost to students or families.
- Provides \$900,000 to the Executive Office of Commerce to connect high schools, community colleges, and businesses and allow students to get a high school diploma and associate's degree in five or six years and through mentorships and internships connects them to job prospects.
- Provides \$10.1 million for a "last dollar" grant and scholarship program for students with proven academic performance but for whom college may otherwise be out of reach for financial reasons.
- Recommends that the Rhode Island Higher Education Assistance Authority (RIHEAA) become part of the Office of the Postsecondary Commissioner.

Economic Well-Being

- Increases Rhode Island's Earned Income Tax Credit (EITC) from 10.0% of federal EITC to 12.5% for Tax Year 2016 and 15.0% for Tax Year 2017 and thereafter.
- Provides \$3.0 million to finance the production and preservation of affordable housing for young workers, seniors, and other residents.

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- Provides \$300,000 to establish an Office of Economic Empowerment to provide a one-stop shop for Rhode Islanders to access federal and state benefits to improve their level of education, financial stability, and employment prospects.
- While the Governor's recommended FY 2016 budget does not propose legislation regarding an increase in the minimum wage, she has indicated support for an increase in the minimum wage from \$9.00 to \$10.10 per hour.

Health

- Preserves Rite Care eligibility and benefits for children, pregnant women, and parents at current levels.
- Reduces overall Medicaid spending by \$181 million (\$91 million of which is from general revenue and \$90 million from federal revenue). Half of the reductions (\$90 million, \$45 million in general revenue) are from reduced payments to hospitals, nursing homes, and health plans. Also reduces all managed care plans (\$5.4 million total, \$2.7 million general revenue) and proposes a review of out-of-plan services for Children with Special Health Care Needs (\$2 million, \$1 million in general revenue). The remaining \$92 million (\$46 million in general revenue) in savings are to be identified through the efforts of the Governor-appointed *Working Group to Reinvent Medicaid*, established through an Executive Order and mandated to provide recommendations to the Governor on or about April 30, 2015 for consideration in the FY 2016 budget.
- Maintains HealthSource RI as a state-based health insurance exchange. Budget Article 28 creates a new restricted revenue stream to support the operations of HealthSource RI that is funded through an annual health reform assessment that would be placed on all health insurance carriers/ premiums in the individual and small employer market. This assessment, which would take effect on January 1, 2016, is estimated to generate \$11.8 million in calendar year 2016, of which \$6.2 million would be used in FY 2016.
- Continues funding for the Unified Health Infrastructure Project (UHIP), the new fully integrated eligibility system that includes health coverage obtained through HealthSource RI and public benefit programs, including Medicaid/Rite Care. In FY 2016, the Governor recommends \$7.1 million in state funds from a variety of state agencies and \$6.4 in nonfederal funds to support UHIP completion. Additional funding for this \$229 million initiative (the largest scale information technology project ever undertaken by the State of Rhode Island) also comes from enhanced financial match from the federal government.
- Increases the cigarette tax by \$0.25, from \$3.50 to \$3.75 per pack (\$7.1 million in revenue in FY 2016).

Safety/DCYF

- Finances DCYF's System of Care networks at \$71.7 million, a \$1.1 million reduction from the enacted FY 2015 budget and a \$9.8 million reduction from the revised FY 2015 budget recommendation.
- Provides \$800,000 for utilization management services to evaluate placement services used within DCYF's System of Care networks.
- Includes an additional \$1.0 million to support foster care services for children in DCYF care.
- Reduces DCYF's budget by \$630,000 as a result of DCYF's Intake and Family Services Unit staff taking over foster care support and referral functions previously contracted to private providers.
- Reduces DCYF support for the Physical Abuse, Neglect Diagnostic Assessment (PANDA) Clinic at Rhode Island Hospital, which conducts medical evaluations for children who have been neglected and/or abused, by \$100,000.
- Eliminates a data analysis contract with Yale University used for federal claims reimbursements.
- Eliminates funds for statewide peer support helpline and referral service operated by Parent Support Network of RI.
- Provides \$500,000 to DCYF for the purchase new computer equipment.
- Budget Article 17 would give the DCYF Director authority to reallocate line item appropriations to achieve better outcomes for children and families and to support productive and efficient operational practices through program innovation practices and performance-based contracts. The DCYF Director would also have authority reinvest savings in technology, infrastructure, and other related services. Expanded authority would expire 6/2017.
- Budget Article 18 would consolidate, for administrative and budgetary purposes, the Office of the Child Advocate, the Governor's Commission on Disabilities, the Commission on the Deaf and Hard of Hearing, and the Office of the Mental Health Advocate into a new Division of Advocacy within the Executive Office of Health and Human Services.