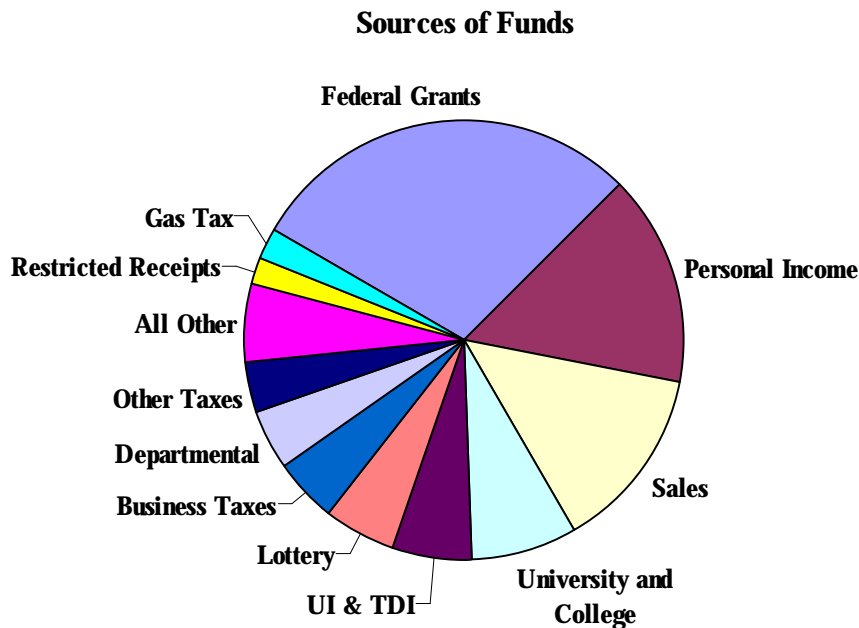


Budget at a Glance

The Assembly enacted a total FY 2007 budget of \$6.7 billion, which includes \$3.2 billion of expenditures funded from general revenues. Total expenditures increase \$315.0 million over the FY 2006 budget enacted by the 2005 Assembly, or 5.0 percent. Expenditures funded from general revenues would increase \$79.4 million, or 2.5 percent.

Those increases would be less after adjustments for technical changes, including bringing the Division of Lottery into the state budget. On an adjusted basis, total expenditures increase \$129.9 million, or 2.0 percent; those funded from general revenues increase \$104.6 million, or 3.4 percent.



Taxes and Revenues

- **Car Tax.** The Budget increases the amount of vehicle value exempt from the car tax from \$5,000 to \$6,000 and maintains the tax rate freeze and provides for annual increases in the limit based on increases in video lottery terminal proceeds.
- **Property Tax Circuit Breaker.** The Budget increases the property tax refund program for elderly, disabled and low income renters and property owners with incomes under \$30,000 from a maximum refund of \$250 to \$300 and provides for annual increases in the limit based on increases in video lottery terminal proceeds.
- **Earned Income Tax Credit.** The Assembly increased the refundable earned income tax credit from the current rate of ten percent to a rate of fifteen percent. Rhode Island would now grant the full credit up to Rhode Island tax liability plus fifteen percent of the credit above liability.

- ***Flat Tax Option.*** The Assembly enacted legislation to allow taxpayers to opt for a tax of 8.0 percent of adjusted gross income for tax year 2006 in lieu of the current tax in determining tax liability. Each filer could calculate tax liability under both methods, opting to file under that which provides the greater advantage to the filer. The 8.0 percent flat tax rate would decrease by 0.5 percent per year until reaching 5.5 percent for tax year 2011. Filers opting for the flat tax are not eligible for credits or deductions.

- ***Tax Credit for K-12 Scholarship Contributions.*** The Budget includes a business tax credit for business entities making contributions to Section 501(c)(3) scholarship organizations that provide tuition assistance grants to eligible students to attend non-public K-12 schools in Rhode Island. Students from households with annual household income not more than 250 percent of federal poverty levels are eligible. The maximum credit per tax year is \$100,000 with a total program cap of \$1.0 million.

- ***Streamlined Sales Tax.*** The Budget includes legislation to conform Rhode Island sales tax statutes to the streamlined sales tax agreement statutes, including definitions of taxable items, limits on number of tax rates, amnesty for volunteering businesses and payment for processing. It includes \$2.4 million of additional sales taxes resulting from January 2, 2007 implementation of the agreement.

- ***Tax Amnesty.*** The Budget includes \$11.8 million in one time revenues from a 75 day tax amnesty ending September 30, 2006 for all taxes, including \$4.8 million from personal income taxes owed for periods on or before December 31, 2005. Filers will not be subject to penalties or prosecution and will pay 12 percent interest from the date the taxes were owed until payment. Filers may enter into a tax payment plan with the tax administrator, or pay one-half of the amount owed immediately, 25 percent the following month, and 25 percent the month after that.

The tax amnesty legislation includes language to change the interest payment on overdue taxes from the prime rate plus two percent with a minimum of twelve percent to the same calculation with an eighteen percent minimum. The maximum rate would remain twenty-one percent. The Budget includes \$5.1 million.

- ***Blue Cross Recovery.*** The Budget includes \$1.4 million as the general revenue share of a \$3.8 million payment to the state by Blue Cross and Blue Shield of Rhode Island for premium settlements.

- ***American International Group Overdue Taxes.*** The Division of Taxation received a payment of \$2,963,750 from American International Group for overdue taxes from prior years for premiums for single workers' compensation policies written by the company in Rhode Island from 1986 to 1995. The Assembly included these receipts as general revenues.

- ***Emissions Testing.*** The Budget includes \$525,000 of additional revenues from increasing the state's share of the vehicle emissions testing fee by \$3, from \$16 to \$19 per inspection by lowering the manager's fee from \$13 to \$10 per vehicle inspection when the current contract governing the Emissions Testing Program expires. The total \$47 fee per inspection remains unchanged, as does the inspection station's share.

- ***Motor Carrier Surety Fees.*** The Budget recognizes \$652,428 as the amount left in the Surety Deposit Motor Carriers account used to record deposits made by motor carriers operating in Rhode Island to secure their future fuel tax payments. Those fees are no longer necessary, and the statutes were amended to confirm the current practices consistent with the Interactive Fuel Tax Agreement.

- ***Newborn Testing Fee.*** The Budget increases the number of newborn screening conditions from 12 to 29 and increases the fee from \$59 per newborn screened to \$110.

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

- ***General.*** The Budget increases general aid to local governments by \$25.3 million. It includes a total of \$253.4 million from general revenues including \$239.6 million for general aid programs, and \$13.5 million for restricted use programs.
- ***Distressed Communities Funding.*** The Budget includes \$10.9 million for the Distressed Communities Relief Fund which is \$1.0 million more than enacted for FY 2006. Aid goes to Burrillville, Central Falls, North Providence, Pawtucket, Providence, West Warwick and Woonsocket.
- ***Payment in Lieu of Tax Program.*** The Budget includes \$27.8 million for payment to communities for 27.0 percent of the property taxes that would have been due on real property owned by nonprofit educational institutions, nonprofit hospitals, state owned hospitals, veterans residential facilities or correctional facilities exempt from taxation by state law.
- ***General Revenue Sharing.*** The Budget includes \$65.2 million for the General Revenue Sharing program, including \$0.4 million from dedicated revenues from video terminal income. The Assembly would base FY 2008 aid on 3.7 percent of second prior year revenues with the continued phase up to 4.7 percent in FY 2011.
- ***Motor Vehicle Excise Tax Phase-Out.*** The Budget includes \$136.0 million to reimburse communities for a \$6,000 car tax exemption. This is \$23.7 million more than enacted, \$18.1 million more than the final FY 2006 payments and \$6.9 million more than the Governor's FY 2007 budget.
- ***Library Resource Sharing Aid.*** The Budget includes \$8.7 million to fully fund library operating aid at 25.0 percent of second prior fiscal year local expenditures for library services, a \$0.2 million increase.
- ***Library Construction Aid.*** The Budget includes \$2.7 million to fully fund library construction aid. These funds are awarded to municipalities or free libraries for capital improvements that must meet the community needs for at least the next 10 years with options for future expansion.
- ***Municipal Police and Firefighters Incentive Pay.*** The Budget includes \$450,000 and \$225,000 from general revenues for the municipal police and municipal fire incentive pay programs, respectively. The programs provide incentive payments to 1,141 police officers and 497 firefighters statewide. The Governor had proposed eliminating the program.
- ***Property Valuation Reimbursement.*** The Budget includes full funding of \$1.5 million for property valuation updates for Exeter, Foster, Hopkinton, Middletown, Narragansett, Newport, Pawtucket, Tiverton, and Woonsocket.
- ***Purchasing Efficiencies.*** The budget allows the Department of Administration to make the state's purchasing power available to school districts and municipalities to achieve cost savings in health insurance, energy and other items, and establishes an advisory commission to facilitate these purchasing efficiencies.

- ***Municipal Tipping Fees.*** The Assembly froze the municipal fee at \$32 for FY 2007. The statute determined rate would have been \$44.44.

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

- ***Local School Aid.*** The Budget includes \$689.3 million in aid distributions to local school districts. That includes \$31.7 million more than enacted by the 2005 Assembly for FY 2006 and provides for a 4.8 percent increase for all districts including Central Falls.
- ***Met School.*** The Budget includes \$10.4 million for the Met School, which includes \$0.6 million more for the Providence campuses and \$1.0 million to support the opening of an East Bay campus for the coming school year. That school would open with 30 students in the ninth grade and add 30 students every year, until full enrollment of 120 students is reached in FY 2010.
- ***Charter Schools.*** The Budget includes \$25.2 million for charter school formula aid, including \$2.9 million to increase direct funding for 11 existing schools, some of which are expanding based on updated enrollment and expenditure data.
- ***Teacher Retirement.*** The Budget includes \$69.2 million for the state's 40.0 percent share of teacher retirement costs, an increase of \$10.6 million over the enacted budget.
- ***Construction Aid.*** The Budget funds construction aid to local districts at \$49.7 million based on updated estimates, an increase of \$2.5 million. Aid is based on wealth, but each community receives at least a 30.0 percent reimbursement of approved costs.

Economic Development

- ***EDC – Airport Impact Aid.*** The Budget includes \$1.0 million to the Rhode Island Economic Development Corporation so that the Rhode Island Airport Corporation can provide impact aid payments to the seven communities that host the six state airports.
- ***Science and Technology Advisory Council.*** The Budget includes \$200,000 for continued funding of a Science and Technology Council to finance specific initiatives focused on improving the business climate in Rhode Island and promoting the science and business sector.
- ***Marine Bioscience Research and Business Park.*** The Budget includes continued funding of \$200,000 for FY 2007 to continue the project design work and prepare a preliminary cost estimate.
- ***Centers for Excellence.*** The Budget includes continued funding of \$3.0 million from general revenues for the Slater Centers for Excellence program.
- ***Economic Policy Council.*** The Budget includes \$300,000 for the Economic Policy Council, the same as included in the enacted budget and consistent with prior years.
- ***Quonset Point/Davisville Park.*** The Budget includes proceeds from a \$48.0 million bond referenda passed by the voters in November 2004 to allow continued development of the Quonset Point/Davisville Port and Commerce Park. Funds would be used to continue demolition of buildings in the park, construct roadways, realign utilities and upgrade the rail lines.

- ***EPSCoR.*** The Budget includes \$1.5 million for participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research.
- ***Urban Revitalization Program.*** The Budget authorizes the Economic Development Corporation to issue up to \$2.0 million of revenue notes or guarantees for the purpose of revitalizing commercial projects in urban areas and financing capital interest and costs of issuance.
- ***Film and TV Office.*** The Budget includes \$347,646 for the Film and TV Office. The Assembly added \$116,000 to support the operations of the office, which has been successful in recruiting the on location filming of the Showtime series, Brotherhood, set in Rhode Island and several movies, including Underdog.

Housing

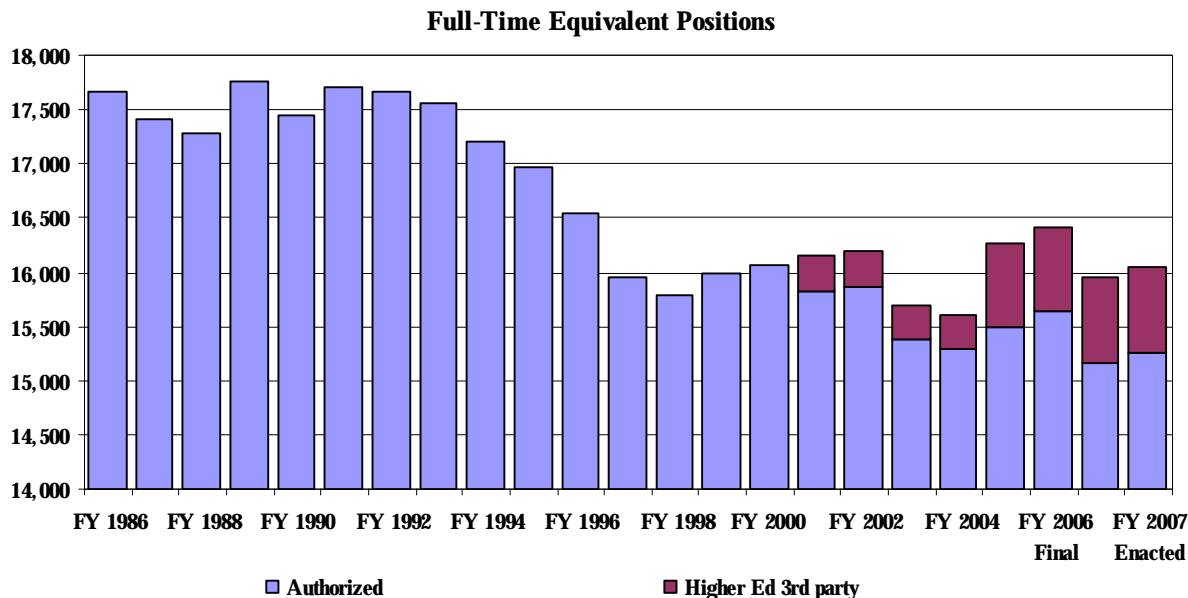
- ***Neighborhood Opportunities Affordable Housing Program.*** The Budget includes issuance of \$7.5 million of debt providing for approximately 200 new low income rental units as part of a multi-year initiative to address the housing and revitalization needs of deteriorating neighborhoods. This is year six of the program that has received cumulative funding of \$35.0 million for the construction or rehabilitation of 940 housing units from its three programs.
- ***Affordable Housing.*** The Budget includes a \$50.0 million bond referendum for the November 2006 ballot to allow the state to issue general obligation bonds for the Housing Resources Commission to provide affordable housing. This includes \$40.0 million for deferred payment loans to developers of affordable housing rental units and \$10.0 million for development of homeowner units, and would provide approximately 1,700 to 2,000 new units over four years to begin to address the 13,000 unit statewide deficit.

Capital *(See Section IV: Capital Budget)*

- ***Outlays and Funding.*** The Assembly adopted five-year capital outlays for FY 2007 through FY 2011 of \$4,043.8 million for the period on \$7,634.5 million of project estimates. Average annual outlays would be \$808.8 million. Financing the plan requires \$1,852.2 million of debt issuances and \$2,191.6 million from current revenue streams.
- ***Use of Rhode Island Capital Plan Funds.*** The Assembly passed a resolution to amend the constitution regarding the fund so that expenditures can only be made for projects beginning July 1, 2007 to stop their use for debt service and the resulting deferred asset protection. Further, it provided that the "rainy day fund" would receive three percent of all revenues and opening surpluses beginning in FY 2013 with revenues exceeding five percent of revenues in the state's Budget Stabilization and Cash Reserve Account, or "rainy day fund" going to the Rhode Island Capital Plan funds. If the voters approve the amendment, the amount of funding available for pay-go financing would increase significantly immediately as they could no longer be used for debt service.

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

Staffing. The Assembly authorized 16,038.0 full-time equivalent positions, including 785.0 higher education positions dedicated for research or supported by other third-party funds. This is 379.4 fewer positions than the final FY 2006 authorization.



- **Overhead Functions.** The Budget centralizes information technology, facilities management and human resources expenses by directly budgeting them in the Department of Administration along with the 317.0 full-time equivalent positions transferring there from several departments. The Governor had proposed the positions be transferred, but included a less transparent budgeting technique.

- **Department of Revenue.** The Budget creates a new Department of Revenue that includes the current divisions of Taxation, Motor Vehicles, State Lottery, a new division of Property Valuation, a new Office of Revenue Analysis, and an Office of the Director. The budget includes new research and analysis capacity.

- **Office of Health and Human Services.** The Budget establishes a separate Office of Health and Human Services which has been operating under Executive Order since March 2004. Employees currently assigned from several departments were transferred to the office.

- **Innovation Technology Financing.** The Budget authorizes the issuance of \$49.6 million of Certificates of Participation for information technology improvements including \$13.0 million for a new Registry of Motor Vehicles computer system, \$15.2 million for Science and Technology, \$4.0 million for state infrastructure upgrades, \$1.0 million for integrated web based licensing capability, \$2.5 million for a taxation database, and \$13.9 million for court technology.

- **Rhode Island Financial Accounting Network System.** The Budget includes \$3.8 million in FY 2006 and \$3.4 million in FY 2007 to implement a statewide integrated financial management information system, including a new purchasing/procedure to pay system, an integrated budgeting system and a self-service human resource system. Total project costs are estimated at \$16.6 million for various modules to be installed through FY 2009.

- ***Domestic Partners Settlement.*** The FY 2006 revised budget includes \$474,864 to pay interest on overdue taxes to the Internal Revenue Service and both the employee and employer share of Federal Insurance Contribution Act taxes. These payments are the result of the state failing to record the fair market value of health insurance benefits extended to qualified domestic partners of state employees as imputed income to the employees. The state agreed to pay the interest associated with the unpaid taxes.
- ***Division of Motor Vehicles.*** The Budget includes funding to keep all registry branch offices open in FY 2007. The Governor's FY 2007 budget recommended closing branch offices in West Warwick, Wakefield, Woonsocket, Warwick, Westerly, Middletown and Warren.
- ***School Bus Inspection Unit.*** The Budget funds the school bus inspection unit which annually conducts over 3,600 safety inspections on school buses. The Governor proposed eliminating the unit and having outside inspection companies do inspections for a fee paid by the bus owners.
- ***Renewable Energy Program.*** The Budget includes \$2.9 million for the Renewable Energy grant program that provides grants for solar, wind, and other related renewable energy sources.
- ***Federal Election Reform Funding.*** The Budget includes \$2.8 million in Help America Vote federal funds to continue compliance with the voting act. Funds are in the budgets of the Board of Elections and the Secretary of State and include optical scan ballot system payments and continuation of the creation of the central voter registry system and development of provisional balloting.
- ***Contingency Fund.*** The Budget includes \$1,050,000 for the Contingency Fund for FY 2007 plus an estimated \$300,000 carry forward from FY 2006 unexpended funds with language to require the fund to pay for general officers transition expenses as the result of new general officers being elected at the November election.
- ***Corporation Filing System.*** The Budget includes \$215,000 to provide the Secretary of State's Corporations Division with a new electronic filing system that allows for online electronic filings and receipt of payments in lieu of its current paper-based system with each fee paid by check.
- ***Fire and Police Benefits.*** The Budget includes \$3.0 million to fully fund projected costs for police and firefighter relief payments.

Elderly

- ***Pharmaceutical Assistance.*** The Budget includes \$4.7 million for the pharmaceutical assistance to the elderly program. The Assembly amended the current program to add injectible drugs to treat multiple sclerosis to the list of covered drugs.
- ***Paratransit Services.*** The Budget includes \$7.7 million for elderly paratransit services in both FY 2006 and FY 2007.
- ***Community Elder Information Specialists.*** The Budget includes \$534,907 from general revenues to support 19 community elder information specialists located in the senior centers and local community agencies.
- ***Home and Community Care Co-Pay Services.*** The Budget includes \$2.1 million from general revenues for state subsidized home care services to low income elders and \$1.1 million for state

subsidized adult day care services. The budget also includes another \$5.0 million for home care and adult day care services for Medicaid eligible seniors.

- ***After Hours Referral Center.*** The Budget includes \$138,300 to finance an after hours referral program for elders in the state.
- ***Property Tax Circuit Breaker.*** The Budget increases the property tax circuit breaker program from \$250 to \$300.

Health and Human Services

- ***Health Information Exchange.*** The Budget authorizes issuance of \$20.3 million to develop a system for sharing medical information between providers. The issuance would be revenue bonds paid through surcharges on all major insurers, including state government, Medicaid and Medicare. All insurers must agree to the system for the bonds to be issued.
- ***Provider Rate Payment.*** The Budget continues the 2.2 percent rate increase for certain community service providers that was effective January 1, 2006. The Governor proposed eliminating the increase effective March 1, 2006. The providers contract with the human service departments for licensed adult day services, substance abuse and mental health services, home health care services and services for children in residential care.
- ***RItE Care Eligibility for Parents.*** The Budget continues the current practice of providing families who are at or below 185 percent of the federal poverty level with medical assistance through the RItE Care program. The Assembly did not concur with the Governor's proposal to lower parents' eligibility to 133 percent of poverty and restored the \$22.5 million in funding, including \$9.1 million from general revenues.
- ***Cost Sharing for RItE Care Enrollees.*** The Assembly continues the current co-payment structure for families receiving medical assistance through RItE Care. The Governor recommended increasing the current co-payment and proposed a new co-payment for a segment of enrollees who currently are not part of a cost sharing arrangement.
- ***Medical Coverage for Non-Citizen Children.*** The Budget continues to provide state funded health care coverage through the RItE Care program to Rhode Island children who are not citizens, including undocumented children and children legally residing in the state. No new non-citizen children will be eligible for coverage on or after January 1, 2007.
- ***Family Independence Program Benefits.*** The Budget continues the monthly payments for program recipients at \$554 a month for a family of three with \$80 for each additional family member. The Assembly did not concur with the Governor's recommended monthly payment reductions.
- ***Family Independence Act Employment Plan and 20/10.*** The Budget includes Article 32 to require that cash assistance recipients sign a work plan before receiving cash assistance. It also allows recipients, who are in the second part of their work plan and required to work 30 hours per week, to receive education or training for 10 hours and work for the remaining 20 hours.

- ***Child Care Market Rate Survey.*** The Budget includes the Governor's recommendation to delay the market rate update in child care rates for one year. The Assembly further provided that child care rates would be updated on July 1, 2007 based on a survey of 2006 rates charged by providers.
- ***Nursing Home Dental.*** The Budget includes an additional \$0.3 million to enhance dental services at the state's nursing homes.
- ***Nursing Homes.*** The Budget includes a nursing home cost of living adjustment effective February 1, 2007 and provides for the right to appeal their prospective payments under certain circumstances, which does not exist under the current principles of reimbursement.
- ***Ambulance Reimbursements.*** The Budget provides for reimbursing ambulance services from the point of pick up beginning January 1, 2007. Currently, they are reimbursed over 10 miles from point of pick-up to the hospital.
- ***Smoking Cessation.*** The Budget includes \$1.0 million from general revenues for smoking cessation programs.
- ***HIV and AIDS Funding.*** The Budget includes \$14.1 million for FY 2006 and \$12.5 million for FY 2007 for HIV and AIDS prevention and treatment services. The FY 2007 budget is \$3.0 million above that enacted by the 2005 Assembly.
- ***Pandemic Influenza Funding.*** The Budget includes legislation allowing the Department of Health to use up to \$1.0 million from restricted receipts for pandemic influenza medications and equipment.
- ***Defibrillators.*** The Budget includes \$130,000 from general revenues to provide 80 automated external defibrillators to be used in high schools and at athletic fields.
- ***Child Care and RIte Care Resource Tests.*** The Assembly passed legislation to implement a resource test for recipients in the child care and medical assistance programs. Persons would not be eligible for either program if they have liquid resources that are more than \$10,000.
- ***Family Independence Program Benefits.*** The Budget continues the current practice of providing 60 months of family independence program benefits but would count any time that benefits were paid in another state toward the 60 months. The Governor had proposed reducing the benefit period to 30 months.
- ***Family Independence Act Family Sanction at 6 Months.*** The Assembly reduced the time that a parent can be out of compliance with a work plan before cash assistance benefits are rescinded, from 18 months to 6 months. Benefits resume when the parent complies with the plan.
- ***Preferred Drug List.*** The Budget implements a preferred drug list for non managed care Medicaid clients in order to generate \$4.1 million from additional rebates from drug manufacturers.
- ***Mandated Medical Benefits.*** The Budget requires that commercial insurers pay the state up to \$5,000 for children whom they insure that are eligible for Medicaid benefits because of their special health care needs. The Budget assumes \$4.8 million in savings, of which \$2.3 million is general revenues from this action.

- ***Health Center Funding.*** The Assembly passed Article 35 to establish principles of reimbursement for the community health centers similar to the reimbursement system for the state's nursing homes.
- ***Federal Medical Assistance Percentage.*** The Budget includes \$31.9 million less federal funds than enacted from the decrease in the Medicaid reimbursement rate from a fiscal year blended rate of 54.68 percent for FY 2006 to 52.87 percent for FY 2007.
- ***Purchased Placements.*** The Budget includes funding for an average of 360 Department of Children, Youth and Families placements for FY 2007, which is the same as included in the FY 2006 enacted and revised budgets.
- ***Plan for Development of Instate Services.*** The Budget includes \$0.2 million, including \$0.1 million from general revenues, to redesign the state's purchase of service placement program to address the high cost of out-of-state placements.
- ***Project Hope.*** The Budget includes \$1.8 million from general revenues for the Project Hope program that began as a federal grant and provides intense community based services, including family service coordination, mentoring, life skills development, care management, and clinical support to incarcerated youth to make a successful return to the community.
- ***Independent Living.*** The Budget continues funding the independent living placements. The Governor recommended moving 74 youth from state care into the community at age 19 in lieu of funding independent living placements effective July 1, 2006. The Assembly did not concur and requires the Department of Children, Youth and Families to work with community providers to design an alternative program.
- ***Rhode Island Training School.*** The Capital Budget includes \$73.8 million for construction of a new 96 bed Youth Development Facility, scheduled for completion in FY 2011. Facilities will house adjudicated males, a 48 bed Youth Assessment Facility, which will house detained males, a girls' correctional facility, and seven community facilities for low risk adjudicated males.
- ***Developmental Disabilities.*** The Budget includes \$254.5 million of which \$119.3 million is from general revenues for caseload expenditures. The Assembly restored \$5.0 million of the Governor's proposed \$5.8 million general revenue reduction in this program which provides day programming services, family support services and residential services for clients with developmental disabilities.
- ***Mental Health and Detoxification Contracts.*** The Budget retains separate and full funding for detoxification and inpatient hospital psychiatric services. The Governor had proposed combining these contracts and reducing funding by \$1.4 million.

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

- ***Education Information Technology System.*** The Budget includes \$13.1 million from Certificates of Participation for information technology projects related to science and technology education. This includes \$2.1 million to support district participation in a new student information collection system including the development of a data warehouse. Funding will also be used for "SMART" classrooms to upgrade teacher preparation facilities at Rhode Island College and the University of Rhode Island.

- ***School for the Deaf New Facility.*** The Budget includes \$31.2 million from Certificates of Participation to construct a new School for the Deaf on state owned land in Lincoln. The 2005 Assembly provided \$200,000 from Rhode Island Capital Plan funds for the school to conduct a full architectural and engineering study for the construction of a new school.
- ***Statewide Science Curriculum Development.*** The Budget includes \$200,000 from general revenues to support the implementation of a statewide science curriculum by August 2008. The Department of Elementary and Secondary Education is currently working on a statewide curriculum in mathematics and language arts for students in grades K through 12.
- ***Physics First.*** The Budget includes \$250,000 to provide physics textbooks and lab equipment for the five high schools participating in the physics first program. This program teaches physics in the freshmen year.
- ***Math and Science Professional Development.*** The Budget includes \$0.3 million for professional development activities in mathematics and science. This money will be distributed through the Department of Elementary and Secondary Education through a number of specified programs.
- ***Vocational Education.*** The Budget includes \$200,000 from general revenues to support the restructuring of the state's career and technical education system. Funding will be used to continue system design and implementation for three additional state-operated schools and a statewide career and technical education program approval process that was begun in FY 2006.
- ***New Higher Education Bond Referenda.*** The Capital Budget includes \$72.8 million for two new capital projects at the state's higher education institutions that would be placed on the November 2006 ballot for the voters to approve general obligation bond financing. This includes a \$65.0 million project at the University to construct a new school of pharmacy building and \$7.8 million at Rhode Island College to complete renovations of the former Department of Children, Youth and Families facilities.
- ***Higher Education Asset Protection.*** The Budget restores \$6.8 million for asset protection projects for the public higher education institutions for FY 2007, which was not in the Governor's budget for the second year in a row. The 2005 Assembly restored funding for asset protection projects for FY 2006 and provided for five percent increases annually beginning in FY 2007.
- ***Higher Education Faculty Expansion.*** The Budget adds 17.0 new faculty positions at the Community College of Rhode Island as a result of a faculty overload audit. It also adds 3.0 new positions to support the expansion of the six-year pharmacy program, 4.0 new faculty positions to support the nursing program, and 5.0 new residence halls positions, all at the University.
- ***Independence Hall.*** The Budget includes \$1.2 million from Rhode Island Capital Plan funds for FY 2007 to complete the Independence Hall renovation project. The 2005 Assembly added \$3.8 million over two years to fund shortfalls in this general obligation bond project approved by the voters in 1998. The Governor's budget eliminated the \$1.2 million budgeted for FY 2007.
- ***Community College Knight Campus Nursing Facility.*** The Budget includes \$125,000 from Rhode Island Capital Plan funds to study the feasibility of constructing a modern facility at the Knight Campus to support the nursing program at the Community College. This includes \$65,000 for FY 2007 and \$60,000 for FY 2008.

- ***Children's Crusade.*** The Budget continues the \$1.4 million of state support for the Rhode Island Children's Crusade.
- ***Need Based Grants and Scholarships.*** The Budget includes \$15.1 million for grants and scholarships distributed by the Higher Education Assistance Authority, \$0.4 million more than enacted for FY 2006.

Public Safety

- ***Life Insurance Subsidy.*** The Budget includes funding to reimburse members of the National Guard, mobilized for more than 30 days, for the monthly premium for up to \$400,000 of term life insurance purchased through the federal government. The FY 2006 enacted budget included reimbursement for up to \$250,000 maximum available; however the federal government recently increased the maximum policy to \$400,000.
- ***National Guard Education Benefits.*** The Budget includes \$0.3 million from general revenues to support the provision of free tuition to National Guard members at the state's public higher education institutions. The 2005 Assembly passed legislation to increase the course limit from three to five per semester.
- ***Military Pay Equalization.*** The Budget includes \$215,000 to fund a pay differential for state employees called to active duty which is based on the difference between the employee's base pay and active duty military pay.
- ***Prison Population.*** The Budget assumes an average population of 3,375 inmates in FY 2007 which is 131 more than estimated in the enacted budget for FY 2006. The population trend has been continuing upward through FY 2006.
- ***Correctional Officer Training Class.*** The Budget includes funding for a third correctional officer training class with a goal of recruiting and training 65.0 new correctional officers for FY 2007.
- ***Reintegration Center.*** The Budget includes a total of \$5.0 million from Rhode Island Capital Plan funds as state match to continue work on the Pastore Center building that will house the Department of Corrections' new reintegration center. This facility will add 175 beds for sentenced males who are within twelve months of release but who do not qualify for lower custody.
- ***Corrections Capital Projects.*** The Budget includes \$4.4 million from Rhode Island Capital Plan funds for various capital projects at the Department of Corrections including \$506,000 for Women's plumbing and bathroom renovations, \$700,000 for Women's roof, masonry and general building renovations and \$2.1 million in an asset protection account to address ongoing needs.
- ***Judicial Technology.*** The Budget includes \$13.9 million from Certificates of Participation to develop integrated data systems for the Judiciary.
- ***Magistrate Positions.*** The Budget includes \$370,000 and 2.0 full-time equivalent positions for Superior Court magistrates and eliminates FY 2007 funding for two vacant Traffic Court magistrates.

- ***Adult Drug Court.*** The Budget includes \$275,702 additional funds consisting of \$66,000 general revenues and \$209,702 federal funds for the statewide Adult Drug Court program in Superior Court. These additional funds will fully fund program positions, including restoration of 2.0 attorneys in Attorney General and Public Defender that were to be eliminated due to loss of federal funding. The Judiciary serves as grant manager for this statewide adult drug court program.
- ***Traffic Tribunal.*** The Budget includes expenditures of \$22.7 million from Certificates of Participation to construct a new traffic tribunal at the Pastore Government Center. This project is expected to be completed in December 2006.
- ***Attorney General Capital Projects.*** The Budget includes \$165,000 from Rhode Island Capital Plan funds for various building renovation projects at the Office of the Attorney General.
- ***Public Defender Positions.*** The Budget restores the 4.6 full-time equivalent positions and \$390,000 the Governor had proposed eliminating in his reduction in force initiative.
- ***Rhode Island State Police Headquarters.*** The Budget assumes issuance of \$14.4 million from general obligation bonds approved by the voters in November 2002 from a project total of \$57.1 million, consisting of \$48.1 million from general obligation bonds and \$9.0 million from Rhode Island Capital Plan funds.
- ***Telecommunication Network Upgrade.*** The Budget includes \$60,000 from general revenues to upgrade the Rhode Island Law Enforcement Telecommunications System Network.
- ***Explosive Detection Dogs.*** The Budget includes \$15,000 from general revenues for the Fire Marshal to maintain the canine explosives detection program. The funds are provided for veterinary services, training, food and equipment cost for the dogs.
- ***Statewide Quarry and Blasting Study.*** The Budget includes \$25,000 from general revenues for the Fire Marshal to undertake a request for proposal and subsequent study of quarry safety and blasting operations in the state.

Environment

- ***Underground Storage Tank Financial Responsibility Fund Transfer.*** The Budget includes the transfer of the Underground Storage Tank Financial Responsibility Review Board into the Department of Environmental Management, with its one cent per gallon motor fuel tax that goes to the Underground Storage Tank Financial Responsibility Fund being deposited into a restricted receipt account within the Department.

The Board's 4.0 full-time equivalent positions are in the classified service and would not incur any loss of service time.

- ***Conservation Easements.*** The Assembly adds \$950,000 from the National Oceanic and Atmospheric Administration to purchase two conservation easements in coastal areas; one on Juniper's Pond in Little Compton and one at Ferolbink Farm in Tiverton.
- ***Dam Incident Reporting.*** The Assembly adds \$50,000 from federal funds for dam incident reporting in the Bureau of Environmental Protection. The Department's Office of Compliance and

Inspection inspects dams in the state to monitor safety conditions and to advise dam owners of unsafe conditions.

- ***Piers.*** The five-year plan total \$4.9 million, including \$4.0 million for facilities and infrastructure improvements at the Port of Galilee and \$0.9 million for upgrades to the office building and fender pile replacement in Newport Piers.
- ***Roger Williams Park Zoo.*** The Capital Budget includes \$11.0 million of new general obligation bonds to be submitted to the voters on the November 2006 ballot for upgrades and development of exhibits and facilities at the zoo.
- ***Local Recreation Development Grants.*** The Assembly provides \$3.0 million of new general obligation bonds to be submitted to the voters on the November 2006 ballot for grants to municipalities for recreation development and acquisition projects. The grants provide up to 50.0 percent of project costs for local communities to develop, acquire, or renovate recreation facilities.
- ***Fort Adams State Park Recreation and Restoration.*** The Assembly provides \$4.0 million of new general obligation bonds to be submitted to the voters on the November 2006 ballot for recreation and renovation of projects at Fort Adams State Park in Newport.
- ***Rose Hill Landfill.*** The Capital Budget includes \$17.3 million from all funds for site remediation at the Rose Hill Landfill, including \$8.4 million in FY 2008 consisting of \$1.8 million from general revenues, \$4.1 million from federal funds and \$2.5 million from the Environmental Response fund.
- ***Jamestown Fishing Pier.*** The Capital Budget includes \$100,000 from Rhode Island Plan funds for the design of the Jamestown Fishing Pier project.
- ***Bay Islands State Park System.*** The Capital Budget includes \$2.1 million in FY 2011 to build a public wharf on Prudence Island.
- ***State Recreational Facilities Improvement.*** The Capital Budget includes \$4.8 million from Rhode Island Capital Plan funds for improvements and asset protection at existing parks, including \$300,000 that the Assembly added for FY 2007.
- ***Dams Repair.*** The five-year plan includes \$4.8 million from Rhode Island Capital Plan funds to repair state owned dams at various recreational management areas.
- ***Wickford Marine Facility.*** The Capital Budget includes \$1.6 million from all funds for the construction and renovation of the Division of Enforcement facilities at the Wickford Marine Base.
- ***State Land Acquisition Open Space.*** The Capital Budget includes \$5.0 million from federal funds to supplement \$14.5 million of authorized general obligation bond proceeds for the purchase of land, development rights and conservation easements statewide.
- ***Farmland Development Rights.*** The Capital Budget includes \$4.0 million from federal funds to supplement \$11.0 million of authorized general obligation bonds for farmland acquisition.
- ***Local Open Space.*** The Capital Budget includes total project costs of \$25.7 million from authorized general obligation bonds, of which \$14.2 million will be used in FY 2007 through FY 2010

for the Local Land Acquisition Grants for Open Space program. The program provides grants to municipalities, local land trusts and non-profit organizations to preserve open space in Rhode Island.

- ***Dredging Monitoring Vessel.*** The Budget adds \$350,000 from general revenues for the Coastal Resources Management Council to purchase a boat and associated equipment to be used to monitor and conduct post-dredging surveys of disposal sites, a requirement of the Providence River dredging project with the Army Corps of Engineers.
- ***Narrow River Aquatic Ecosystem.*** The Capital Budget includes a total of \$7.1 million for the Narrow River Aquatic Ecosystem, including \$5.2 million from federal funds and \$1.8 million from the Oil Spill Prevention, Administration and Response fund. This project will investigate alternatives to restore eelgrass, shellfish, waterfowl, finfish habitats and salt marshes in the Narrow River.
- ***Coastal and Estuary Habitat Restoration Program and Trust Fund.*** The Budget includes \$250,000 for the Coastal and Estuary Habitat Restoration Program and Trust fund.
- ***South Coast Restoration Project.*** The Capital Budget includes \$3.6 million to be used from FY 2006 through FY 2008 for habitat restorations in three areas along the southern coast of Rhode Island, including dredging of the breach ways and tidal deltas and eelgrass restoration in Winnapaug, Quonochontaug and Ninigret Ponds, salt marsh restoration in Quonochontaug Pond and fish passage restoration in Charlestown and South Kingstown.
- ***Brushneck Cove.*** The Capital Budget includes \$343,000 from the Oil Spill Prevention, Administration and Response fund to supplement \$637,000 of federal funds for a new project to study and develop programs to improve tidal flows in Brushneck, Buttonwoods and Warwick coves.
- ***South Coast Breachways Maintenance.*** The Capital Budget includes \$630,000 from the Oil Spill Prevention, Administration and Response fund to be used in FY 2008 to maintain Ninigret Pond breachway.
- ***Water Allocation Plan.*** The Budget includes \$570,000 from general revenues for the water allocation plan. The primary purpose of the water allocation plan is to determine the capacity of the state's freshwater resources to support projected residential growth and economic development.
- ***Supplemental Water Supply Study.*** The Budget includes \$400,000 from the Safe Drinking Water restricted funds for the supplemental water supply study.
- ***Bristol Council Water Treatment.*** The Capital Budget includes \$15.6 million from authorized general obligation bonds for facilities upgrade, including the Shad Factory Pipeline to ensure adequate water for the Authority's water users and maintain Rhode Island rights to water from the connected Massachusetts reservoirs.
- ***Groundwater Protection/Acquisition Program.*** The Capital Budget includes \$9.3 million from previously authorized general obligation bonds to purchase water development rights from private landowners for well sites identified as high capacity.
- ***Statewide Emergency Water Interconnect Study.*** The Capital Budget includes \$15.0 million from previously approved general obligation bonds to establish statewide emergency water interconnections between the state's 30 largest water supply systems.

Transportation

- ***Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users Act.*** President Bush signed on August 10, 2005, the federal highway and transportation reauthorization act that authorizes the federal surface transportation programs for highways, highway safety and transit for the five-year period of FY 2005 through FY 2009. The additional federal funding provided by the act provides eighty percent federal funding on projects.
- ***Highway Improvement Program.*** The Budget includes \$80.0 million of new general obligation bonds be submitted to the voters on the November 2006 ballot for the Department of Transportation. Funding will be used to provide state-matching funds for the federal highway improvement funds as well as state only funded projects.
- ***Commuter Rail.*** The Budget includes \$7.0 million of new general obligation bonds for the November 2006 ballot to provide funding to extend commuter rail service into South County.
- ***Gasoline Tax Proceeds.*** The Budget includes \$99.6 million from the 30 cent gasoline tax for transportation. The Department of Transportation receives 20.75 cents, the Rhode Island Public Transit Authority receives 7.25 cents, the Department of Elderly Affairs receives 1 cent, and the remaining cent goes to state general revenues.
- ***RIPTA Bonds.*** The Budget includes \$1.5 million of new general obligation bonds be submitted to the voters to provide funds for the Rhode Island Public Transit Authority to purchase new buses or to rehabilitate the existing bus fleet.