



Rhode Island KIDS COUNT Budget Analysis

Governor's Fiscal Year 2017 Budget Proposal

Items Affecting Children and Families

The Governor's proposed Fiscal Year 2017 budget includes many items that will affect the well-being of Rhode Island's children and families, including:

Early Childhood

- Includes \$1.2 million increase to the State Pre-K program which, when combined with federal Preschool Expansion Grant funding, will enable Rhode Island to expand the state Pre-K program to serve over 950 children in 2016-2017.
- Increases funding for the Child Care Assistance Program by \$11.3 million (\$7.9 million in state funds and \$3.4 million in federal funds). New federal Child Care and Development Block Grant regulations require that the state allocate more funding to improve the quality and stability of child care for low-income working families. Expanded funding includes an increase of \$1.1 million for Early Learning Challenge staff and programs to support program quality improvement. The DHS budget projects that the percentage of child care programs meeting high-quality BrightStars standards will nearly double in FY 2017.
- Provides \$200,000 in funding for 6-month extension of RIDE Early Learning Challenge staff and \$350,000 for the Kindergarten Entry Profile initiative.
- Article 9 requires that private health insurance providers, who have been required to cover Early Intervention services for eligible infants and toddlers since 2005, set payment rates for Early Intervention services equal to or greater than the prevailing integrated state Medicaid rate for Early Intervention services.
- Expands Family Home Visiting services using \$1.1 million in federal funds.

Education

- Fully funds the sixth year of the education funding formula, with an additional \$42.3 million in funding over FY 2016.
- Includes an \$8.9 million increase from \$15.1 million to \$24.1 million to fund the categorical programs that are part of the education funding formula, including \$2.5 million for a new English Language Learner categorical fund, a \$2.0 million increase for high-cost special education, a \$1.2 million increase for early learning (State Pre-K), and level funding for transportation and career and technical education.
- Proposes changes to the funding formula based on the recommendations of the Funding Formula Working Group. These changes include:
 - The creation of an English Language Learner (ELL) categorical fund of \$2.5 million that may only be used on evidence-based programs that benefit ELLs and that will be monitored by RIDE. This funding is intended to be part of a two-year phase-up to a total of \$5.0 million for 2018 and beyond.
 - A decrease in the threshold for qualifying for high-cost special education funds from five times the core foundation amount to four times, resulting in a \$2.0 million increase in categorical program funds for high-cost special education.
 - The creation of an additional factor to the funding formula that will provide "density aid" to districts with 5% or more of students in public schools of choice (i.e., charter schools, Davies, and the MET) at an additional cost of \$2.6 million.
 - An adjustment of \$355 per student in the local funding calculation for charter schools, Davies, and the MET to account for the differences in expenses between these schools and traditional public school districts, resulting in a gain to traditional districts of \$3.6 million and a commensurate loss to charter schools, Davies, and the MET.

- Recommends that the education funding formula be reviewed at regular intervals or at least every five years.
- Recommends strengthening the maintenance-of-effort language so that school districts would have to increase school funding to account for inflation and enrollment increases.
- Recommends \$2.3 million in stabilization funding for the State's two free-standing, state-operated career and technical education schools, Davies, and the MET.
- Provides \$500,000 to increase SAT participation by paying for PSAT-taking for sophomores and SAT-taking for juniors in public schools.
- Increases funding for the E-Rate program, which provides Internet connectivity to schools, by \$500,000, for a total of \$900,000.
- Level funds the Textbook Expansion Program at \$240,000.
- Level funds the School Breakfast Program at \$270,000.
- Recommends \$80.0 million for school housing aid to districts, including \$70.9 million for school housing aid and \$9.1 million for the School Building Authority Capital Fund established last year, \$10.9 million more than in FY 2016.
- Recommends a \$40.0 million bond to renovate and modernize school buildings, with a focus on meeting immediate health and safety needs and investing in STEAM (Science, Technology, Engineering, Arts, and Math) learning spaces.
- Requires that each public school district post its adopted budget on its district website and through a link on the RIDE website.
- Provides \$1.0 million to strengthen the principal preparation program and support professional development for current principals.
- Provides \$750,000 for a fellowship program for master teachers.
- Provides \$260,000 to expand access to computer science courses across the state.
- Provides \$1.3 million to continue funding 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 \$500,000 in additional funding to expand the Pathways in Technology Early College High School (P-TECH) program, which creates partnerships among high schools, colleges, and employers, enabling students to earn associate's degrees and obtain first-in-line opportunities for jobs in Rhode Island, from three to at least five schools.
- Provides \$10.0 million to continue funding the RI Promise Scholarships, a "last-dollar" grant and scholarship program for students with proven academic performance but for whom college may otherwise be out of reach.
- Increases funding for URI, RIC, and CCRI by \$17.0 million, including \$10 million in capital funding, to avoid a tuition increase.
- Creates a \$1.0 million Innovation and Empowerment Fund to provide planning grants and implementation grants to schools to promote innovation, flexibility, and best practices and to encourage building-level autonomy.

Economic Well-Being

- Increases Rhode Island's Earned Income Tax Credit (EITC) for low- and moderate-income working families from 12.5% of federal EITC to 15.0% for Tax Year 2017.
- Increases the minimum wage from \$9.60 per hour to \$10.10 per hour, to take effect on January 1, 2017.
- Proposes a \$40 million bond to fund the development of affordable housing.

Safety/DCYF

- Proposes an FY 2016 supplemental budget of \$6.1 million for DCYF, which would bring the FY 2016 total budget to \$222.8 million.
- Proposes an FY 2017 budget of \$216.1 million DCYF (the enacted FY 2016 budget for DCYF is \$216.6 million).
- Returns responsibility for administrative functions associated with the System of Care back under DCYF control.
- Increases the average daily foster care rate from \$16.05 per day to \$18.59 per day (a 16% increase).
- Article 23 expands eligibility for crime victim compensation grants to any person in the care and custody of DCYF and who is identified as a victim of sex trafficking or sexual exploitation.
- Article 23 establishes a “Safe Harbor Law” in Rhode Island to ensure that victims of sex trafficking who are minors are treated as victims and not prosecuted for prostitution.
- Article 23 establishes that victims of sex trafficking who are minors will be considered victims of child abuse and neglect. This provision empowers DCYF to investigate and provide services to sex trafficking victims who are minors regardless of whether or not the alleged perpetrator is a parent or caregiver.

Health

- Allocates \$187,000 for lead poisoning prevention efforts, including support for Certified Lead Centers, Lead Elimination Surveillance System, and other mapping and data analysis services.
- Continues funding for the Unified Health Infrastructure Project (UHIP), the new fully integrated eligibility determination system for health coverage, which will include other public benefit programs starting in July 2016. Recommends \$10.9 million in general revenue as well as other state funds to support UHIP completion. Additional funding for this \$364 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 \$3.75 to \$4.00 per pack, which is estimated to provide \$7.1 million in revenue in FY 2017.
- Appropriates \$12.4 million for HealthSource RI, which includes general revenue, restricted receipts, and federal funds. The FY 2017 budget for HealthSource RI is \$18.5 million less than its enacted FY 2016 budget due to expiration of federal funds.
- Provides \$2.2 million in general revenue (including \$1.6 million in new funds) to support the Office of the Health Insurance Commissioner for rate review activities and RIREACH, Rhode Island’s health insurance consumer support program, due to expiration of federal funds.
- Provides \$4.0 million in funds including matching federal Medicaid dollars to address the opioid crisis through investments in medication-assisted treatment programs, peer recovery coaches, increased availability of naloxone to first responders, and improved monitoring of opioid usage.
- Article 4 moves the administration of the Supplemental Nutrition Program for Women, Infants and Children (WIC) back to the RI Department of Health (from the RI Department of Human Services).
- Articles 7 and 9 continue Reinventing Medicaid efforts that reduce overall Medicaid spending by \$83 million (\$39 million in general revenue and \$44 million in federal funds). Initiatives relating to children include increasing the assessment on insurance companies for services for children with special health care needs from \$7,500 to \$12,500 per child (\$3.9 million in general revenue); establishment of a NICU bundled payment (\$1 million in general revenue savings); Rite Care and other managed care re-procurement (\$2 million in general revenue savings); and increased enrollment of 30,000 members in accountable care entities (\$2 million in general revenue savings). The FY 2017 budget also recommends \$12.1 million in general revenue for expansion of Medicaid coverage to non-pregnant adults without children.