

FY 2015 Budget Plan Overview

Governor Lincoln D. Chafee



JANUARY 15, 2014

Governor Chafee's Budget Principles

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- **Do the Fundamentals Right:**
 - Submit balanced budget on time – Due January 16, 2014
 - Hold agencies accountable to live within their means
 - Hold the line on taxes – no increases in broad based taxes
 - Improve the long term outlook – 5 Year forecast improves

- **Invest in Rhode Island's Future:**
 - Make Rhode Island more competitive
 - Get Rhode Islanders back to work
 - Focus on our public education systems
 - Assist our municipalities
 - Maintain and improve our infrastructure

Governor Chafee's Budget Principles

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Build on our success:

- Rhode Island finished FY 2013 with a \$104.1 million surplus.
- Projecting to finish FY 2014 with another healthy surplus of \$68.9 million.
- By FY 2014 close, the state will have completed five years of strong financial footing and year-end surpluses.

Fiscal Year	Ending Balance
2014*	\$68.9
2013	\$104.1
2012	\$115.2
2011	\$64.2
2010	\$17.9
2009	(\$62.3)
2008	(\$43.0)
*projected	

No TANS issued since FY 2012; FY 2015 will be third year in a row with no need for TANS.

Governor Chafee's Budget Principles

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- **Build on our success:**

- The State revamped the Personal Income tax to improve the State's competitive position
- The State reformed its State pension systems to ensure that they are affordable to taxpayers and sustainable for employees
- We restructured transportation financing to replace costly borrowing with pay as you go funding for State match
- When you Include the FY 2015 Budget, we have invested \$146.2 million in direct K-12 education funding since FY 2011.

Governor Chafee's Budget Principles

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- **Improving Rhode Island's Competitive Position**
 - Ensures no increases in any broad based taxes
 - Modest revenue increases of \$16.2 million derived from closing tax loopholes and enhanced enforcement activities
 - Invests additional funding for enhancing the arts economy and workforce emersion programs
 - When Congress enacts the Marketplace Fairness Act, the Budget directs revenue to:
 - ✦ Reduce the State's corporate tax to 6.0 percent
 - ✦ Eliminate the sales tax on non-manufacturer's gas and electricity

Governor Chafee's Budget Principles

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- **Enhancing our Education and Workforce Programs**
 - **Invests in School Aid** - Fully funds the fourth year of school aid formula and categorical programs with \$38.0 million more.
 - **Freezes tuition for second year in a row** - Invests \$10.0 million to ensure there are no tuition increases in the State's higher education institutions.
 - **Invests in Engineering** - Recommends capital investments in URI's engineering program to attract and retain talent.
 - **Continues and expands workforce development** - Invests a total of \$1.8 million to support workforce development

Governor Chafee's Budget Principles

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- **Supporting our Cities and Towns**

- **Invests in School Aid** - Fully funds the fourth year of our new school aid formula with an additional \$38.0 million.
- **Supports Municipalities** - Maintains the State's investments in Distressed Community Relief Aid, PILOT, motor vehicle excise tax, and other programs totaling \$72.2 million in FY 2015.
- **Supports Local Pension Reform** - Continues the \$5.0 million incentive aid program created in FY 2014 to encourage communities to begin improving local pension plans.

Governor Chafee's Budget Principles

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- **Investing and Maintaining our Infrastructure**

- **Historic Tax Credits** - Builds on Governor's initiative last year that expanded Historic Tax Credits by providing access to an additional \$52.0 million in credits for unmet demand.
- **Statewide Bridge Program** - Establishes a statewide bridge repair and replacement program to bring ailing bridges into good repair – estimated at \$80.0 million over next five years.
- **November 2014 Ballot** - Proposes \$275 million in new GO debt to replace obsolete engineering school at URI, invest in environmental assets and water supplies, capitalize on growing arts economy and to enhance our mass transit assets

FY 2014 Revised Budget Plan

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**Provide a government taxpayers can afford
by holding all agencies accountable for
current year spending**

Overview – FY 2014 Revised Budget

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FY 2013 Closing

Summary

- FY 2013 Audited Closing shows expenditures \$17.8 million less than enacted and revenues \$0.2 million more than enacted.
- Net Surplus of \$104.1 million was \$10.7 million more than anticipated.
- Transfer \$168,605 in excess revenue to pension fund as required by RIGL 35-6-1 (d)

	Final Enacted	Audited	Change
Opening	\$115.2	\$115.2	\$0
Revenues	3,323.8	3,324.0	0.2
Rainy Day	(103.2)	(103.2)	0
Expenditures	(3,233.8)	(3,216.0)	17.8
Trans. to Retirement/ Other Funds	(16.4)	(16.5)	(0.2)
Closing Surplus	93.4	111.2	17.8
Re-appropriation	-	(7.1)	(7.1)
Free Surplus	\$93.4	\$104.1	\$10.7

(in millions)

Overview – FY 2014 Revised Budget

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FY 2014 Highlights

Summary

- Governor Chafee’s revised FY 2014 general revenue spending plan is \$8.0 million **less** than enacted.
- Nearly all departments and agencies’ general revenue spending at or below enacted levels.
- Projected FY 2014 surplus of \$68.9 million.

	Enacted	Governor	Change
Opening	\$93.4	\$104.1	\$10.7
Reappropriations		7.1	7.1
Revenues	3,381.0	3,425.3	44.3
Rainy Day	(104.2)	(105.9)	(1.7)
Expenditures	(3,359.8)	(3,351.7)	8.0
Trans. to Other Funds	(10.0)	(10.0)	0
Closing Surplus	\$0.4	\$68.9	\$68.4

(in millions)

Overview – FY 2014 Revised Budget

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Revenue Summary

- Governor’s revenue plan is \$44.3 million more than enacted.
- Budget includes an additional \$40.1 million due to November REC (net of HLF adjustment).
- Includes \$3.3 million in anticipated bond premium.
- Includes transferring \$0.9 million from Insurance Recovery restricted receipt account in DOA.

	FY 2014 Enacted	FY 2014 Governor	Change
Enacted	\$3,381.0	\$3,381.0	\$0
November REC	0	40.1	40.1
Governor			
- Premium	0	3.3	3.3
- RR Transfer	0	0.9	0.9
Total	\$3,381.0	\$3,425.3	\$44.3

(in millions)

Overview FY 2014 Revised

Nearly all agencies spend at or below the enacted level.

Includes \$0.1 million more in caseload obligations due to CEC.

Includes \$7.1 million in re-appropriations from FY 2013.

Includes \$4.9 million to support the Unified Health Information Program (UHIP).

Expenditures - General Revenues	FY 2014 Enacted	FY 2014 Governor	Change
General Government	\$440.4	\$438.9	(\$1.4)
Human Services	1,317.9	1,317.7	(0.2)
Education	1,152.6	1,148.1	(4.4)
Public Safety	412.0	410.6	(1.4)
Environment	36.9	36.4	(0.6)
Total	\$3,359.8	\$3,351.7	(\$8.0)

(in millions)

- Human Services required an additional \$3.1 million primarily to support investments in the UHIP project.
- Elections required an additional \$21,000 for legal expenses.

FY 2015 Budget Plan

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Hold the line on taxes and target investments to improve the State's competitive position and its infrastructure

Overview – Economic Forecast Summary

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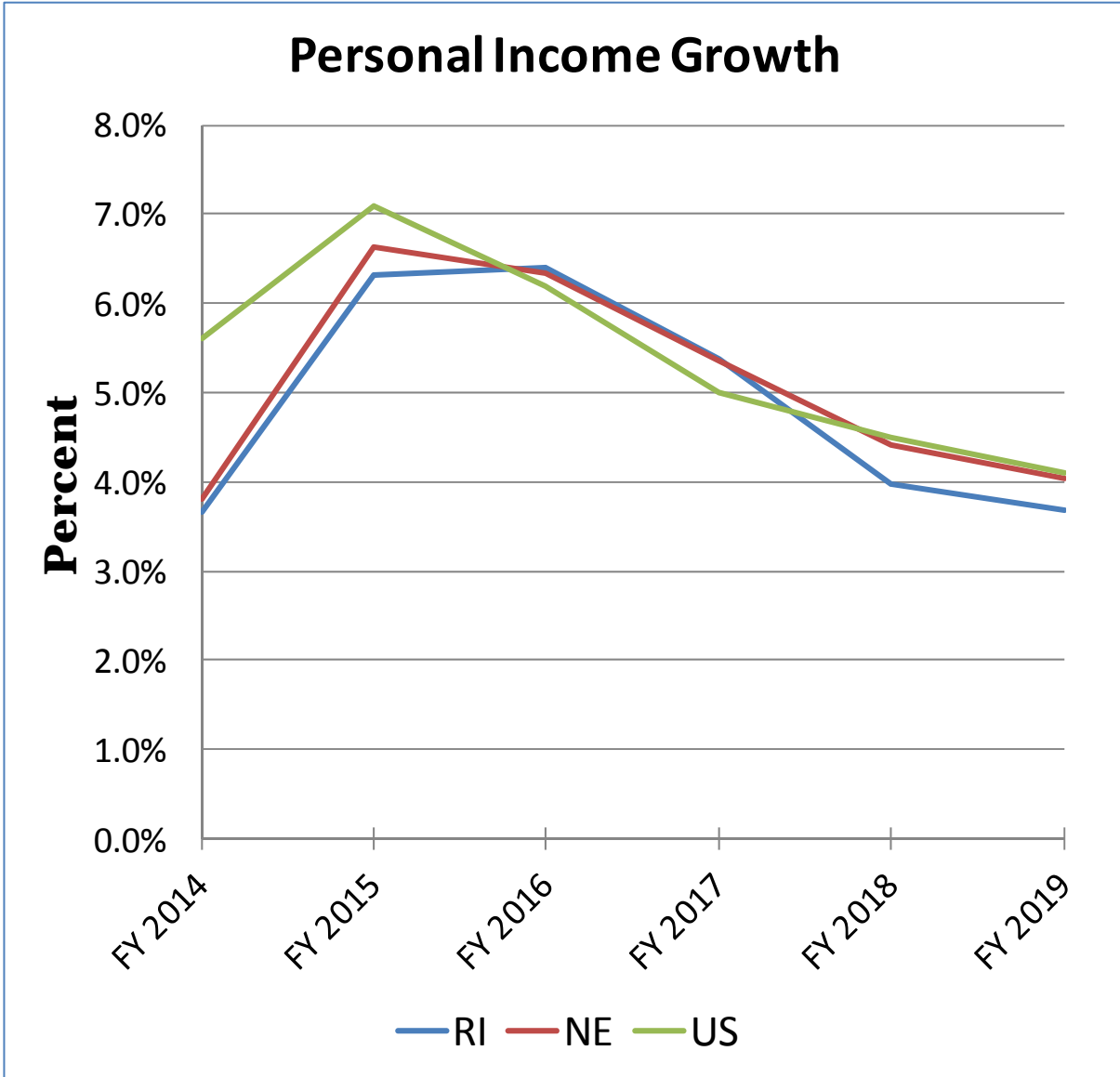
Percent Change	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Inflation (CPI-U)	1.5	2.0	2.3	2.5	2.4	2.3
Personal Income	3.7	6.3	6.4	5.4	4.0	3.7
Wages and Salaries	4.2	6.7	7.0	5.8	4.3	3.5
Nonfarm Employment	0.9	1.9	2.3	1.5	0.5	0.0
Unemployment Rate	8.8	7.7	6.6	5.7	5.4	5.5

Source: Moody's Analytics, November Consensus Economic Forecast

Economic Forecast

Rhode Island continues its slow recovery from a severe and prolonged recession.

Personal income, wages and salaries and nonfarm employment will continue to grow modestly with a projected peak in FY 2016.

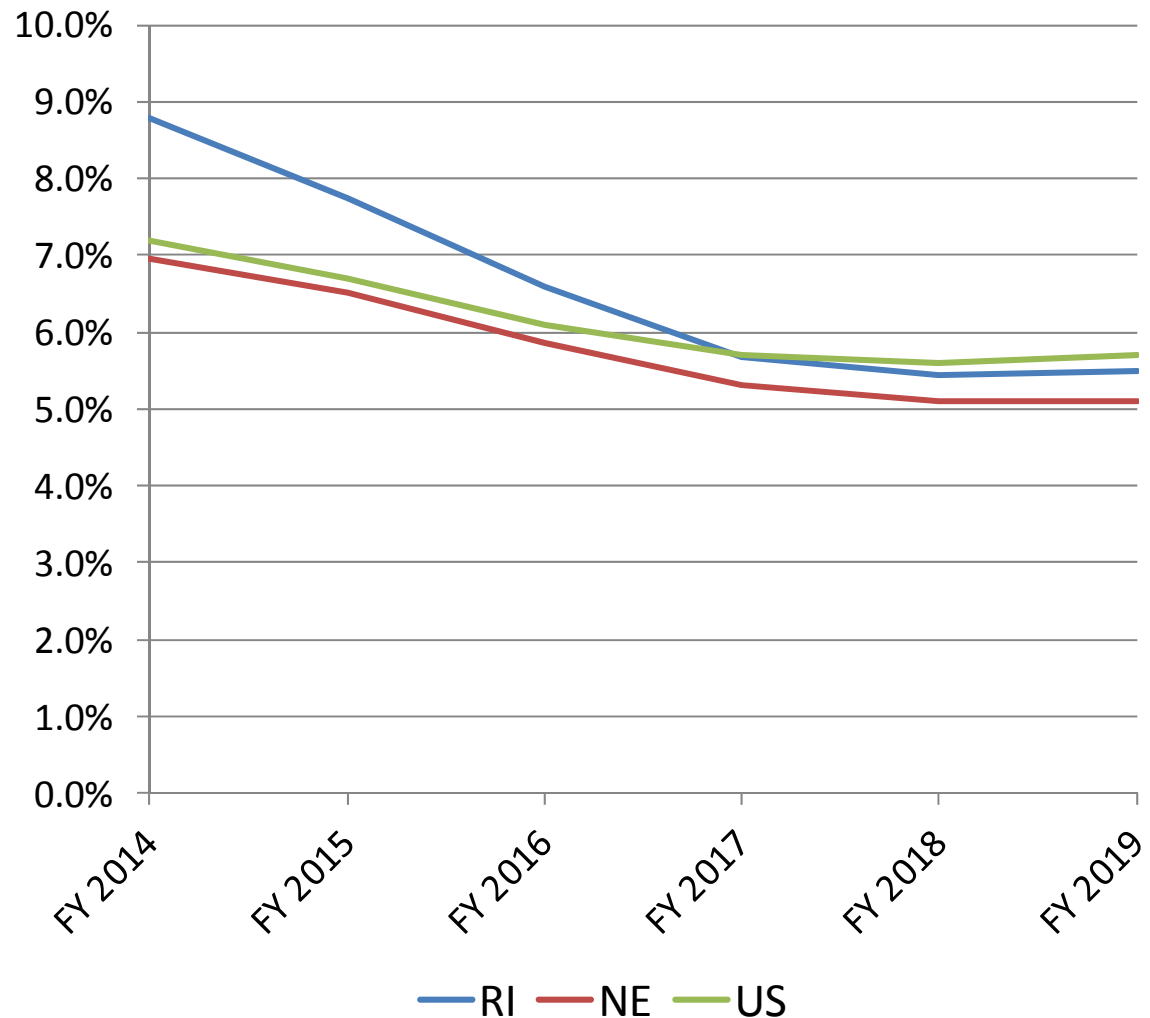


Economic Forecast

November 2013 Economic Forecast provided by Moody's Analytics was optimistic that all the preconditions are in place for sustainable growth for Rhode Island.

Risks to the forecast include uncertainty in Washington about actions that may be taken to resolve ongoing budget ceiling debates and housing demand changes in the state induced by the tapering of Quantitative Easing from the Federal Reserve.

Unemployment Rate



Overview – FY 2015 Budget Plan

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FY 2015 Budget Statement

- Opening Surplus of \$68.9 million is \$24.5 million less than what was built into the FY 2014 Enacted Budget (\$93.4 million).
- FY 2015 General Revenue expenditures are projected to increase by \$104.3 million, or 3.1% over FY 2014 revised spending.
- Resolves a projected \$150.0 million deficit.

General Revenues

	FY 2014 Revised	FY 2015 Governor	Change
Opening	\$104.1	\$68.9	(\$35.2)
Reappropriations	7.1	0	(7.1)
Revenues	3,425.3	3,494.5	69.2
Rainy Day	(105.9)	(106.9)	(1.0)
Expenditures	(3,351.8)	(3,456.1)	(104.3)
Trans. to Other Funds	<10.0>	0.0	10.0
Closing Surplus	\$68.9	\$0.4	(\$68.5)

(in millions)

Overview – FY 2015 Budget Plan

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Providing Government Taxpayers can Afford

All Funds Summary

- FY 2015 All Funds Budget of \$8,544.0 million is \$164.5 million, or 2.0% more than the FY 2014 Revised Plan of \$8,379.4 million).
- Health and Human Services continues to represent the largest portion of spending, representing nearly 41.3% of the total State budget.
- The State will spend nearly \$2.4 billion in support of its education efforts in FY 2015.

	FY 2014 Revised	FY 2015 Governor	Change
General Gov't	\$1,603.3	\$1,509.5	(\$93.8)
Human Services	3,323.2	3,527.3	204.1
Education	2,323.7	2,356.5	32.8
Public Safety	538.8	531.4	(7.3)
Environment	112.3	100.1	(12.2)
Transportation	478.2	519.2	41.1
Total	\$8,379.4	\$8,544.0	\$164.5

(in millions)

Overview – FY 2015 Budget Plan

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Providing Government Taxpayers can Afford

General Revenue Summary

- General Revenues increase by \$104.3 million, or 3.1%, over FY 2014 Revised Plan.
- Budget resolves a projected \$150.0 million deficit without increasing broad based taxes.
- Includes approximately \$50.0 million in Gubernatorial initiatives, primarily investments in Education.

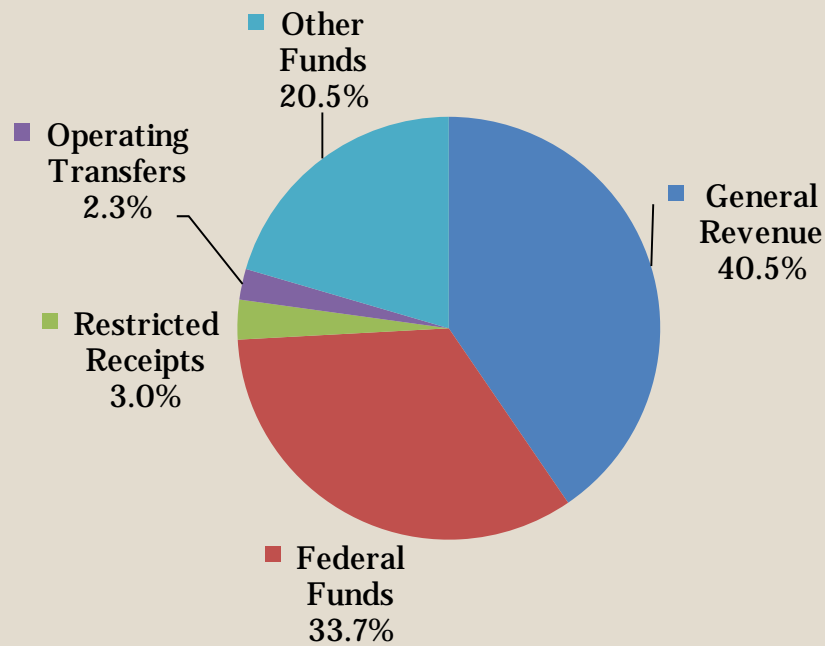
	FY 2014 Revised	FY 2015 Governor	Change
General Gov't	\$438.9	\$475.2	\$36.3
Human Services	1,317.7	1,320.5	2.7
Education	1,148.1	1,207.8	59.6
Public Safety	410.6	415.6	5.0
Environment	36.4	37.1	0.7
Total	\$3,351.7	\$3,456.1	\$104.3

(in millions)

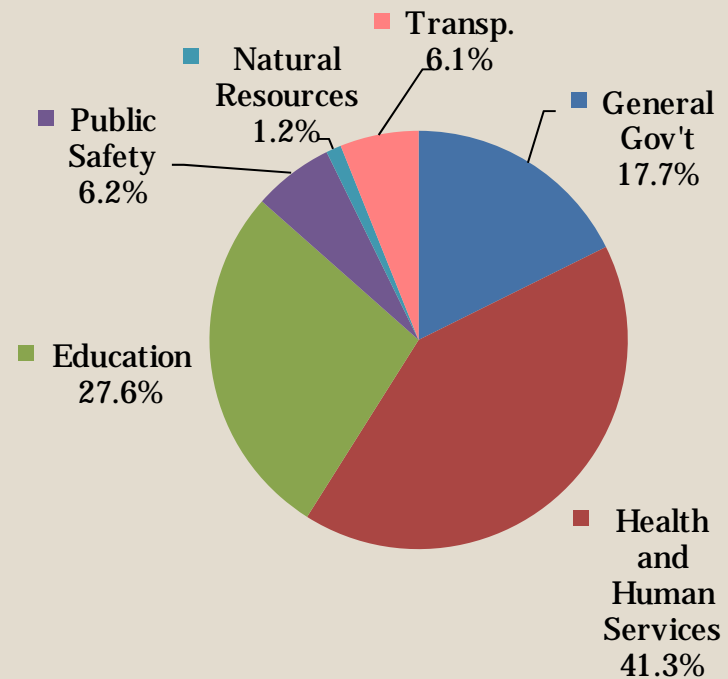
Overview – FY 2015 Budget Plan

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Where Does it Come From?



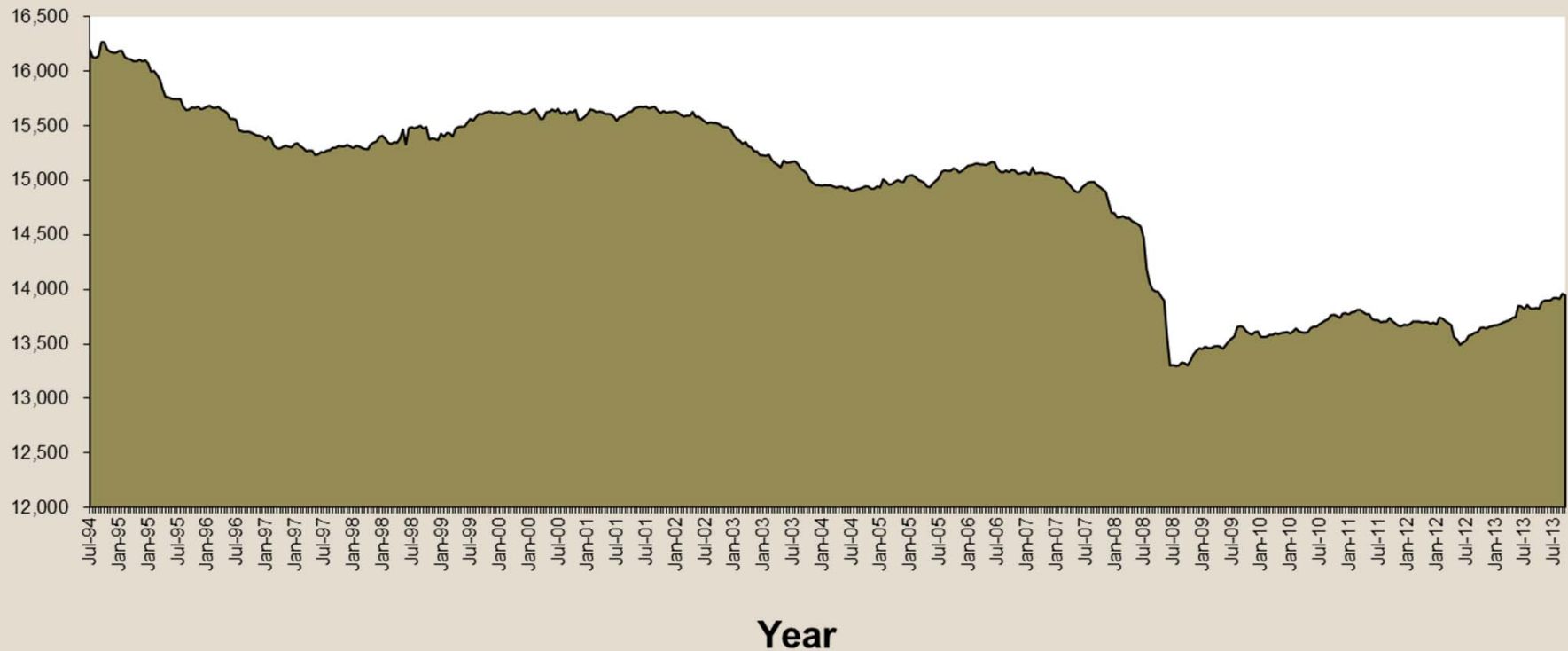
Where Does it Go?



Overview – FY 2015 Budget Plan

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Filled FTE Positions



Overview – FY 2015 Budget Plan

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Holding the Line on Taxes

- Governor Chafee’s FY 2015 budget does not increase any broad based taxes.
- Plan is based on \$3,479.7 million in projected revenue based on the November Revenue Conference.
- Assumes \$14.8 million net increase in revenue based on the Governor’s initiatives to close tax loopholes and enhance enforcement efforts.

Revenue Summary

	FY 2015 Governor
November 2013 REC with HLF	\$3,479.7
Add 10 Revenue Officers in Taxation	8.4
Safe Harbor for use Tax on PIT ret.	2.2
Statewide taskforce on misclassification	1.8
Expand hotel tax to reseller and B&B	1.4
OHHS initiatives	(1.3)
Other revenue enhancements	2.3
Total	\$3,494.5

Overview – FY 2015 Budget Plan

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Taking Advantage of the Marketplace Fairness Act

- When Marketplace Fairness Act passes, Governor proposes to:
 - Reduce the corporate tax rate from 9.0% to 6.0%
 - Eliminate the sales tax on non-manufacturer's electricity and gas purchases
- Remaining balance helps position RI to address introduction of gaming in MA

Corporate Tax Rankings (Tax Foundation)

	Current Rate	Rank	Reformed Rate	Rank
CT	9.0	43	9.0	44
ME	8.9	42	8.9	43
MA	8.0	34	8.0	35
NH	8.5	37t	8.5	38t
RI	9.0	43	6.0	26
VT	8.5	37t	8.5	38t
US	7.6	-	7.35	-

Overview – FY 2015 Budget Plan

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Getting Rhode Islanders Back to Work

- Governor Chafee's budget invests \$1.8 million in general revenue for workforce development - Represents the second year the Governor has invested general revenue in workforce programs, including a \$500,000 increase in support.
- Invests \$10.0 million in higher education to freeze tuition at all three higher education institutions for the second year in a row.
- Budget includes a proposed task force to begin combating the existence of an underground economy in which individuals and businesses conceal their activities from government licensing, regulatory and taxing authorities.

Overview – FY 2015 Budget Plan

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Supporting Cities and Towns

Summary

- Governor Chafee continues to support cities and towns with \$72.2 million in total municipal aid.
- Governor's initiative to support local communities' efforts to address their pension issues is continued with \$5.0 million in general revenue for the second year in a row.

Local Aid	FY 2014 Enacted	FY 2015 Governor	Change
PILOT	\$35.1	\$35.1	\$0
Distressed	10.4	10.4	0
Library	11.3	11.1	(0.2)
Motor Vehicle	10.0	10.0	0
Incentive Aid	5.0	5.0	0
Prop. Reval	0.5	0.6	0.1
Total	\$72.3	\$72.2	(\$0.1)

Overview – FY 2015 Budget Plan

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Improving our Infrastructure

- In FY 2013, Governor Chafee proposed and the General Assembly enacted a multi-year plan to shift debt service from DOT trust funds to general revenue to free up gas tax revenue for transportation-related investments.
- Governor Chafee has outlined a plan to use these funds to invest in a statewide bridge improvement plan.

	FY 15	FY 16	FY 17	FY 18	FY 19
Bridge Program	\$10.0	\$15.0	\$15.0	\$20.0	\$20.0
Vehicle/Equip	4.8	5.0	5.0	5.0	5.0
Drainage	0.5	1.0	1.5	2.0	2.0

- Resources from RICAP and freed up gas tax due to shift of debt service over the next four years to general revenue.

Overview – FY 2015 Budget Plan

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Improving our Infrastructure

- Governor Chafee's Capital Plan invests \$25.0 million over the next five years in gas tax and RICAP funding to begin replacing DOT's vehicles/equipment.
- The Capital Plan initiates a program totaling \$7.0 million over the next five years to address the State's 25,000 catch basins.
- The Capital Plan includes a total of \$8.5 million for various improvements to Fort Adams to create a state of the art sailing and event venue.
- The Capital Plan invests \$2.5 million in RICAP funds to remediate and clean up Rocky Point to ensure all have access to this state asset.
- The Capital Plan includes \$5.9 million over five year plan to repair vocational schools across the State.
- The Capital Plan includes \$7.6 million in RICAP funding over the next five years to repair and replace dams throughout state.

Overview – FY 2015 Budget Plan

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Improving our Infrastructure

- Governor Chafee proposes to place a \$275.0 million General Obligation Bond request in November 2014 to invest in the State's key infrastructure.
- Governor Chafee's capital plan also includes using \$88.0 million in COPS to:
 - Finance several large IT infrastructure needs
 - Build needed parking garage
 - Rehabilitate Virks for needed space

Bond Referenda	Amount
URI Engineering Building	\$125.0 M
Clean Water, Open Space and Healthy Communities	\$75.0 M
Mass Transit Hub Infra.	\$40.0 M
Creative & Cultural Economy	\$35.0 M
Total	\$275.0

Higher Education

Includes legislation to operationalize General Assembly’s recent education governance reform.

For a second year in a row, the Governor has funded higher education to ensure no tuition increase at any of the three public higher education institutions.

General Revenue	FY 2014	FY 2015	Change
University of Rhode Island	\$85.3	\$91.5	\$6.2
Rhode Island College	\$42.5	\$47.2	\$4.6
Community College of Rhode Island	\$46.3	48.0	\$1.7
Total	\$179.1	\$191.7	\$12.6
(Includes \$1.0 million in debt service adjustments)		(in millions)	

The State’s FY 2015 Capital Budget also includes approximately \$39.5 million in State support through General Obligation Bonds, pay-as-you-go funding, and other support to invest in the State’s Higher Education facilities to ensure their useful lives extend to future generations of Rhode Islanders.

Education

Governor Chafee has included \$38.0 million in additional school aid to support the new funding formula and all categorical funding.

Governor Chafee fully funded the Department of Education's request for categorical aid at \$12.3 million.

School Aid	FY 2014 Enacted	FY 2015 Governor	Change
Formula Aid (ex. State schools)	\$707.3	\$742.9	\$35.6
Categorical Aid			
- Transportation	3.3	4.4	1.1
- Regionalization Bonus	-	-	-
- High Cost Special Ed	1.0	1.5	0.5
- Career and Technical	3.0	3.5	0.5
- Early Childhood	2.0	3.0	1.0
Subtotal	9.2	12.3	3.1
State Schools	62.3	61.6	(0.7)
Total School Aid	\$778.8	\$816.8	\$38.0

(in millions)

Human Services

Governor Chafee preserved core human services programs ensuring a strong and viable safety net for our most vulnerable citizens.

The November Caseload Estimating Conference decreased projected medical assistance expenditures by \$0.2 million in FY 2014 and increased expenditures by \$45.8 million in FY 2015.

Cash and Medicaid	FY 2014 Enacted	FY 2014 Nov.	Change	FY 2015 Nov.
Cash Assistance	\$29.6	\$29.9	\$0.3	\$29.8
Medical Assistance				
- Managed Care	382.4	439.4	57.1	565.4
- Long Term Care	227.9	180.5	(47.4)	109.4
- Hospitals	107.5	97.7	(9.8)	88.5
- Pharmacy	51.7	51.7	-	51.1
- Other Services	46.0	45.9	(0.1)	46.8
Subtotal- Medical	\$815.5	\$815.3	(\$0.2)	\$861.3
Total	\$845.1	\$845.2	\$0.1	\$891.1

Overview – FY 2015 Budget Plan

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- **Health and Human Services Changes**
 - **EOHHS** - Budget constrains growth for managed care providers, saving \$10.8 million in general revenue.
 - **EOHHS** - The Budget eliminates anticipated rate increases for nursing homes and hospitals saving \$7.7 million in general revenue.
 - **EOHHS** - The FY 2015 Budget eliminates the Upper Payment Limit (UPL) to hospitals and thereafter, saving \$5.5 million in general revenue.
 - **EOHHS** - Budget institutes cost sharing (monthly premiums) based on family income for certain families with children receiving Medical Assistance under the “Katie Beckett” option, for savings totaling \$1.5 million in general revenue.

Overview – FY 2015 Budget Plan

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- **Health and Human Services Changes**
 - **EOHHS** - Budget saves \$8.2 million for program reforms related to Medicaid service delivery for “high utilizers”.
 - **EOHHS** - Budget achieves savings through Federal matching opportunities in the Affordable Care Act totaling \$3.6 million.
 - **EOHHS** - Budget includes \$5.6 million in general revenue savings for a slate of program integrity measures and initiatives.
 - **BHDDH/DCYF** – Budget includes net of \$0.5 million in general revenue savings for the potential transition of some 19 – 21 year olds from DCYF care to BHDDH.

Overview – FY 2015 Budget Plan

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- **Health and Human Services Changes**

- **BHDDH** – Budget includes savings of \$1.3 million for discontinuing some contracts, reductions in health home rates and other initiatives.
- **DCYF** – Budget includes an initiative to accommodate ten adolescent girls in existing in-state facilities to mitigate more expensive, out-of-state placements back to Rhode Island for savings of \$0.3 million.
- **DCYF** – Working with OHHS, the Department will work to obtain Medicaid reimbursement for medically fragile youth currently in out-of-state residential programs for savings of \$1.0 million.
- **DCYF** – Given continued decline in population, the Budget closes one unit (from six to five) at the Training School for savings of \$1.2 million.

Overview – FY 2015 Budget Plan

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- **Public Safety Changes**

- The Governor recommends establishing the RI Emergency Management Agency as a stand-alone agency beginning in FY 2015.
- The Budget eliminates the Corrections Officer class in FY 2014 but provides \$730,000 to fund a class in FY 2015.
- The Governor recommends funding capital project-related overtime costs associated with supervising vendors and inmates on construction projects with RICAP resources.
- The Governor recommends resources in FY 2015 sufficient to fill most vacant Sheriff positions to address courtroom staffing issues.

Overview – FY 2015 Budget Plan

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Environment

- Governor Chafee invests \$2.5 million in RICAP funding to prepare Rocky Point for public use.
- Governor provides \$775,000 for the Volvo Ocean Regatta.
- Governor continues his investment of \$100,000 for an agricultural initiative to market RI agricultural products and local seafood.

Transportation

- Governor Chafee has initiated a new statewide bridge repair and retention program totaling \$80.0 million over next five years
- Budget shifts \$1.8 million to debt service from RIPTA to the general fund with understanding that this will not be continued beyond FY 2015.

Overview – FY 2015 Budget Plan

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General Government

- **Debt Service**
 - 38 Studios debt service fully funded.
 - Savings of \$3.2 million from COPS refunding in 2013.
 - Funding of \$10.3 million for planned issuance under the Historic Tax Credit program.
 - Transfer of an additional \$10.0 million of DOT debt service to general revenue.
- **HealthSource RI**
 - Federal funding available through FY 2015; no general revenue resources provided.
- **Diversity**
 - Governor recommends creating an Office of Diversity, Equity and Opportunity in FY 2015.

Overview – FY 2015 Budget Plan

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- **Reorganization Issues**

- The Budget includes establishing the RI EMA as a stand-alone agency beginning in FY 2015 to be more responsive to emergency situations.
- The Budget requires the DEM to create and maintain a technical assistance program to improve customer service.
- The Budget delays creating the Department of Commerce to July 2015 to provide the incoming Governor opportunity to evaluate structure.
- The Budget keeps the Office of Regulatory Reform within the Office of Management and Budget rather than moving to Department of Commerce

Overview – FY 2015 Budget Plan

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Other Reforms

- The FY 2015 Budget repeals the requirement to transfer excess revenues to the State Employees Retirement Fund on a go forward basis.
- The FY 2015 Budget changes reporting requirements for contractor services and eliminates the surcharge on contractor services that goes to the State Employees Retirement Fund.
- The FY 2015 Budget repeals the requirement for General Assembly approval on changes in Directors' salaries.
- The FY 2015 Budget repeals the requirement for General Assembly approval on leases.
- The FY 2015 Budget also provides entities the option to use alternative methods of posting legal notices.

Overview – FY 2015 Budget Plan

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How was the deficit resolved?

FY 2014 Revised Budget	(in millions)
Enacted Surplus	\$0.4
FY 2013 Additional Closing Surplus (w/ reappropriations)	17.8
November REC/CEC (net of RDF transfer)	40.1
Proposed Revenue Changes	4.3
Rainy Day Fund Transfer	(1.7)
Expenditure Changes	
Unified Health Infrastructure Project	(3.4)
Debt Service Adjustments	3.2
Legislature Reduced Reappropriation	2.0
Education Aid Categories	3.2
Agency Savings (personnel, operating, other)	3.0
Projected Closing Balance	\$68.9

Overview – FY 2015 Budget Plan

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How was the deficit resolved?

FY 2015 Governor's Recommended Budget	(in millions)
Current Services Projected Deficit	(\$149.3)
November REC	24.0
FY 2014 Closing Surplus	68.9
Rainy Day Fund Transfer	<u>(2.8)</u>
	(59.2)
Revenue Proposals	
Hotel/Sales Tax to Resellers and B&B	1.4
State Employee Tax Compliance/Employee Misclassification Task Force	2.2
Anti-Zapper Legislation	.8
Additional Revenue Officers	8.4
Other (Safe Harbor for Use Tax/E-Cigarettes)	3.5
Human Services Proposals	<u>(1.4)</u>
Total Revenue Proposals	14.8

Overview – FY 2015 Budget Plan

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How was the deficit resolved?

Net Deficit after Revenue Proposals	(\$44.4)
Expenditure Proposals	
Governor's Initiatives (Tuition, Workforce, Creative Economy, etc.)	(13.7)
UHIP	(5.7)
Corrections Overtime and Population Related Costs	(2.3)
Debt Service Adjustments	4.7
Education Aid Categories	4.6
Medical Contract Savings	3.7
OHHS Savings Initiatives	42.9
DCYF/BHDDH Savings Initiatives	7.9
Net Personnel, Operating, and Other	<u>2.7</u>
Projected Ending Balance	\$0.4

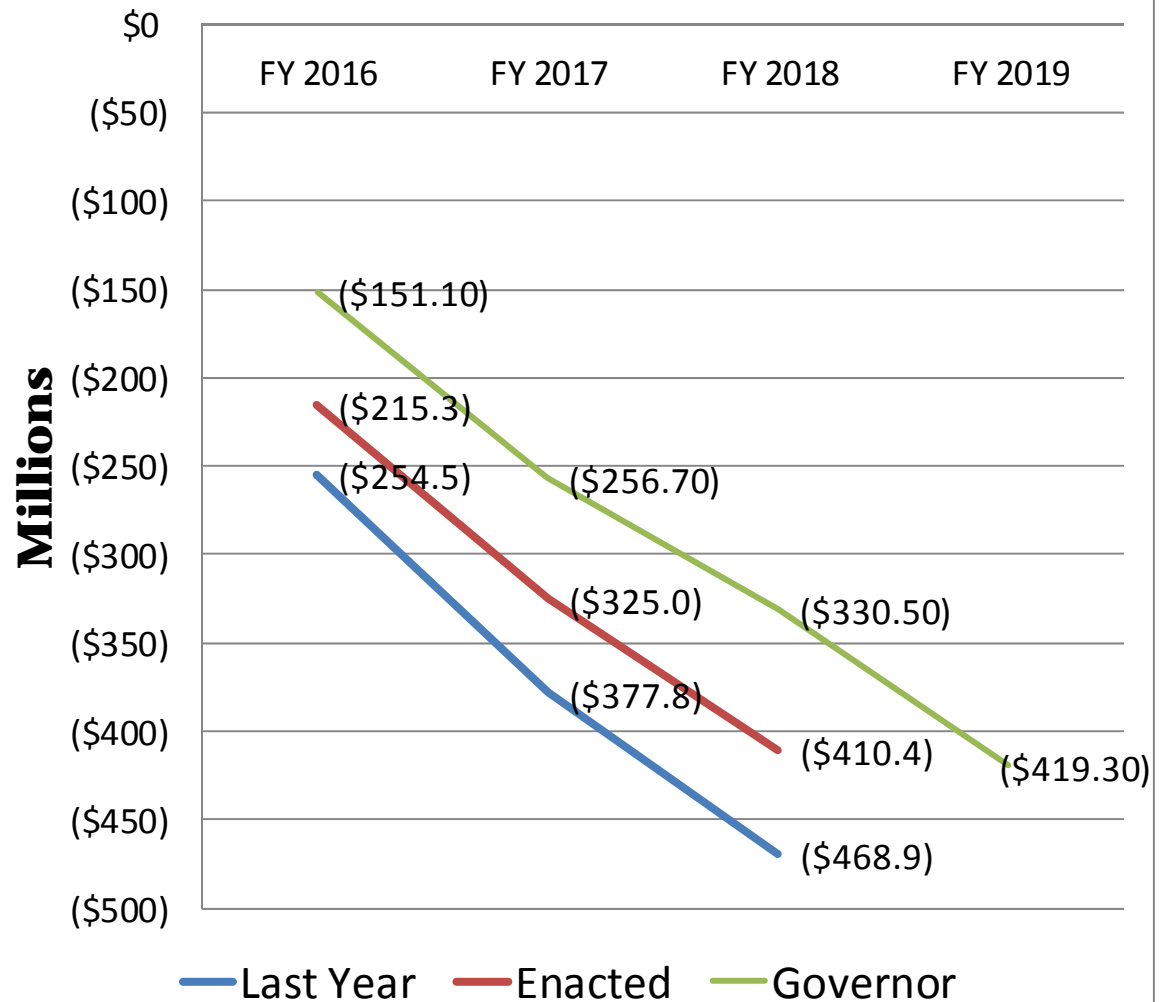
Projected Out - Year Forecast

Governor Chafee has worked to curtail spending and avoid broad base tax increases to improve the long-term outlook.

Prior projections showed a deficit of \$215.3 million in FY 2016.

Governor Chafee's Budget improves the out-year forecast, reducing the FY 2016 deficit to \$151.1 million.

General Revenue Out-year Estimates

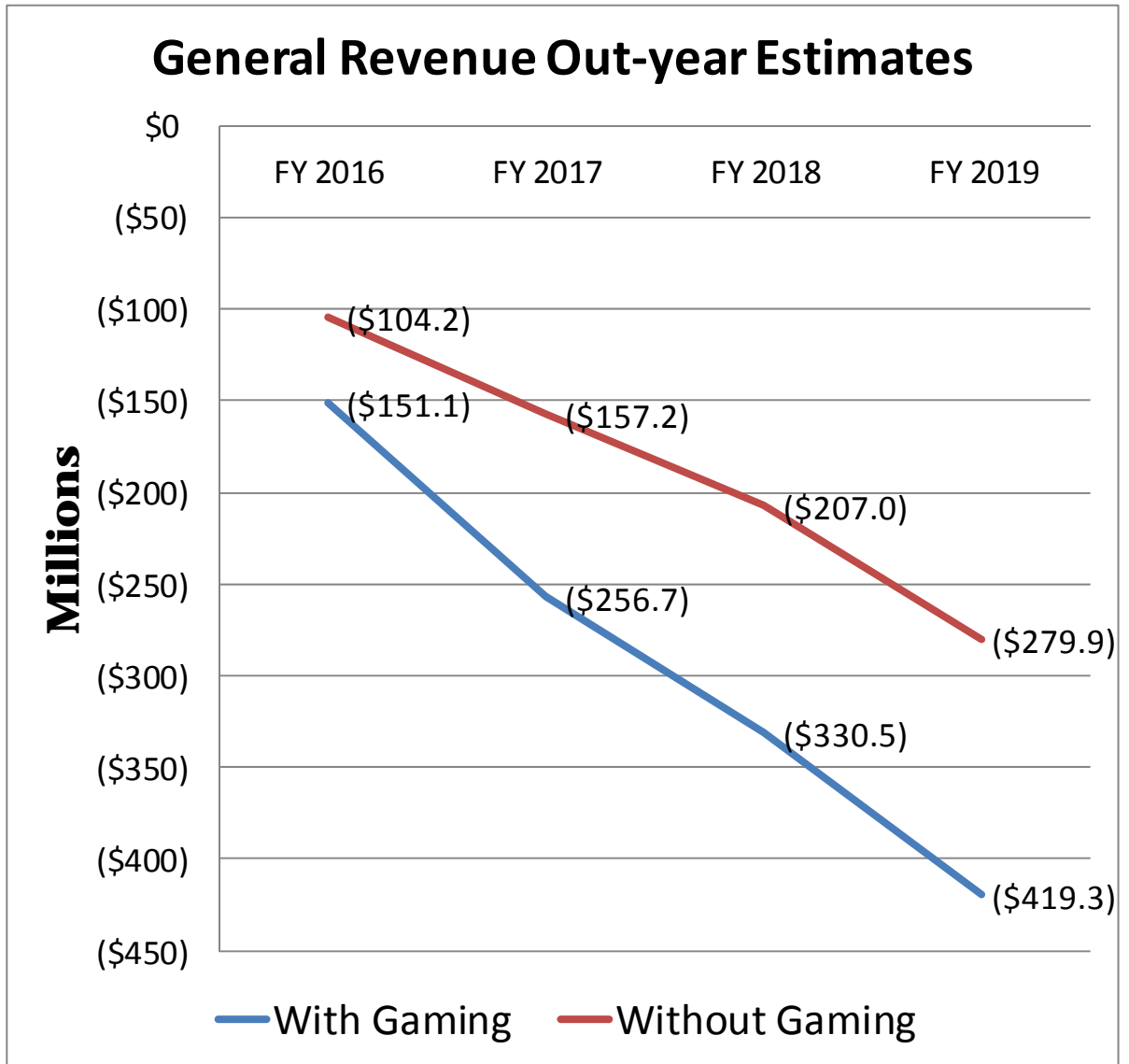


Projected Out - Year Forecast

The impact of gaming in Massachusetts is projected to begin in FY 2016.

Revenues are estimated to be lower by approximately \$50.0 million in FY 2016, growing to \$140.0 million by FY 2019.

General Revenue Out-year Estimates



Governor Chafee's FY 2015 Budget Plan

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- **Governor Chafee's Budget is Staying the Course:**

- Departments and agencies are working to live within their means in the current year.
- Budget improves the out-year projections without relying on any broad base tax increases.
- Budget is funded at a level Rhode Islanders can afford.

- **Governor invests taxpayer dollars in key areas:**

- Keeps tuition affordable and invests in workforce training.
- Invests in schools and state higher education institutions.
- Addresses infrastructure needs throughout the state, extending the useful life of our State assets.

FY 2015 Budget Plan Overview

Governor Lincoln D. Chafee



**EMBARGOED UNTIL
7:00 PM JANUARY 15,
2014**