



State of Rhode Island and Providence Plantations

State House
Providence, Rhode Island 02903-1196
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Gina M. Raimondo
Governor

February 2, 2016

To the Honorable General Assembly:

The budget I submit today builds on the progress we have collectively made in addressing Rhode Island's economic and fiscal challenges.

Our principal focus is on building a new economy so that everyone can "make it in Rhode Island." In order to do that, we need skills that matter and jobs that pay.

Our economy is making progress. Last year, Rhode Island created more jobs than in any single year since 2000, and our unemployment rate fell more than any other state in the nation. But there is much more work to do to create growth that includes everyone.

For the second year, I propose a balanced budget that includes no broad-based tax increases; invests in strengthening neighborhood schools and in building skills that matter; makes it cheaper and easier to do business in order to attract new businesses and help our existing businesses grow; makes work pay for Rhode Island families; protects the health and safety of our residents; and modernizes government.

Last year, I worked closely with House Speaker Nicholas Mattiello, Senate President Teresa Paiva Weed, and leaders in both chambers to grow our economy. The General Assembly overwhelmingly supported a suite of economic development tools focused on putting people back to work -- those efforts are starting to bear fruit. However, more remains to be done. We need more skills, more jobs, and higher incomes.

This budget has five main themes to continue Rhode Island's comeback:

- Build skills that matter by developing a first-class educational system and workforce;
- Make it cheaper and easier to do business to grow well-paying jobs;
- Make government more innovative, efficient, and responsive to the public;
- Protect the health and safety of Rhode Islanders; and
- Make fiscally responsible decisions to support long-term growth and close the deficit.

If we remain committed to these principles, I am confident that we will achieve our shared goal of creating jobs and expanding opportunity for all Rhode Islanders.

The FY 2017 budget closes an estimated shortfall of \$49.5 million, down from the FY 2016 deficit of \$190.4 million we faced one year ago. A combination of last year's reforms to control cost growth and stronger revenues have improved our fiscal situation.


Under current law, the Governor's budget recommendations are based on projected revenues from the November Revenue Estimating Conference. Those estimates, however, may not reflect the true fiscal picture for the state. Indeed, in November and December 2015, the state's revenues were above estimates, and I am cautiously optimistic that the trend will continue. I have again proposed moving the November revenue conference to January so that the Governor's budget is informed by the most current data.

If revenues continue to come in higher than anticipated such that there are additional resources available after the May conference, I recommend that the General Assembly consider the following actions:

- Increase education funding formula categorical spending in areas such as career and technical education and transportation;
- Reduce the structural deficit by repealing proposed transfers from quasi-public agencies;
- Put more money in working people's pockets by expanding the Earned Income Tax Credit even beyond the increase proposed in this submission;
- Provide additional support for the Rhode Island Infrastructure Bank's Efficient Building Fund, which has experienced great demand to fund projects that reduce energy usage;
- Establish tiered reimbursement rates for Child Care Assistance Providers to incentivize quality improvements;
- Increase home care worker raises above budgeted amounts to promote greater use of home- and community- based services as an alternative to nursing homes; and
- Purchase additional voting equipment for the 2016 elections, including e-poll books.

I appreciate our partnership and shared sense of urgency in improving our state's economic outlook; I look forward to continuing to work with you as Rhode Island makes even more progress toward its comeback.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gina Raimondo", with a stylized flourish at the end.

Gina M. Raimondo
Governor