

FY 2027 Changes to Governor

Revenue Changes

May Revenue Estimate. The May 2026 Revenue Estimating Conference increased the FY 2027 estimate to \$5,785.4 million based on its FY 2026 revisions and the new economic forecast. The estimate is \$78.8 million more than the November estimate and \$79.2 million more than the Governor's recommended level, adjusted for recommended changes that could not be included in the estimate.

Cigar Tax to Current Law. Cigars are currently taxed as other tobacco products, which is 80.0 percent of their wholesale cost up to a maximum of \$0.50 per cigar. The House Finance Committee does not concur with the Governor's proposal to generate \$0.6 million by increasing the per-cigar cap to \$2.00, effective September 1, 2026.

Cigarette Tax to Current Law. The House Finance Committee does not concur with the Governor's proposal to increase the cigarette tax by \$0.75 to \$5.25 per 20-pack, including a floor tax adjustment effective September 1, 2026, and excludes the \$6.7 million estimated revenues from the change. Currently, the rate is \$4.50 per pack of cigarettes, most recently increased by the 2024 Assembly, effective September 1, 2024.

Cigarette Stamp Tax Discount to Current Law. The House Finance Committee does not concur with the Governor's proposal to eliminate the 1.25 percent discount distributors receive for affixing cigarette tax stamps for the state. The Governor's budget assumes \$0.8 million in additional revenues, assuming an effective date of September 1, 2026.

Child Support Pass-Through to Federal Max. Child support payments collected by the state on behalf of participants in federally funded Temporary Assistance for Needy Families programs are retained by the state to offset the cost of government assistance. Current state law allows \$50 in child support to pass through to the recipient family. The House Finance Committee recommends increasing the pass-through payment to \$100 for the first child and \$200 for families with two or more children, which is the maximum allowed by the federal government. This would reduce state revenue by \$0.6 million in FY 2027.

Millionaire Tax Phase-In. The Governor proposes to add a fourth income tax bracket of 8.99 percent for income over \$1.0 million, effective beginning in tax year 2027. Rhode Island currently has three tax brackets at income levels that are adjusted annually for inflation, with the highest at 5.99 percent and applicable to incomes above \$186,450 for tax year 2026. The change includes increasing the elective pass-through entity tax rate from 5.99 percent to 8.99 percent. The Governor's budget assumes \$67.1 million in revenue for FY 2027, which would annualize to \$135.3 million for FY 2028.

He later requested an amendment to restructure the proposal as a 3.0 percent surtax on taxable income above \$1.0 million for individual taxpayers; the additional bracket and surtax structures are effectively equivalent. For pass-through entities, however, the surtax structure allows the option to preserve the existing 5.99 percent election, making the additional 3.0 percent surcharge elective. The House Finance Committee concurs with the surtax approach but recommends phasing in the proposed tax rate increases over three years. For tax year 2027, the rate would increase to 6.99 percent, growing to 7.99 percent for tax year 2028 and to 8.99 percent for tax year 2029. This is an annualized impact that would grow over time. For FY 2027, revenues would be \$45.5 million less than assumed by the Governor.

Primary Care Assessment Sunset. The FY 2026 enacted budget established an assessment, similar to the child and adult immunization program assessments, to generate \$30.0 million annually to support primary care and other critical healthcare programs. Federal legislation contained in H.R. 1, adopted after this assessment, restricts the imposition of new provider taxes. More recent guidance suggested that the

assessment could potentially jeopardize aspects of the Medicaid budget beyond lack of federal match. The House Finance Committee recommends sunseting the assessment on October 1, 2026, to align with federal guidance. This results in a \$22.5 million revenue reduction. This is partially offset by the exclusion of \$9.2 million of expenses related to the assessment that were assumed in the May caseload estimate to be funded from state-only sources because of the known match limitations.

New Child Tax Credit. The Governor proposed converting the dependent exemption allowed under current law to a new refundable child tax credit for each dependent age 18 or younger, effective for tax year 2027. The maximum credit is estimated to be \$325 for FY 2027, and the Governor’s budget assumes a revenue loss of \$14.7 million, which would annualize to \$29.7 million. The House Finance Committee recommends maintaining the current dependent exemption and providing an additional refundable child tax credit of \$330 that would phase out at \$100,000 for single filers and \$125,000 for joint filers. This is estimated to cost \$23.1 million for FY 2027, \$8.2 million more than the Governor’s proposal and would annualize to \$46.6 million.

Corporate Tax Deduction Decoupling. The House Finance Committee recommends decoupling from two federal corporate tax deductions identified in the H.R 1 report submitted in response to a requirement contained in the FY 2026 enacted budget. These include the Qualified Business Stock Gains (QSBS) and the business interest limitation. The budget assumes this action will result in at least \$1.0 million in additional revenues.

Gas Tax at Current Law. The House Finance Committee maintains the gas tax at the current law amount and recognizes \$8.8 million in gas tax receipts, reflecting the updated estimated gas tax yield. The Governor proposed reducing the tax by two cents, with the reduction coming from the Department of Transportation’s allocation.

City of Newport Landing and Boarding Fees to RIPTA. The City of Newport is authorized to charge cruise ship operators landing and boarding fees of \$10 per passenger; they were last increased in 2024. The Governor proposed legislation to increase the fees from \$10 to \$15 and allocate the additional \$1.0 million in revenue to the Rhode Island Public Transit Authority to assist with its operating deficit. The House Finance Committee does not concur. It does provide the Authority with additional resources from the Highway Maintenance Account.

Administration

Capital - Big River Management Area to DEM (GBA). The Governor proposes legislation granting the Department of Environmental Management authority over the land and natural resources of the Big River Management Area, which must be maintained for future development as a source of potable water. The recommended budget reflects the transfer of the property manager position and funding; however, funding for the project was retained. The Governor subsequently requested two amendments: the first shifts all funding to the Department of Environmental Management, and the second retains some expenses for water monitoring and a watershed management plan. The House Finance Committee concurs, shifting \$593,000 for asset protection and retaining \$153,000.

Capital - Communities Facilities. The 2024 Assembly provided \$0.6 million for FY 2025 from Rhode Island Capital Plan funds for exterior and interior renovations, door and window replacement, and heating system upgrades at the Briggs School in Warwick. The project has been delayed further, and the House Finance Committee shifts the approved funding from FY 2026 to FY 2027.

Capital - IT Enterprise Operations Center. The recommended capital budget includes \$16.7 million from Rhode Island Capital Plan funds from FY 2026 through FY 2031 for various projects at the information technology operations center in Warwick. These include replacing the chiller and boiler, the roof, and the rooftop heating, ventilation, and air conditioning units. Reflecting a project delay, the

Governor's recommended budget shifted \$2.0 million from FY 2026 to FY 2028. Based on the Department's updated expenses, the House Finance Committee shifts \$6.0 million from FY 2026 and adds \$3.0 million each for FY 2027 and FY 2028.

Capital - State Office Reorganization and Relocation. The recommended capital budget adds \$0.5 million annually in the five-year period from Rhode Island Capital Plan funds for consolidated agency relocation expenses under the Division of Capital Asset Management and Maintenance's purview. These expenses are planned, and specific projects to go with them are yet to be identified. The House Finance Committee does not concur and maintains the approved annual amount of \$250,000.

CPF - Pandemic Recovery Office (GBA). The Pandemic Recovery Office oversees all programs financed by State Fiscal Recovery or Capital Projects funds. The Office is responsible for ensuring compliance with all rules, regulations, and guidance and submission of all required reports. The FY 2027 recommended budget includes \$1.4 million for the administration of these funds, which appears to understate available State Fiscal Recovery funds by \$474. The House Finance Committee concurs with the requested amendment to align expenses with available funds.

Debt Service Savings (GBA). The House Finance Committee concurs with the Governor's requested amendment to include general revenue debt service savings of \$1.3 million. This includes \$0.3 million, reflecting a recent general obligation issuance, and \$1.0 million from the Fidelity Job Rent Credits agreement; available reserve funds will cover the last payment. Under the incentive-based agreement between the state and Fidelity, the state provided job rent credits for each full-time equivalent employee in excess of a 1,000-employee base.

Garrahy/Innovation District Garage. The 2014 Assembly authorized the Convention Center Authority to issue up to \$45.0 million for the construction of the garage, and the bonds were issued in March 2018; the garage opened in 2020. The annual debt service is \$3.0 million, and operating expenditures for FY 2026 are projected at \$1.5 million, for total expenses of \$4.6 million. The Authority's operating budget submission assumes parking revenues of \$4.1 million, with \$2.6 million available after operating expenses for the debt. The Governor provides \$0.5 million in state support for FY 2027. The House Finance Committee does not recommend state support beyond FY 2026; through FY 2025, a total of \$10.6 million in state support has been provided.

HealthSource Individual Marketplace Affordability Full Year. The House Finance Committee recommends a total of \$19.0 million from general revenues, \$9.5 million more than the Governor's recommendation to reflect the annualized cost of the Individual Market Affordability program. The program is intended to assist individuals who purchase health insurance through the Exchange. The legislation authorizes the Exchange to determine the annual affordability percentages for each upcoming coverage year based on the appropriations. The first coverage year would be 2027, and the legislation requires that for that year, affordability percentages prioritize households with incomes below 200 percent of the federal poverty level. It also requires that any unspent funds be reappropriated to the following year for the same purpose.

HealthSource RI to Available Receipts. The Department of Administration is authorized to charge a health reform assessment to support the operations of HealthSource RI. Based on enrollment data and assessment receipts, the House Finance Committee recommends shifting \$0.5 million of general revenue expenses to restricted receipts. It reported enrollments of 48,698 at the end of February, including 39,744 in the individual market. This is approximately 6,700 more than initially projected.

LEED Certification Report from DBR (GBA). The Governor proposes legislation transferring administrative authority for the Green Building Advisory Council and the Green Buildings Act from the Department of Administration to the State Building Office within the Department of Business Regulation.

The legislation requires the Department of Administration to produce a report on the costs and benefits of obtaining LEED certification for state facilities; however, \$50,000 from general revenues to procure the report was included in the Department of Business Regulation's budget. The House Finance Committee concurs with a requested amendment to budget the expense in the Department of Administration.

Library Aid Full Funding. Under current law, the state supports local libraries via grants-in-aid at a level equivalent to 25.0 percent of the amount appropriated and expended from local tax revenues in the second prior fiscal year by the municipalities in which the libraries are located, subject to appropriation. The House Finance Committee recommends \$12.5 million from general revenues for full funding. This is \$0.5 million more than the Governor's recommendation, which represents a 24.1 percent reimbursement.

Project Managers Shift to RICAP. The House Finance Committee does not concur with the Governor's recommendation to allocate salary and benefit expenses for project managers and architects from general revenues to Rhode Island Capital Plan funds, which currently support only direct capital project costs. It restores the budgeted savings of \$2.2 million from general revenues. The Governor's recommendation assumed these expenses could be absorbed within existing project authorizations. The administration notes that implementing this proposal without the Enterprise Resource Planning System will require it to amend its time-tracking protocol, and its staff would have to ensure that the appropriate project accounts are billed.

Purchasing Expenses to Assessment Receipts. The 2025 Assembly concurred with the Governor's recommendation to establish a uniform 0.33 percent fee to be assessed on all state contracts, effective January 1, 2026. The legislation expanded allowable use to include staffing, prospectively. At the end of FY 2025, the account had \$3.7 million in available receipts, and based on recommended expenses, a \$2.2 million balance is projected at the end of FY 2027. The House Finance Committee recommends shifting \$0.5 million of general revenue expenses to available receipts; through the third quarter, revenues were \$0.3 million higher than the revised budget assumed.

Statewide Vacancy Reduction (-25.0 FTE). The House Finance Committee recommends a 220.0 reduction in the statewide full-time equivalent position authorization to reflect long-standing unfunded vacancies in several large agencies. This will lower the authorization limit more closely with historical experience on filled and funded positions while maintaining flexibility for immediate needs. For the Department of Administration, which has averaged 50 vacancies over the past five years, this reduction is 25.0 positions from the internal service fund programs allocation.

Business Regulation

E-Permitting Current Service. The House Finance Committee recommends a total of \$1.2 million from general revenues to support uniform construction, land use planning, fire safety, and zoning permitting for all Rhode Island municipalities. This is \$0.2 million more than enacted and recommended to reflect anticipated program costs, including reimbursements to municipalities for software licenses and integrating aspects of licensing and permitting within the Coastal Resources Management Council and the Departments of Transportation and Environmental Management, consistent with legislation passed by the 2025 Assembly.

LEED Certification Report to DOA (GBA). The House Finance Committee concurs with the Governor's requested amendment to shift \$50,000 for a new Leadership in Energy and Environmental Design or LEED, study from the Department of Business Regulation to the Department of Administration, which is anticipated to conduct the work.

OHIC Study Technical. The House Finance Committee recommends \$16,136 less from general revenues and \$5,000 less from federal funds for reporting requirements to correct overstatements identified by the Office of the Health Insurance Commissioner.

RIPIN - Dual Ombudsman. The Governor’s recommendation excludes the enacted amount of \$0.2 million in the Executive Office of Health and Human Services’ budget for the Rhode Island Parent Information Network’s Dual Ombudsman program, as it no longer appears to be eligible for Medicaid matching funds. The House Finance Committee recommends \$0.2 million from general revenues to continue contracted navigation assistance for Medicare-Medicaid dual eligibles within the Office of the Health Insurance Commissioner’s budget.

Rural Health Transformation Program (2.0 FTE) (GBA). The House Finance Committee concurs with the Governor’s requested amendment to add \$142.7 million from federal funds to several state agencies for the first year of the state’s award from the Rural Health Transformation Program included in H.R. 1. The program will support workforce development, technology innovation, improved health for rural residents, innovative access, and sustainable access to care. The amendment includes \$21.8 million and 2.0 new positions for the Office of the Health Insurance Commissioner to oversee the program, including \$0.4 million for FY 2026 and \$21.4 million for FY 2027. These funds will primarily support contractors and competitive awards to encourage hospitals and primary care practices to transition to alternative and value-based payment models.

Technical Corrections (GBA). The House Finance Committee concurs with the Governor’s requested amendments to reduce funding for the Department by \$0.4 million, including \$0.1 million from general revenues, to correct overstatements in his original recommendation.

Cannabis Control Commission

New Positions (-2.0 FTE). The House Finance Committee does not concur with the Governor’s recommendation to add \$0.3 million from cannabis restricted receipts for 2.0 new full-time positions for the Cannabis Control Commission. This includes 1.0 data analyst and 1.0 legal support position, for a total of 28.0 positions. The enacted budget provides funding for 2.0 legal counsels, and the Commission has 2.0 vacancies as of April.

Executive Office of Commerce

Innovation Initiative (GBA). The Governor recommends \$1.0 million from general revenues for the Innovation Initiative for FY 2027; however, this is inadvertently included in the appropriation line for a similarly named program. He subsequently requested an amendment to provide \$1.0 million for FY 2027 to support the Innovation Initiative, consistent with his original intent. From FY 2016 through FY 2026, funding has remained consistent at \$1.0 million annually; through FY 2025, the Executive Office reports that \$3.7 million in matching grants have been awarded. The House Finance Committee concurs.

Small Business Innovation Research (GBA). The Governor’s FY 2027 recommendation excludes funding for the Innovate RI Small Business Fund and the Bioscience and Engineering Internship programs; however, a drafting error includes \$1.0 million from general revenues in the appropriation line that is intended for a similarly named program. He subsequently requested an amendment to exclude funding, consistent with his original intent. The House Finance Committee concurs.

Innovation Opportunities. The House Finance Committee does not concur with the Governor’s recommendation to provide a new allocation of \$250,000 from general revenues for FY 2027 to continue an initiative begun in the FY 2026 budget to strengthen collaboration among current and future participants in Rhode Island’s economy; however, the focus of this initiative appears to overlap with several existing initiatives for which alternative funding exists.

Main Street RI Program. The Governor’s FY 2027 recommendation includes \$1.0 million from general revenues to recapitalize the Rhode Island Streetscape Improvement Fund, for which the enacted budget

includes \$125,000. The 2025 Assembly formally established a Main Street Coordinating Program to promote economic activity and development within the state, to be administered by Grow Smart RI, which is eligible for support from this fund. The House Finance Committee concurs with the total recommended allocation and requires that \$150,000 be allocated to support the Main Street RI program.

Site Readiness. The House Finance Committee does not concur with the Governor’s recommendation to provide \$1.0 million from general revenues to assist municipalities in developing pad-ready industrial sites. Funding has remained consistent since it was first approved by the 2019 Assembly. As of April 2026, the Commerce Corporation has awarded \$6.0 million to 75 projects; \$1.0 million remains available for future awards.

Housing

State LIHTC Redemptions. The House Finance Committee recommends adding \$0.5 million from Low-Income Housing Tax Credit Trust Fund restricted receipts to reflect the first anticipated redemption of credits under the program in FY 2027. The Assembly has reserved a total of \$36.0 million, including \$4.0 million in FY 2026, against an existing award maximum of \$120.0 million based on the current sunset date to redeem credits; the Fund also receives all revenues from the non-owner-occupied non-rental residential property, set at 0.5 percent annually on the portion of values exceeding \$1.0 million, effective July 1, 2026.

State-Owned Shelters to Restricted Receipts. The Governor’s budget includes \$1.9 million from general revenues for FY 2027 for utilities and contracted facilities management expenses for state-owned shelters. The Executive Office has utilized one-time State Fiscal Recovery funds to obtain, maintain, and operate these facilities. The House Finance Committee provides funding as recommended but shifts \$0.8 million in contracted facilities management costs to Housing Resources and Homelessness restricted receipts.

Overstated Operating Expenses. The House Finance Committee recommends \$0.3 million less from general revenues to reflect projected expenditures. The Executive Office indicates that parking expenses are lower following its relocation from the Shepard Building to the Power Building, and certain advertising and legal expenses incurred during its creation as a standalone entity are no longer necessary.

Sojourner House. The 2025 Assembly provided \$0.1 million from general revenues for Sojourner House beginning in FY 2026 for supportive housing and rapid rehousing. The Governor’s recommendation retains this level of funding for FY 2027. Sojourner House is a Providence-based nonprofit founded in 1976 that focuses on providing safe housing and supportive services to survivors of abuse. It receives federal grants to support this work, which require matching funds. The House Finance Committee recommends an additional \$0.1 million for a total of \$0.2 million.

Labor and Training

Rural Health Transformation Program (GBA). The House Finance Committee concurs with the Governor’s requested amendment to add \$142.7 million from federal funds to several state agencies for the first year of the state’s award from the Rural Health Transformation Program included in H.R. 1. The program will support workforce development, technology innovation, improved health for rural residents, innovative access, and sustainable access to care. For the Department of Labor and Training, the amendment includes \$0.4 million for FY 2026 and \$7.0 million for FY 2027, primarily to support the Real Jobs Rhode Island program in providing pre-employment healthcare-related training opportunities in rural communities, as well as existing staff responsible for administering grant programming.

Statewide Vacancy Reduction (-20.0 FTE). The House Finance Committee recommends a 220.0 reduction in the statewide full-time equivalent position authorization to reflect long-standing unfunded vacancies in several large agencies. This will lower the authorization limit more closely with historical

experience on filled and funded positions while maintaining flexibility for immediate needs. For the Department of Labor and Training, which has averaged at least 43.3 vacancies annually since its current staffing authorization was implemented in FY 2022, this represents a reduction of 20.0 positions.

Revenue

Car Tax to Current Law. The Governor’s budget repeals the current law requirement that reimbursements to cities, towns, and fire districts for the motor vehicle excise tax increase annually, based on the annual change in sales tax collections, up to 2.0 percent. The House Finance Committee does not concur with the repeal and recommends an additional \$4.8 million from general revenues in FY 2027 to fully fund the program under current law.

Distressed Communities - Data Update. The Governor’s recommended budget was developed using the most recent census data available at the time. Updated census data made East Providence eligible for the Distressed Communities Relief Fund. Most funds are distributed based on the ratio of an eligible municipality’s tax levy to the total tax levy of all eligible municipalities. However, when a new community qualifies, it receives 50.0 percent of the current law requirements in its first year of eligibility. The remaining 50.0 percent is distributed proportionately to the other distressed communities. The House Finance Committee recommends adding \$940,571 from general revenues to accommodate the addition of East Providence without producing a reduction to the other communities.

Integrated Tax System. The Governor’s recommended budget includes the enacted funding level of \$6.1 million from general revenues for maintenance, support, and the vendor services contract for the integrated tax system, including payments under the contingency contract. This is \$0.5 million less than the Department requested and is expected to spend in FY 2026 based on its third-quarter report, which accounts for increases in cloud storage costs, software licenses, and maintenance and operations. The House Finance Committee recommends adding \$520,000 from general revenues to cover the expected cost.

Taxation Turnover. The House Finance Committee recommends general revenue turnover savings of \$520,000 for the Division of Taxation, based on similar savings available for FY 2026, based on vacancies and the Department of Revenue’s third quarter report. These savings offset increased costs of the integrated tax system.

Legislature

Turnover. The House Finance Committee recommends general revenue turnover savings of \$1.3 million for FY 2027.

Secretary of State

Confidentiality Program Coordinator (1.0 FTE). The House Finance Committee recommends adding \$120,288 from general revenues and authorization for 1.0 new full-time equivalent position for the Secretary of State’s Elections and Civics division. This new position would supervise the Rhode Island Address Confidentiality Program, which provides survivors of crimes such as domestic violence, stalking, and sexual assault with a substitute mailing address to protect their residences from public records. The program currently has no full-time staff member assigned to it, which limits the capacity to conduct outreach and training or to offer expanded services.

Office of Inspector General

Staffing and Operations (12.0 FTE). The House Finance Committee recommends creating a new Office of Inspector General to investigate the management and operation of agencies as it relates to the prevention

and detection of fraud, waste, abuse, and mismanagement in the expenditure of public funds. The House Finance Committee also recommends \$1.3 million and 12.0 full-time equivalent positions for initial funding for the office in FY 2027.

Executive Office of Health and Human Services

Assisted Living - Tier C Rate Increase. The House Finance Committee recommends adding \$0.2 million, including \$0.1 million from general revenues, to increase the assisted living Tier C reimbursement rate by 13 percent. This rate would increase to about \$170 a day starting January 1, 2027, excluding the impact of the pending home and community-based rate increase, which would bring the total to about \$185 a day.

Early Intervention Extension. The House Finance Committee recommends extending the Early Intervention Program to allow children to remain until September 1 after their third birthday and adds \$0.2 million, of which \$0.1 million is from general revenues, for technology changes required in FY 2027. There is an assumed two-year planning process to implement the necessary policy and system changes that are set to take effect in May 2028. There is a federal program that supports some of the extension.

EC4 Projects - Equity Zones (GBA). The House Finance Committee concurs with the Governor's requested amendment of \$45,454 from restricted receipts as part of an agreement with the Office of Energy Resources to collaborate with the state's Equity Zones to focus on climate change and health. The agreement totals \$100,000, with the balance in FY 2026.

H.R.1 - Community Engagement from FY 2026. The Governor's revised recommendation includes \$2.0 million from federal funds to help individuals meet the work, education, or volunteering requirements under the community engagement section of H.R. 1. This involves coordination with the Departments of Human Services and Labor and Training. There is also a media campaign, focus groups, and translation services. The Executive Office's third-quarter report shows spending of \$0.7 million, leaving a balance of \$1.2 million. The House Finance Committee recommends shifting \$1.0 million from federal funds from FY 2026 to FY 2027 and reducing general revenue expenditures by \$1.0 million.

HIV Treatment and Prevention Programs (GBA). The House Finance Committee concurs with the Governor's requested amendment to add \$2.0 million from general revenues for HIV Treatment and Prevention Services to offset the loss of federal funds, increase in program expenses, and lower than assumed rebate collections.

Hospitals - Rates at Current Law. The House Finance Committee does not concur with the Governor's recommendation to limit the FY 2027 hospital rate increase to 2.5 percent and adds \$1.5 million, including \$0.5 million from general revenues, to bring the increase to the current law rates, ranging from 2.6 percent for payments through managed care plans to 3.3 percent for fee-for-service reimbursements.

Hospitals - DSH Payment Increase to \$25M. The Governor's recommendation adds \$10.0 million to pay for the expected increase in uncompensated care costs incurred by hospitals serving individuals who lose health coverage because of recent federal changes. The House Finance Committee recommends another \$15.0 million, of which \$6.3 million is from general revenues. This brings total funding to \$26.0 million, of which \$11.0 million is from general revenues.

Hospitals - Noreen Drexel Birthing Center (GBA). The House Finance Committee concurs with the Governor's requested amendment to add \$1.6 million from general revenues to support Newport Hospital's Noreen Drexel Birthing Center.

LTC - Asset Test Increase. The House Finance Committee recommends raising the resource threshold for Medicaid long-term care services from \$4,000 to \$8,000 for an individual and \$6,000 to \$12,000 for a

couple. The recommendation adds \$9.2 million, including \$3.9 million from general revenues, to account for more eligible individuals.

May Caseload Conference - Medicaid. The House Finance Committee recommends increasing medical assistance expenses by \$66.3 million for FY 2027 to reflect the May Caseload Estimating Conference estimate. This includes updated expenses that reflect rate increases and projected utilization. Accounting for the remaining changes already assumed in the Governor's budget, FY 2027 spending is estimated to be \$53.0 million more from federal funds, \$9.8 million more from general revenues, and \$3.6 million more from restricted receipts.

Nursing Home Rates - Behavioral Health Per Diem (GBA). The House Finance Committee concurs with the Governor's requested amendment to authorize the Executive Office to make the necessary changes to update the behavioral health per-diem for complex patients at nursing homes and adds \$0.8 million, of which \$0.4 million is from general revenues. This assumes an April 1, 2027, start date and admission of 20 new residents.

Nursing Homes at Current Law. The House Finance Committee does not concur with the Governor's recommendation to limit the FY 2027 nursing home rate increase to 2.5 percent and adds \$5.0 million, including \$2.1 million from general revenues, to bring the increase to the current law rates, ranging from 2.6 percent for payments through managed care plans to 3.2 percent for fee-for-service reimbursements.

OHIC All Payer Claims Database Payment. The House Finance Committee recommends reducing All Payer Claims Database expenses by \$50,000 from general revenues to recognize the same amount included in the Office of the Health Insurance Commissioner's recommended budget to pay the Executive Office of Health and Human Services for use of the system.

OHIC Rate Increase Full. The Office of the Health Insurance Commissioner completed its FY 2026 rate review for submission in the FY 2027 budgets, including the Executive Office of Health and Human Services. The Governor recommended one-half of the funding, with rates not to exceed 100 percent of Medicare, starting October 1, 2026. The House Finance Committee recommends full funding and adds \$40.7 million, including \$15.6 million from general revenues, bringing the total to \$81.4 million, of which \$31.2 million is from general revenues.

Planned Parenthood Directed Grant. The House Finance Committee does not concur with the Governor's recommendation for a one-time directed grant to Planned Parenthood.

Primary Care Assessment Sunset. The FY 2026 enacted budget includes a primary care health assessment, a monthly per-member-per-month fee applied to all covered lives to support primary care and other healthcare programs, starting January 1, 2026. The House Finance Committee recommends sunseting the assessment on October 1, 2026, in recognition of restrictions imposed by H.R. 1 on new provider taxes. The May Caseload Estimating Conference assumes state-only costs of \$9.2 million for the Executive Office of Health and Human Services to continue paying for the primary care health assessment after October 1 because of the known federal match limitation. The House Finance Committee recommends sunseting the assessment on October 1, 2026, to align with federal guidance. The \$22.5 million revenue reduction is partially offset by the exclusion of \$9.2 million in state-only caseload expenses.

RIPIN - Care Management Services (GBA). The Governor recommends \$1.0 million from general revenues to be matched by Medicaid for a total of \$2.0 million for the Rhode Island Parent Information Network as part of a transition plan to provide care management and coordination services for high-risk populations. The Executive Office of Health and Human Services notified the agency that the services are not federally matchable and the contract will not be renewed for FY 2027. He subsequently requested an amendment to eliminate the funding, and the House Finance Committee concurred.

RIPIN - Hospital Transition Services (GBA). The House Finance Committee concurs with the Governor's requested amendment to eliminate \$250,000 from general revenues to be matched by Medicaid for a total of \$500,000 for the Hospital Care Transitions program operated by the Rhode Island Parent Information Network. The initiative addresses the more expensive institutional placements, such as nursing homes, by transferring eligible individuals to less expensive, more appropriate community-based alternatives. The Centers for Medicare and Medicaid Services notified the Executive Office that the Medicaid match is no longer available, so the contract was not extended to FY 2027. The House Finance Committee recommends \$500,000 from general revenues to continue the program through the Office of Healthy Aging.

Rural Health Transformation Program (5.0 FTE) (GBA). The House Finance Committee concurs with the Governor's requested amendment to add \$142.7 million from federal funds for the first year of the state's award from the Rural Health Transformation Program included in H.R. 1. For FY 2026 and FY 2027, funds will be budgeted among three health and human service agencies, and the Departments of Business Regulation, Elementary and Secondary Education, and Labor and Training. The total award is \$156.2 million, with the remaining \$13.4 million anticipated in the FY 2028 recommended budget; it must be spent by September 30, 2027.

The program will support workforce development, technology innovation, improved health for rural residents, innovative access, and sustainable access to care. For the Executive Office of Health and Human Services, the amendment includes \$5.6 million for FY 2026 and \$68.8 million for FY 2027. It also adds five positions in both years.

Children, Youth and Families

Capital - Child Welfare System Project Reallocation (GBA). The House Finance Committee concurs with the Governor's requested amendment to reallocate federal funds for the Comprehensive Child Welfare Information System Project, which would add \$7.6 million in FY 2026. This change would align the budgeted amounts across years to reflect the state match and recognize unspent FY 2025 federal funds that were not included in the Department's request or original recommendation. In addition to federal funds, the project includes funding from the Large Systems Initiative Fund, budgeted within the Department of Administration, and general revenues for information technology personnel.

Capital - Psychiatric Residential Treatment Facility (GBA). The Governor recommends \$28.1 million from Rhode Island Capital Plan Funds to renovate three buildings at the newly acquired Fruit Hill property in North Providence for use as a Psychiatric Residential Treatment Facility. The operating budget assigned federal funds to this project that belong with the Exeter project. The Governor requested an amendment to correct the operating budget error and shift \$0.8 million from FY 2027 to FY 2026 based on an updated schedule. The House Finance Committee concurs.

Federal Match Shortfall. The Department of Children, Youth and Families' third-quarter report projected a \$6.0 million overspend from general revenues, which it attributed to a decrease in federal funds claimed for its service array, including Medicaid and Title IV-E, primarily for home- and community-based services. The Budget Office's third-quarter report projects a general revenue deficit of \$4.4 million, reflecting the Department's recent approval for additional federal claiming authorized under the Family First Prevention Services Act. It also indicates that the Department is working with the Medicaid office at the Executive Office of Health and Human Services to resolve the other claiming issues. The House Finance Committee recommends providing \$3.0 million from general revenues to replace federal funds in anticipation that some claiming shortfall will extend to FY 2027.

Independent Rate Model Provider Support. The House Finance Committee recommends \$4.0 million, including \$2.0 million from general revenues, to support providers transitioning to Medicaid direct billing,

which is now estimated to begin July 1, 2027. The transition to an independent rate model began in response to Department of Justice findings, which led to a consent decree and was initially anticipated to be completed by July 1, 2025. The Governor's budget does not explicitly include funding for new rates or provider support. During the budget hearing process, concerns were raised about providers' readiness to make the transition. This funding would support providers who need the most assistance to ensure the continuation of services throughout the implementation of the independent rate model. Most infrastructure expenses appear to be eligible for a 50.0 percent Medicaid reimbursement.

Juvenile Justice Grant (GBA). The House Finance Committee concurs with the Governor's requested amendment to add \$0.2 million from federal funds, reflecting a juvenile justice grant awarded in 2024, which was excluded from the recommendation. The grant program supports planning and developing a community-based continuum of prevention and intervention services aimed at preventing youth from entering the juvenile justice system or moving deeper into it. The Department is partnering with nonprofits to evaluate the current services and interventions for at-risk youth and design evidence-based interventions to strengthen the system.

SSI Foster Care Benefits. On December 8, 2025, the Administration for Children and Families sent a letter to Governor McKee and the Department of Children, Youth and Families, as well as to 38 other states, directing them to cease using survivor benefits to offset agency expenses for the care of youth. The FY 2027 recommended budget included \$1.6 million in restricted receipts from these sources. Based on actual FY 2026 collections from the funding source, the House Finance Committee recommends adding \$1.3 million from other sources, including \$1.0 million from general revenues, to replace the supplemental security income previously used for foster care payments and other services for youth.

Turnover Restoration. The Governor recommends \$104.7 million for salaries and benefits at the Department of Children, Youth and Families, including \$78.3 million from general revenues, based on the Department's request to align its underlying personnel expenses with FY 2025 experience. The House Finance Committee recommends adding \$4.6 million, including \$2.3 million from general revenues, to bring the total to \$109.3 million in FY 2027 to restore the savings assumed in the recommended budget.

Health

Healthcare Quality and Safety Positions (GBA). The House Finance Committee concurs with the Governor's requested amendment to add \$155,325 from all sources to correct for understated personnel costs within the Division of Healthcare Quality and Safety. This includes \$62,130 from federal funds and \$93,195 from restricted receipts.

Maternal Infant & Early Childhood Home Visiting Match. The Maternal, Infant, and Early Childhood Home Visiting Program is a federal initiative that supports pregnant women and parents of young children through home visits and other services. In addition to a base amount, the federal Health Resources and Services Administration also offers a voluntary three-to-one state match. For federal FY 2027, the maximum voluntary match is \$787,000, which would provide an additional \$2.4 million from federal sources. There is currently \$410,000 in state matching funds. The House Finance Committee recommends adding \$377,000 from general revenues to secure the maximum federal award, which would provide an additional \$1.1 million from federal funds for a total of \$10.9 million for FY 2027.

Miriam Hospital Tuberculosis Clinic (GBA). The Miriam Hospital RISE Tuberculosis Clinic is Rhode Island's primary outpatient facility and specialty clinic that treats pediatric and adult patients who have been exposed to tuberculosis, as well as those with latent tuberculosis infection. Since 2001, the Department of Health has partnered with Miriam Hospital and provides financial assistance to cover physician fees and staffing costs. The Governor's budget proposes ending the state's annual contract with

the clinic for a savings of \$315,000 from general revenues. The House Finance Committee concurs with the Governor's subsequent request to restore it.

PediPRN Federal Funding Shortfall. The PediPRN and MomsPRN programs provide specialized clinical consultation and referral services related to mental health. The Governor recommends \$0.8 million from general revenues to fund the MomsPRN program and \$0.8 million from federal funds for PediPRN, however, this grant expires September 30, 2026. The House Finance Committee recommends an additional \$0.5 million from general revenues to fully fund both programs for FY 2027.

Primary Care Loan Repayment. The Health Professional Loan Repayment Program pays a portion of an eligible health care professional student loan if the participant agrees to work for two years in a health professional shortage area. The Governor recommends \$200,000, assuming prior year matching amounts. The House Finance Committee recommends adding an additional \$200,000 from general revenues, for a total of \$400,000, to meet the anticipated match; the remainder will be provided from private donation restricted receipts. The FY 2027 cycle is anticipated to run, and the Department expects to receive a federal award of \$775,000; however, this amount is still being finalized.

Rural Health Transformation Program (GBA). The House Finance Committee concurs with the Governor's requested amendment to add \$142.7 million from federal funds to several state agencies for the first year of the state's award from the Rural Health Transformation Program included in H.R. 1. The program will support workforce development, technology innovation, improved health for rural residents, innovative access, and sustainable access to care. For the Department of Health, the amendment includes \$2.3 million for FY 2026 and \$26.3 million for FY 2027. Of this, \$0.8 million supports approximately six positions, as well as new training programs, equipment, vehicles, and contracts for information technology revitalization and other projects.

Human Services

Child Care Income Eligibility to 285 Percent. The House Finance Committee recommends increasing income eligibility for the Child Care Assistance Program from 261 percent of the federal poverty level to 285 percent, effective January 1, 2027. The current law income level to exit the program would remain at 300 percent of poverty. The Committee adds \$2.6 million from federal funds for the expanded eligibility and necessary system upgrades to accommodate those changes.

Child Care Infant Rates - Five Percent Increase. The House Finance Committee recommends increasing the infant reimbursement rates for center-based child care providers by five percent. Rates would increase by an average of \$17.80 for all BrightStars rankings. The maximum reimbursement rates for licensed family childcare providers are determined through collective bargaining. The House Finance Committee recommends adding \$0.4 million from federal funds to account for the change.

Child Support Enforcement Lease Renewal (GBA). The Office of Child Support Enforcement's lease at 77 Dorrance St. in Providence expires on August 31, 2026. The Governor requested an amendment to authorize the terms of the new five-year lease and add \$87,761, including \$29,839 from general revenues for the expense. The House Finance Committee concurs.

Child Support Pass-Through Federal Max. The federal government reimburses states for 66 percent of the costs of the child support enforcement program. Additionally, child support payments collected by the state on behalf of participants in federally funded Temporary Assistance for Needy Families programs are retained by the state to offset the cost of government assistance. Current state law allows \$50 in child support to pass through to the recipient family. Of the money retained, 42.2 percent is deposited into general revenues, and 57.8 percent represents a portion of the federal cost share, which appears in the budget as expenditure credits. The House Finance Committee recommends increasing the pass-through payment to

\$100 for the first child and \$200 for families with two or more children, which is the maximum federally allowable level, thereby reducing the amount of federal credits by \$0.3 million, which results in an increase of a like amount in federal expenditures. The budget also recognizes the \$0.6 million loss of general revenues.

Eat Well Be Well One Year Extension. The 2022 Assembly created the retail Supplemental Nutrition Assistance Program pilot program now known as Eat Well Be Well funded from \$11.5 million from general revenues. Eligible households received an incentive payment of \$0.50 for every \$1.00 spent on fruits and vegetables, up to a maximum amount to be determined by the Department, loaded onto their electronic benefits transfer cards. The Governor's FY 2026 revised recommendation includes the remaining \$4.0 million. The House Finance Committee recommends \$4.1 million from general revenues to extend the program.

Farm Fresh RI Bonus Bucks Program. Farm Fresh Rhode Island is a nonprofit organization that works to increase community access to local foods. Its Bonus Bucks program provides a 100 percent matching bonus at farmers' markets across the state to shoppers who receive Supplemental Nutrition Assistance Program benefits and do not currently receive state funding. The program is currently supported primarily through federal Nutrition Incentive Program funds, which are limited and competitive. Other New England states provide funding for Supplemental Nutrition Assistance Program match programs, which enhance the likelihood of securing future federal funds. The House Finance Committee recommends \$200,000 from general revenues to support the program.

Incredible Beginnings Program (GBA). The House Finance Committee concurs with the Governor's requested amendment to add \$80,000 from federal funds to reflect a new grant to support Incredible Beginnings, an extension of the Incredible Years program, which supports early childhood educators.

May Caseload Conference - Cash Assistance. The House Finance Committee recommends decreasing FY 2027 expenditures for cash assistance caseloads by \$23.2 million, including \$248,556 from general revenues, to reflect the May Caseload Estimating Conference estimates for Rhode Island Works, subsidized child care, supplemental security income, and general public assistance bridge programs.

OHA - Home and Community Care Utilization (GBA). The Governor's FY 2027 recommendation for Home and Community Care services through the Office of Healthy Aging is \$8.2 million, including \$3.5 million from general revenues. He requested an amendment to add \$3.3 million from all sources to reflect updated utilization expectations. The House Finance Committee concurs with the total amount and includes \$1.4 million from general revenues and \$1.9 million from federal funds to reflect the correct federal match rate.

OHA - Long Term Care Ombudsman Support. Consistent with the enacted budget, the Governor recommends \$40,000 from general revenues for the Long-Term Care Ombudsman, provided by the Alliance for Better Long-Term Care. The House Finance Committee recommends an additional \$60,000 from general revenues, for total funding of \$100,000.

OHIC Rate Increase Full. The Office of the Health Insurance Commissioner completed its FY 2026 rate review for submission in the FY 2027 budgets, including the Office of Health Aging. The Governor recommended one-half of the funding, with rates not to exceed 100 percent of Medicare, starting October 1, 2026. The House Finance Committee recommends full funding and adds \$0.5 million, including \$0.2 million from general revenues, bringing the total to \$1.0 million, of which \$0.4 million is from general revenues.

Organ Transplant Fund (GBA). The House Finance Committee concurs with the Governor's requested amendment to restore the \$15,000 from restricted receipts for the Organ Transplant Fund inadvertently excluded from his recommendation for FY 2027.

RIPIN - Hospital Transition Services to OHA. The Rhode Island Parent Information Network's Hospital Care Transitions program assists seniors, older adults, and patients with complex or chronic health needs who are Medicare or Medicaid eligible after they are discharged from hospitals. The program notifies patients of less expensive home- and community-based alternatives to institutional placements, such as nursing homes, and ensures that patients are equipped with the necessary services and support systems. This program was previously funded through the Executive Office of Health and Human Services using a Medicaid match, which is no longer available. The House Finance Committee recommends \$500,000 from general revenues for the program.

United Way 211 to \$300k. United Way's 211 program is a free, confidential service that provides information and referrals for food, housing, job training, and other community resources. The Governor's recommendation includes the enacted level of \$200,000 from general revenues. The House Finance Committee recommends an additional \$100,000 for the program to provide a total of \$300,000 for FY 2027.

BHDDH

Behavioral Health Data Exchange Pilot - CCBHC (GBA). The Department received a \$558,300 grant from Chickasaw Federal Health for a Behavioral Health Data Exchange Pilot Project to create an electronic clinic reporting system, so Certified Community Behavioral Health Clinics can report outcomes for Medicaid beneficiaries on depression remission, social needs screening, and diabetes management. The pilot program includes five of the six clinics; Gateway is not participating. The Governor requested an amendment to add \$379,549 for FY 2026 and \$178,781 for FY 2027 from restricted receipts. The House Finance Committee concurs.

Hospital License Fee Correction. The House Finance Committee recommends reducing expenses included in the Governor's recommendation to pay the license fee by \$0.2 million from all sources to reflect the correct fee due under law, which is \$4.0 million in both FY 2026 and FY 2027.

May Caseload Conference - Private Services for Individuals with Developmental Disabilities. The House Finance Committee recommends increasing community-based service expenses for individuals with developmental disabilities by \$4.0 million for FY 2027 to reflect the results of the May Caseload Estimating Conference based on current utilization trends. Accounting for the remaining changes already assumed in the Governor's budget, FY 2027 spending is estimated to be \$2.8 million more from federal funds and \$1.3 million more from general revenues.

OHIC Rate Increase Full. The Office of the Health Insurance Commissioner completed its FY 2026 rate review for submission in the FY 2027 budgets, including the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the human service agencies. The Governor recommended one-half of the funding, with rates not to exceed 100 percent of Medicare, starting October 1, 2026. The House Finance Committee recommends full funding and adds \$16.7 million, including \$7.1 million from general revenues, bringing the total to \$33.4 million, of which \$14.1 million is from general revenues.

Rural Health Transformation Program (2.0 FTE) (GBA). The House Finance Committee concurs with the Governor's requested amendment to add \$142.7 million from federal funds to several state agencies for the first year of the state's award from the Rural Health Transformation Program included in H.R. 1. The program will support workforce development, technology innovation, improved health for rural residents, innovative access, and sustainable access to care.

For the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals, the amendment includes \$0.5 million for FY 2026 and \$4.1 million for FY 2027. It also adds two positions in both years. Funding will support recovery centers, crisis and stabilization services, and Westerly Hospital's geriatric psychiatry unit.

Thrive Behavioral Health - Hillsgrove Clubhouse Program. The House Finance Committee recommends \$500,000 from federal mental health block grant funds to support Thrive Behavioral Health's Hillsgrove Clubhouse Program and adds funding accordingly.

Governor's Commission on Disabilities

Holiday Pay (GBA). The recommended budget inadvertently omitted expenses for staff members who work on election days. The House Finance Committee concurs with the Governor's requested amendment to add \$1,695 from general revenues for the expense.

Elementary & Secondary Education

Capital - Davies HVAC. The House Finance Committee recommends shifting \$1.0 million from Rhode Island Capital Plan funds for the heating, ventilation, and air conditioning system at Davies Career and Technical School from FY 2026 to FY 2027. This is based on updated information from the school and will align planned expenditures with major work associated with the wing renovation project.

Ed Aid - March Data Update at 43% (GBA). The House Finance Committee recommends adding \$20.9 million from general revenues to update the Governor's recommendation to increase the student success factor from 40.0 percent to 43.0 percent of the core instruction amount based on updated enrollment and poverty data as of March 2026.

Ed Aid - Career and Technical Education. The Governor recommends \$4.5 million from general revenues for career and technical education programs for FY 2027, which is consistent with the enacted budget. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased in; however, funding has increased only twice since it was first funded at \$3.0 million in FY 2013, excluding a \$2.0 million increase for FY 2025 to support new programs. The House Finance Committee recommends \$5.5 million, \$1.0 million more than recommended, to provide ongoing support for these high-cost programs.

Ed Aid - Non-Public Transportation Full Funding. The House Finance Committee recommends adding \$2.0 million from general revenues to fully fund non-public school transportation categorical funding, based on the Department's projections of actual reimbursements. This would provide \$6.7 million for FY 2027. The funding formula allows the state to provide resources to mitigate the excess costs associated with transporting students to out-of-district non-public schools through the statewide transportation system.

Ed Aid - Regional Transportation Full Funding. The House Finance Committee recommends adding \$0.5 million from general revenues to fully fund regional transportation categorical funding and provide \$8.3 million for FY 2027, based on the Department's projections of actual reimbursements. The state and regional school districts share the student transportation cost equally, net of any federal sources of revenue for these expenditures, subject to appropriation. The Governor's budget represents 94.1% of funding.

Internal Service Fund Adjustments (GBA). The Governor recommends \$0.7 million from general revenues for centralized facilities management services provided by the Department of Administration for the Department of Elementary and Secondary Education's occupancy of the Shepard Building in Providence. He subsequently requested an amendment to add \$0.2 million from general revenues to reflect

electricity and natural gas charges not previously included in the Department's budget. The House Finance Committee concurs with the amended recommendation.

Legal Staff (-1.0 FTE). The Governor recommends \$151,704 for a new investigator position for the administration of the Department of Elementary and Secondary Education. The House Finance Committee does not concur with providing new funding or staffing authorization. The Governor's FY 2027 budget funds an average of 147.9 full-time equivalent positions, based on current vacancies. The Department could repurpose existing vacancies within its enacted authorization to add additional legal capacity, if desired.

Rural Health Transformation Programs (GBA). The House Finance Committee concurs with the Governor's requested amendment to add \$142.7 million from federal funds to several state agencies for the first year of the state's award from the Rural Health Transformation Program included in H.R. 1. The program will support workforce development, technology innovation, improved health for rural residents, innovative access, and sustainable access to care. For the Department of Elementary and Secondary Education, the amendment includes \$1.1 million for FY 2026 and \$4.8 million for FY 2027. Funding will primarily support Career and Technical Education programs and workforce development.

School Construction from FY 2026. The House Finance Committee concurs with the Governor's proposal to eliminate the annual transfer of savings from traditional project delays to the School Building Authority Capital Fund transfer, but recommends recognizing the \$5.9 million in general revenue savings by shifting the funds from FY 2026, rather than his proposed reduction in FY 2027.

School Construction Project Estimate Update. The House Finance Committee recommends \$0.8 million less from general revenues than recommended for School Construction Aid, based on updated information from the School Building Authority regarding projects expected to be completed prior to July 2026.

School Construction Prospective Payment Schedule Revisions. The Governor recommends \$102.9 million in construction aid to local districts, \$17.0 million less than the FY 2026 enacted budget and \$28.8 million less than the current service estimates. This includes funding only for the traditional school housing aid program, which reimburses school districts for a share of the costs of completed projects. The Governor proposes several changes to current School Building Authority reimbursement practices and assumes they will be achievable under current law. Together, these shifts essentially delay aid that was projected to be paid in FY 2027 until later years.

The House Finance Committee concurs with the changes to reimbursement practices but recommends implementing them in FY 2028, allowing municipalities and local education agencies time to prepare for changes in their cash flow. This would provide \$14.2 million more in reimbursements in FY 2027 than under the Governor's proposal and reduce out-year expenses by \$7.1 million each in FY 2028 and FY 2029.

Higher Education

Capital - PFAS Removal Water Treatment Plant. Based on updated spending plans, the House Finance Committee recommends revising the programming of Rhode Island Capital Plan funds for the University of Rhode Island to construct a water treatment plant for per- and polyfluoroalkyl substances. This includes removing \$4.5 million from FY 2026 and \$3.5 million from FY 2027, and adding \$8.0 million to FY 2028.

Capital - CCRI Renovation and Modernization Phase I. The House Finance Committee recommends revising the programming of Rhode Island Capital Plan funds for the Community College's renovation and modernization phase I project based on updated plans. This includes removing \$2.8 million from FY 2026, \$1.0 million from FY 2027, and \$0.5 million from FY 2028, and adding \$3.7 million to FY 2029, and \$0.5 million to FY 2030.

Capital - CCRI Renovation and Modernization Phase II - IV. The House Finance Committee recommends revising the programming of Rhode Island Capital Plan funds for the Community College's renovation and modernization phase II - IV project based on updated plans. This includes removing \$0.4 million from FY 2026 and \$2.5 million from FY 2031, and adding \$0.2 million to FY 2027 and FY 2029, and \$2.5 million to FY 2030.

Capital - Flanagan Campus Renovations. The House Finance Committee recommends revising the programming of Rhode Island Capital Plan funds for the Community College's Flanagan Campus renovations project based on updated plans. This includes removing \$1.8 million from FY 2026 and \$3.3 million from FY 2027, and adding \$2.8 million to FY 2028, \$2.1 million to FY 2029, and \$0.3 million to FY 2030.

CCRI Statewide Vacancy Reduction (-40.0 FTE). The House Finance Committee recommends a 220.0 reduction in the statewide full-time equivalent position authorization to reflect long-standing unfunded vacancies in several large agencies. This will lower the authorization limit more closely with historical experience on filled and funded positions while maintaining flexibility for immediate needs. For the Community College of Rhode Island, this reduction is 40.0 positions. The Community College has maintained an average of 100 vacancies in the past six years; in that time period, the lowest level of vacancies was 69 positions.

Institute for Labor Studies and Research. The House Finance Committee recommends adding \$25,000 from general revenues to provide a total of \$150,000 to the Institute for Labor Studies and Research. The Institute for Labor Studies and Research is a nonprofit educational institution that provides education and training to Rhode Islanders. The 2022 Assembly provided support to the institute for the first time since FY 2016. The 2024 Assembly increased support from \$100,000 to \$125,000.

OPC - Westerly Education Center Tower Street Lease (GBA). The Governor requested an amendment to allow the Office of Postsecondary Commissioner to enter into a new lease agreement to lease 2,385 square feet of space at the Tower Street Community Center. Currently, the Westerly Education Center is at capacity, and this lease will allow it to expand its training. The agreement would be for a ten-year lease and includes an upfront payment of \$1.5 million from federal funds through the Department of Housing and Urban Development. The remaining annual lease payments would not exceed \$50,000 and would be paid through the Education Center's restricted receipts. The House Finance Committee concurs and adds the \$1.5 million from federal funds.

Promise - Eligibility. Currently, to be eligible for the Rhode Island Promise Scholarship program, students must enroll in the fall immediately following high school graduation or upon attaining a high school diploma or equivalent by age 19. The House Finance Committee recommends extending the timeframe for graduating high school seniors by one semester, provided the student enrolls immediately after graduation in a postsecondary institution and at the Community College in the first spring after high school graduation. It would also allow students to defer enrollment for up to one semester after graduating from high school, upon submitting an approved written request. The House Finance Committee recommends adding \$200,000 from general revenues to cover the cost of the expansion.

Promise - May Update. Based on the May Promise report, the House Finance Committee recommends \$7.9 million from general revenues to support the current law Promise Scholarship program in FY 2027. This is \$0.1 million less than the Governor recommended based on updated enrollment and retention projections.

RIC Statewide Vacancy Reduction (-50.0 FTE). The House Finance Committee recommends a 220.0 reduction in the statewide full-time equivalent position authorization to reflect long-standing unfunded vacancies in several large agencies. This will lower the authorization limit more closely with historical

experience on filled and funded positions while maintaining flexibility for immediate needs. For Rhode Island College, this reduction is 50.0 positions. The College has maintained an average of 185 vacancies in the past six years; in that time period, the lowest level of vacancies was 77 positions.

URI FTE Cap (200.0 FTE). As part of its FY 2027 budget request, the University requested funding for 542 new full-time equivalent positions. The Governor proposes exempting the University from any position limits retroactive to July 1, 2025. The House Finance Committee does not concur with the proposed exemptions and recommends a total of 2,871.0 full-time equivalent positions. This is 200.0 more than the enacted authorization and includes 378.8 limited to third-party funding, as enacted. It also includes a separate cap of 450.0 for positions that support auxiliary operations, as requested by the University.

URI Medical School Planning and Startup. The House Finance Committee recommends general revenue support for the initial phases of opening a medical school at the University of Rhode Island. The University has indicated that it would need \$5.0 million for FY 2027, \$7.0 million for FY 2028, and \$8.0 million for FY 2029. This would be for operating support alone. It should be noted that the University has also indicated that opening a medical school would cost around \$175 million, including a \$50 million endowment, \$25 million for naming rights, and another \$25 million in fundraising.

Historical Preservation and Heritage Commission

Persistent Vacancies (-1.6 FTE). The Governor's recommended budget would fund approximately 14 of the Commission's 15.6 authorized positions. The Commission currently has 3.6 vacant positions, 2.6 of which have been vacant since FY 2022. The House Finance Committee recommends eliminating 1.6 vacant positions and corresponding expenditures of \$240,995 from general revenues.

Attorney General

Capital - Building Renovations and Repairs. The House Finance Committee recommends revising the programming of Rhode Island Capital Plan funds for asset protection projects at the Attorney General's 180 South Main Street office based on updated spending expectations. This includes shifting \$2.5 million from FY 2026 to later years by adding \$1.5 million to FY 2027 and \$1.0 million to FY 2028. This would provide \$2.7 million for FY 2027 and \$1.9 million for FY 2028.

Corrections

Accreditation. The Governor recommends \$0.3 million from general revenues associated with the reallocation of 3.0 existing full-time equivalent positions for a new initiative to achieve American Correctional Association accreditation. The 2025 Assembly did not concur with this initiative when proposed last year; however, staff continues to perform this work. The House Finance Committee does not concur with the allocation and assumes turnover savings equivalent to the redundant positions.

Capital - HVAC Replacement. The Governor's capital recommendation includes \$39.9 million from Rhode Island Capital Plan funds to replace the heating, ventilation, and air conditioning systems at the Intake Service Center. This is \$1.2 million less than approved, including \$0.5 million more for FY 2027 as well as \$1.7 million less for FY 2026, an error he subsequently requested an amendment to correct. The House Finance Committee recommends total project funding of \$41.6 million, including \$18.5 million less for FY 2026, \$14.3 million more for FY 2027, and \$5.9 million for FY 2028, which corrects the error and reflects an updated project timeline.

Staff Travel. The Governor recommends \$70,106 more than enacted for the Department of Corrections for out-of-state travel, primarily by agency leadership. The House Finance Committee does not concur and maintains the enacted amount of \$105,343.

Statewide Vacancy Reduction (-50.0 FTE). The House Finance Committee recommends a 220.0 reduction in the statewide full-time equivalent position authorization to reflect long-standing unfunded vacancies in several large agencies. This will lower the authorization limit more closely with historical experience on filled and funded positions while maintaining flexibility for immediate needs. For the Department of Corrections, which has maintained 94 vacancies over the past six years, this reduction is 50.0 positions.

Vehicles Grant Overstatement. The Governor's recommendation double counts available federal grant funds to purchase transport vehicles, including \$1.2 million for each FY 2026 and FY 2027. The House Finance Committee recommends \$1.2 million for FY 2026 only to correct the overstatement.

Judicial

Domestic Violence Calendar (3.0 FTE). The House Finance Committee recommends \$0.6 million from general revenues and 3.0 full-time equivalent positions for the creation of a new Domestic Violence Calendar within the Superior Court. The Judiciary indicates a backlog of over 1,200 felony domestic violence cases. By centralizing and expediting disposition, the calendar is intended to reduce the backlog and improve efficiency, victim safety, and enforcement of bail conditions, no-contact orders, and protective orders.

Military Staff

Capital - Army National Guard Asset Protection. The Governor requested an amendment to increase federal funds for Army National Guard asset protection projects by \$0.6 million for FY 2026 and \$3.5 million for FY 2027 to replace water supply infrastructure at the Army National Guard Readiness Center in Coventry and to connect the facility to the Kent County Water Authority municipal water system. This reflects new information that it would receive federal funding with no state match requirement. The House Finance Committee concurs with the amended recommendation and also recommends shifting \$1.9 million from Rhode Island Capital Plan Funds from FY 2026 to FY 2027 to reflect timing of expenses for other asset protection projects.

Emergency Management Agency

Non-Snow Removal Blizzard Expenses (GBA). The Governor requested an amendment to add \$1.0 million from general revenues to support the Emergency Management Agency reimbursement process and application in the event of a federal disaster declaration. The funding will be used for a contractor to support the Agency in maximizing eligible expenses and reimbursement and are fully reimbursable by the Federal Emergency Management Agency if there is a declaration. The State Budget Officer indicated that the funding to support the contractor could also be budgeted as federal sources. The House Finance Committee concurs with the \$1.0 million and budgets federal funds in anticipation of a declaration.

Public Safety

Go Team Community Expansion. The Governor recommends \$0.4 million from general revenues for the Family Service of Rhode Island's GO Team, consistent with the enacted budget. The team includes trauma experts who respond on the scene with the Rhode Island State Police and municipal police. They support children who are victims of violence and other traumas. These efforts have historically been supported by Victims of Crime Act formula grants, but the Family Service of Rhode Island reported a significant decrease in this funding. The House Finance Committee recommends adding \$360,000, bringing the total to \$760,000, to sustain and grow the model in other communities.

RI Police Officers Commission on Standards and Training Grant (GBA). The Governor recommends

a new appropriation of \$75,000 to provide additional administrative capacity and modernized information management systems to the Rhode Island Police Officers Commission on Standards and Training. The budget includes funding from restricted receipts in error. The House Finance Committee concurs with the Governor's requested amendment to provide general revenues to correct the error.

State Police Pension Revisions. The House Finance Committee recommends adding \$2.6 million, including \$2.5 million from general revenues, to fund the impact of two revisions to State Police pension calculations. The first is a technical change to correct a drafting error in the 2025 legislation, to change the calculation for pension benefits from the highest five consecutive years of compensation to the highest three consecutive years for the State Police, similar to changes made for other employees in 2024. The second change would increase the benefit accrual rate from 2.0 percent to 3.0 percent after 20 years of service for members hired before July 1, 2007, and to 3.0 percent after 25 years of service for members hired on or after July 1, 2027. The maximum benefit of 65.0 percent would not change. This is intended to help recruitment and retention efforts.

Turnover Savings. The House Finance Committee recommends \$1.1 million of general revenue turnover savings in the Division of Sheriffs and the State Police. This includes \$0.4 million for the State Police, in anticipation of pending retirements, and \$0.7 million in the Division of Sheriffs based on ongoing vacancies experienced in FY 2026.

Public Defender

Lease Extension (GBA). The House Finance Committee concurs with the Governor's requested amendment to add \$73,370 from general revenues to reflect the updated estimate for the Office of the Public Defender's lease extension. Article 9 of the recommended budget includes legislation extending the lease for the main office at 160 Pine St. for five years. This would provide a total of \$0.9 million for office space for FY 2027.

Environmental Management

Capital - Big River Management Area from DOA (GBA). The Governor recommends \$4.4 million from Rhode Island Capital Plan funds for infrastructure repairs and improvements in the Big River Management Area in the Department of Administration's capital budget. The Governor also proposes granting the Department of Environmental Management authority over the land and natural resources of the Big River Management Area and transferring a position from the Department of Administration. The Governor requested an amendment to transfer the asset protection portion of the project from the Department of Administration to Environmental Management, including \$0.6 million for FY 2027. The House Finance Committee concurs.

Capital - Natural Resource Offices and Visitors' Center. The Governor recommends \$5.2 million from Rhode Island Capital Plan funds for renovations and asset protection work at the University of Rhode Island's Alton Jones Campus to house a visitor's center, along with other Department of Environmental Management offices. Based on spending delays in FY 2026, the House Finance Committee recommends shifting \$1.7 million from FY 2026 to the outyears, including \$1.0 million to FY 2027 and \$0.7 million to FY 2028.

Foundry Lease (GBA). The House Finance Committee concurs with the Governor's requested amendment to add \$0.1 million from general revenues for the rental costs associated with the Department of Environmental Management leasing the Foundry building. The Department has occupied this space on Promenade Street since 1996. The current lease expires in July 2026. As of mid-May 2026, the lease agreement is being finalized, and the additional \$0.1 million represents an updated projection of annual

lease costs, including facility improvements. The final 10-year lease will occupy approximately 115,733 square feet at an estimated annual cost of \$2.8 million.

Replacement Forestry Hoses. The House Finance Committee recommends adding \$50,000 from general revenues to purchase new forestry fire hoses. The Division of Agriculture and Forest Environment administers several forest fire programs to assist local departments and the public in fire control. Current hoses are approximately 40 years old. Recent fire events, such as the 2023 Exeter wildfire, have made the need for new forestry hoses apparent.

Coastal Resources Management Council

Permit and Enforcement Database (GBA). The Governor inadvertently excluded \$50,000 from general revenues in his FY 2027 recommendation to implement a new permit and enforcement database for the Coastal Resources Management Council. This was originally included in the FY 2026 enacted budget as a placeholder until database costs are finalized. The House Finance Committee concurs with the Governor's requested amendment to correct the error.

Transportation

Capital - Bus Purchases. The House Finance Committee does not concur with the Governor's recommendation to annually allocate \$3.5 million, totaling \$17.5 million in the five-year period from Rhode Island Capital Plan funds to be used for bus purchases. Rhode Island Capital Plan funds were previously allowed to be used for debt service in the early 1990s. The voters approved a constitutional amendment in 2006 to allow the funds to be used solely for capital projects beginning in FY 2008. The Assembly has maintained the use of these funds for direct, specific capital project costs.

The Committee includes legislation authorizing the Office of Energy Resources to coordinate with the Rhode Island Public Transit Authority to determine the total funding required to match federal funds to purchase electric buses. Of the agreed-upon amount, 50.0 percent shall be from Regional Greenhouse Gas Initiative auction proceeds, and the remaining 50.0 percent from authority sources.

Capital - Bus Shelter Renovation and Replacement. The House Finance Committee recommends \$15.0 million, \$3.0 million annually in a five-year period from Rhode Island Capital Plan funds for the Rhode Island Public Transit Authority to add and replace bus shelters statewide. The Authority has 300 shelters that are more than 20 years old; the Federal Transit Administration's standard is 15 years. It had requested a total of \$40.9 million from all sources, including \$30.0 million from new general obligation bonds to go before voters in 2026. The Governor's recommendation does not fund this project.

DOT - Gas Tax at Current Law and Revision to HMA Share. The Governor proposed reducing the gas tax by two cents, with the reduction coming from the Department of Transportation's allocation. He also proposed legislation amending the allocation of the Highway Maintenance Account to increase the fixed annual allocation by \$9.3 million to \$14.3 million, in addition to the 10.0 percent of the funds that the Rhode Island Public Transit receives. The House Finance Committee recommends maintaining the gas tax at the current law amount, which increases gas tax proceeds to the Department by \$8.8 million, and recognizes \$1.5 million from updated estimates. The House Finance Committee recommends amending the Highway Maintenance Account allocation to provide the Authority with 25.0 percent of the funds instead of the current 10.0 percent, with fixed-amount provisions. This decreases the Department's share of the funds by \$3.3 million. Combined with updated estimates, the House Finance Committee includes an additional \$7.0 million, reflecting additional gas tax receipts, partially offset by the revision to the Highway Maintenance Account.

DOT	Item	Governor's		
		Proposal	HFC	Impact
	Gas Tax Reduction	\$ -	\$ 8,757,500	\$ 8,757,500
	Updated Gas Tax Estimate	-	1,542,459	1,542,459
	HMA Revision	(9,300,000)	(12,643,223)	(3,298,949)
Total		\$ (9,300,000)	\$ (2,343,264)	\$ 7,001,010

GARVEE Debt - Federal Funds Correction. The recommended budgets inadvertently overstated federal fund expenses for debt issued through the Grant Anticipation Revenue Vehicle Program by \$0.1 million in each FY 2026 and FY 2027. The program allows states to borrow funds that are repaid by the annual allocation of Federal Highway Administration construction funds. The House Finance Committee corrects this error.

RIPTA - Gas Tax Yield and 25 Percent of HMA. Under current law, the Rhode Island Public Transit Authority receives 10.0 percent and a fixed amount of \$5.0 million. The Governor proposed legislation amending the allocation of the Highway Maintenance Account to increase the fixed annual allocation by \$9.3 million to \$14.3 million, for a total of \$26.5 million. The House Finance Committee recommends amending the Highway Maintenance Account allocation to annually provide the Authority with 25.0 percent of the available funds and remove the fixed-amount provision. Based on updated estimates, the Authority's share of the funds is \$30.7 million, or \$4.2 million more than the Governor's recommendation. It also includes an additional \$0.8 million, reflecting an upward revision to the gas tax yield. The FY 2027 enacted budget includes a total of \$82.1 million from these sources to the Authority.

Statewide Vacancy Reduction (-35.0 FTE). The House Finance Committee recommends a 220.0 reduction in the statewide full-time equivalent position authorization to reflect long-standing unfunded vacancies in several large agencies. This will lower the authorization limit more closely with historical experience on filled and funded positions while maintaining flexibility for immediate needs. For the Department of Transportation, which has averaged approximately 60 vacancies over the past five years, this represents a reduction of 35.0 positions. There were 70 vacancies as of late March 2026.

Turnpike and Bridge Authority - Gas Tax Yield. The House Finance Committee recommends adjusting available gasoline tax proceeds in the Department of Transportation based on an increased transfer to the Rhode Island Turnpike and Bridge Authority of \$0.2 million to reflect an upward revision to the gasoline tax yield estimate. The FY 2027 enacted budget would include \$15.3 million for the Authority.