

Governor's FY 2023 Budget: Articles

Staff Presentation to the House Finance
Committee
February 9, 2022

Introduction

- Article 1, Sec. 18 – Pandemic Recovery Office
- Article 2 – State Funds
- Article 3 – Government Reform and Reorganization

Article 1, Sec. 18 – Pandemic Recovery Office

- 2019 Assembly transferred functions of federal grants management from Office of Management and Budget to Accounts and Control
 - Improves efficiency of operations, internal controls, & oversight of federal expense

Article 1, Sec. 18 – Pandemic Recovery Office

- The 2021 Assembly authorized assessment on federal funds received
 - State controller would determine percentage annually
 - Deposited as restricted receipts
 - Support Office of Federal Grants Management
 - Assessment is in addition to current indirect cost recovery calculation
 - Current law requires agencies to get indirect cost recovery on federal grants

Article 1, Sec. 18 – Pandemic Recovery Office

- 2021 Assembly also authorize additional assessment on stimulus grants
- Support Office of Pandemic Recovery
 - Finance planning oversight, compliance & reporting, & costs of planning, development, and implementation of a grants management information technology system
 - Does not apply to Medicaid or Higher Education funds
 - Sunsets on December 31, 2026

Article 1, Sec. 18 – Pandemic Recovery Office

- Pandemic Recovery Office
 - Created to coordinate policy and compliance for federal COVID-19 related stimulus funds
 - Manage risk of federal recoupment/audit
 - Provide guidance to agencies & municipalities about allowable uses
 - Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted in 3/2020
 - Coronavirus Relief Fund – spent by 12/2021

Article 1, Sec. 18 – Pandemic Recovery Office

- Section 18 establishes Pandemic Recovery Office in public law
 - Ensure compliance w/ rules, regulations & guidance & submission of all required reports
 - \$1.1 billion - State Fiscal Recovery Fund
 - \$112.3 million - Capital Projects Fund
- Empowers Budget Officer
 - Ensure distribution of these funds is contingent upon compliance
 - State and federal rules, regulations and guidance

Grants Management/ Pandemic Recovery Office

	FY 2022 Enacted	FY 2022 Rev.	FY 2023 Governor	Chg. to Enacted
General Revenues	\$0.4	\$0.3	\$0.3	\$-
Grant Assessments	9.1	11.2	5.6	(3.5)
CPF - Admin	-	-	2.8	2.8
Total	\$9.4	\$11.5	\$8.7	\$(0.7)
<i>FTE</i>	4.0	4.0	11.0	7.0

\$ in millions

Grants Management/ Pandemic Recovery Office

	FY 2022 Enacted	FY 2022 Rev.	FY 2023 Governor	Chg. to Enacted
Salaries/Benefits	\$0.7	\$1.4	\$2.0	\$1.3
Contracted Services	2.0	10.0	4.0	1.9
Operating	6.7	-	2.8	(3.9)
Total	\$9.4	\$11.5	\$8.7	\$(0.7)
<i>FTE</i>	4.0	4.0	11.0	7.0

\$ in millions

Article 2 – State Funds

- Section 1 – Hospital Conversion Monitoring
- Section 2 – Restricted Receipts
- Section 3 – Emergency and Public Communication Access Fund
- Section 4 – Executive Office of Health and Human Services

Article 2, Sec. 1 – Hospital Conversion Monitoring

- Current law
 - Requires Department of Health and Attorney General to review proposed hospital conversion
 - DOH to monitor, evaluate, and assess compliance with condition(s) of approval for 5 years
 - Acquirer to pay costs for monitoring
 - Funds are deposited into escrow account

Article 2, Sec. 1 – Hospital Conversion Monitoring

- Governor proposes new restricted receipt account
 - Mechanism to spend money for monitoring activities
 - Recommends \$0.3 million in FY 2023 to support 2.0 new positions
- DOH anticipates additional monitoring of hospital conversions
 - Requested additional staff
 - Received \$0.2 million from a conversion

Article 2, Sec. 2 – Indirect Cost Recovery

- All revenues = general revenue, unless otherwise noted – RIGL 35-3-14 (a)
- 10% indirect charge unless:
 - Prohibited (federal or other)
 - Charitable
 - Specifically listed as exempt
- Represents overhead charges similar to those allowed on federal grants
 - For infrastructure and administration

Article 2, Sec. 2 – Indirect Cost Recovery

- Article adds 11 accounts to list to be exempt from 10% charge:
 - All relate to proposed changes to adult use marijuana – subject of Article 11
 - 9 accounts include operating expenses related to adult use marijuana
 - 2 accounts include expenses related to expungement

Article 2, Sec. 2 – Indirect Cost Recovery

FY 2023 Governor Expenditures	Adult Use Marijuana	Expungement
DBR	\$3.6	\$-
DOR	0.4	-
EOHHS	1.4	
Health	0.4	-
BHDDH	0.4	-
DPS	1.1	-
Attorney General	-	0.4
Judiciary	-	0.3
Total	\$7.3	\$0.7

\$ in millions

Article 2, Sec. 3 – Emergency Public Communication Access

- 2013 Assembly created Emergency & Public Communication Access Account
 - Funded from annual transfer of \$80,000 from Dual Party Phone Relay to Commission on Deaf and Hard of Hearing
 - Fund emergency communication & enhance public communication access for deaf & hard of hearing people
 - Supported from a \$0.09 monthly surcharge of landlines

Article 2, Sec. 3 – Emergency Public Communication Access

- Prior years' surpluses at the Commission on Deaf and Hard of Hearing have been depleted
- Governor proposes increasing transfer to Commission from \$80,000 to \$100,000
 - FY 2023 recommendation budgets additional funds for interpreter services

Article 2, Sec. 4 – EOHHS

- Establishes 3 new accounts
 - 2 relate to Home and Community Based Services opportunities under ARPA
 - HCBS Support - ARPA
 - HCBS Admin Support – ARPA
 - Act allows for a 10% increase in Medicaid match on services from 4/1/2021 - 3/31/2022
 - Increased match will deposited as restricted receipts - then used as state match for more federal funds
 - Separate accounts for direct service and administrative cost

Article 2, Sec. 4 – EOHHS

- New spending to expand services
 - Restricted receipts are Medicaid match
 - Plan submitted to CMS for use of funds
 - EOHHS has received partial approval
- Governor's recommendation includes:
 - \$118.6 million for FY 2022
 - \$50.1 million from restricted receipts
 - \$47.6 million for FY 2023
 - \$21.8 million from restricted receipts

Article 2, Sec. 4 – EOHHS

- Statewide Opioid Abatement Account
 - New account to allows EOHHS to receive & spend funds from settlement agreements with
 - Opioid manufacturers
 - Pharmaceutical distributors, Pharmacies or affiliates
 - Bankruptcy proceeding from these entities
 - Annual reporting to Governor, Speaker, Senate President and Attorney General
 - Uses of funds and amount spent
 - Governor does not include funding for FY 2022 or FY 2023

Article 3, Sec. 7 & 8 – Opioid Stewardship Act

- 2019 Opioid Stewardship Act
 - Assessment from gross in-state opioid sales
 - Manufacturers
 - Wholesalers
 - Distributors
 - \$5.0 million annually
 - Deposited as restricted receipts
 - Support programs that provide treatment, recovery, prevention & education services

Article 3, Sec. 7 & 8 – Opioid Stewardship Act

- Governor proposes administration authority be transferred from DOH to EOHHS
- Transfers 1.0 full-time equivalent position and funding
 - Position currently vacant

Article 3, Sec. 7 & 8 – Opioid Stewardship Fund

Dept.	Program	FY 22	FY 23
BHDDH	Access to Treatment & Housing	\$2.0	\$1.6
	Behavioral Health Database	-	0.4
EOHHS	Community-based programs	-	2.2
	Prescription Drug Monitoring Program	-	0.1
	Administrative – Operating	-	0.1
DOH	Naloxone	-	1.0
	Needle Exchange & Resources	0.1	0.1
	Administrative – Operating	0.2	0.2
DOC	Mental Health Services	0.7	0.7
	Medication Assisted Treatment	1.6	2.2
\$ in millions		Total	\$4.6
			\$8.6 ₂₃

Article 3 – Government Reform & Reorganization

- Ex Office of Health & Human Services
 - Opioid Stewardship Act
- Business Regulation
 - Package intended to simplify regulations
 - Standardize language
 - Remove redundancy
- Environmental Management
 - Paint Recycling
- Children, Youth and Families
 - Director's salary

Article 3 – Business Regulation

- Caterer Licenses
 - Eliminate \$1.00 fee charged for each duplicate copy of a valid liquor license
- Billiard Tables
 - Clarify definition of billiard table
 - 3 tables minimum for statute to apply
 - Below minimum: no permits or Sunday operating hour limits
- Hide and Leather
 - Eliminate obsolete statute

Article 3 – Business Regulation

- Interpreter for the Deaf Licensure
 - Eliminates “verification by oath”
 - Notarization requirement
- Constable Certification
 - Removes Chief Judge of District Court role
 - Authorizes up to \$1,000 fee for noncompliance
 - Amends Certified Constables Board
 - Governor would appoint all 5 members
 - Currently: Judge appoints 3 and Industry Groups appoint 2

Article 3 – Business Regulation

- Upholstery Industry Regulation
 - Standardizes language
 - Mattress Stewardship Council Fee
 - Would require RI Resource Recovery Corporation approval every 2 years
 - Requires publication of audit evaluation
- Mixed Martial Arts Fees
 - Allows Department to set referee fees
 - Excludes “amateur” competitions from licensing requirement

Article 3, Sec. 9 – Paint Recycling

- Current law
 - Representative organization runs statewide program & must submit plan to DEM that
 - Minimizes public sector involvement
 - Provides convenient & available collection of post-consumer paint
 - Sets assessment on all architectural paint sold to retailers and distributors in RI
 - DEM has authority to approve or deny plan

Article 3, Sec. 9 – Paint Recycling

- Proposal
 - Allow program to maintain a reserve fund
 - Capped at 50% of prior year's program expenses
 - Any plan to establish or maintain reserves would be subject to DEM approval
 - Prohibit representative organization from proposing assessment that would cause reserve fund to exceed 50% cap in future
 - Any excess reserves must be spent down within two years on activities approved by DEM

Article 3, Sec. 9 – Paint Recycling

- Proposal
 - DEM must notify representative organization in writing if it denies a plan
 - Must include reason for denial
 - Representative organization must then submit revised plan that addresses reasons for initial denial

Salaries of Directors

- RIGL 36-4-16.4
 - In March of each year, DOA to hold public hearing to determine salaries for department directors
 - Referred to General Assembly by last day of April to go into effect 30 days after, unless amended
 - Exemptions made for 2017 only for several director positions
 - DOA, DOT and EOHHS

Article 3, Sec. 12 – DCYF Director

- 2021 Assembly authorized Governor to determine salary for DCYF director position for 2021 only
 - Authorized Governor to enter into a 3-year contract
 - Director position has been without permanent appointment since July 2019
- Position was not filled in 2021
 - Section extends authority to set salary to 2022

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