

Budget Status

Staff Presentation to the House Finance
Committee
May 14, 2025

Introduction

- Provide an overview of the results of the May REC/CEC
- Include updated information on pending issues or budget initiatives
- Put it in the context of the Governor's FY 2026 and FY 2025 revised budgets

Summary

- Results of the May Revenue & Caseload Conference increase available resources for the FY 2025 revised & FY 2026 budgets by ~\$65M
- Governor's budget solved a projected problem about 4 times that size
 - *Other new issues have emerged that have exacerbated the gap*
 - *Not all issues accounted for*

Summary

Post-Governor's January Budget	Cost
Education aid data update and correction	\$24.0
Contract reserve 2-year shortfall	\$15.2
DOC facility merger viability	\$6.2
Current year savings	?

- Pending
 - Washington Bridge bid pricing
 - Additional state match
 - RIPTA study results
 - Deficit resolution
 - New Zambarano LTACH pricing
 - Funding authority not complete

Summary – REC/CEC Impact

Changes to Gov.	FY 2025	FY 2026	Total
REC Changes	\$ 61.0	\$19.2	\$80.2
Changes to Gov.	(5.9)	0.1	(5.8)
Subtotal	\$55.1	\$19.3	\$74.4
Minus May CEC	11.8	1.0	12.8
Changes to Gov.	(2.6)	(2.9)	(5.5)
Subtotal CEC	\$9.2	\$(1.8)	\$7.4
Combined REC/CEC	45.9	21.1	67.0
Less Rainy Day adj.	(1.7)	(0.6)	(2.2)
Impact to Gov. Budget	\$44.3	\$20.5	\$64.8

\$ in millions

Governor's FY 2026 Budget

- Overview of Governor's budget
 - Uses \$185 million in one-time surplus funds, mostly for ongoing commitments
 - Projects \$300 million budget gap for FY 2027
 - Some initiatives generate more revenue or savings in later years
 - Offset by use of one-time savings in FY 2026 and known growth areas
 - Implementation challenges pervasive

Process and Calendar

- Bill referred to House Finance Committee
 - House and Senate Finance Committees work the budget during February, March and April through their Subcommittees
- Revenue and caseload estimating occurs again in May
 - Updated information/forecasts
 - Results must be factored into final budget

Governor's FY 2026 Budget

Finance Committee Review

- Briefing - Overview
- Article hearings through March
 - 10 articles separate from appropriation
 - Some with multiple sections on different topics
- Subcommittee review of individual agency budgets – March
- Governor's requested amendments and other issues of interest – March-May
 - 18 amendments so far

Current Year

- The *current year* has surplus vs enacted expectations
 - FY 2024 Closing – draft audit
 - REC/CEC results
 - Current spending estimates
 - Net of the impact of post-budget collective bargaining agreements
- The Governor's budget proposed changes to enhance that and preserve for use in FY 2026

Changes to Projected FY 2024 Ending Surplus

- Significant adjustments
 - Tax receipt timing
 - Expense corrections
- Revenue add triggers rule on transfer

Closing variance	9-18	1-16
Opening	\$ -	\$ -
Other Rev	(5.1)	44.6
Total Revenues	\$(5.1)	\$44.6
Fund Balance Adj	9.1	9.1
To Rainy Day	0.2	(0.4)
Exp/Transfers	43.2	72.8
Closing Surplus	\$47.3	\$125.2
Reapprop.	(34.6)	(34.6)
Ret/Reserve Txfer	-	(43.3)
Free Surplus	\$12.8	\$47.3

Economic Forecast: Nov 24

- Positive outlook with significant threats
 - Nearly at full employment
 - Inflation nearing target levels
 - Strong consumer spending growth
 - RI's wage growth keeping pace nationally
- Risks to forecast
 - RI's tight housing market
 - Affordability index at lowest level since early 1990s
 - National policies – assumes divided gov't
 - Tariffs, immigration, debt limit, etc.

November 2024

Consensus Revenue Estimates

	FY 2024 D-Audit	FY 2025 Rev.	Chg to Enacted	FY 2026 Estimate	Change to FY 25
Personal Income	\$1,819.4	\$1,913.5	\$48.0	\$1,989.1	\$75.6
Business Taxes	717.2	705.0	6.5	713.0	8.0
Sales & Use Taxes	1,775.5	1,840.5	1.3	1,891.7	51.2
Other Taxes	66.2	83.4	12.4	81.6	(1.8)
Total Taxes	\$4,378.1	\$4,542.4	\$68.2	\$4,675.4	\$133.0
Departmental	552.3	543.5	25.9	315.0	(228.5)
Other Misc.	38.2	25.4	(1.9)	23.5	(1.9)
Lottery	426.4	424.0	(25.4)	432.7	8.7
Unclaimed Prop.	23.6	21.3	0.7	20.5	(0.8)
Total	\$5,418.7	\$5,556.6	\$67.5	\$5,467.1	\$(89.5)

\$ in millions

Economic Forecast

Fiscal Year	2025	2026	2027	2028	2029	2030
Nonfarm Employment Growth						
Nov 2024	0.4	0.5	0.0	-0.1	-0.1	-0.1
May 2025	0.9	0.2	-0.3	0.0	0.1	0.3
Personal Income Growth						
Nov 2024	4.5	4.3	3.9	3.9	4.0	3.9
May 2025	4.2	4.5	4.3	3.5	3.3	3.7
Consumer Price Index (CPI)						
Nov 2024	2.4	2.5	2.4	2.3	2.3	2.2
May 2025	2.8	3.5	2.2	1.9	1.9	2.0
Unemployment Rate						
Nov 2024	4.6	4.6	4.6	4.6	4.6	4.6
May 2025	4.5	4.9	5.3	5.2	5.0	4.8

May 2025

Consensus Revenue Estimates

	FY 2024 Audit	FY 2025 Rev.	Change to Nov.	FY 2026 Estimate	Change to Nov.
Personal Income	\$1,819.2	\$1,950.6	\$37.1	\$1,999.2	\$10.1
Business Taxes	717.0	698.2	(6.8)	717.7	4.7
Sales & Use Taxes	1,775.5	1,821.5	(19.0)	1,856.8	(34.9)
Other Taxes	66.2	97.9	14.5	101.7	20.1
Total Taxes	\$4,378.0	\$4,568.2	\$25.8	\$4,675.4	\$ -
Departmental	552.3	555.0	11.5	317.0	2.0
Other Misc.	38.4	29.7	4.3	24.1	0.6
Lottery	426.4	431.1	7.1	441.0	8.3
Unclaimed Prop.	23.6	33.6	12.3	28.8	8.3
Total	\$5,418.7	\$5,617.6	\$61.0	\$5,486.3	\$19.2

\$ in millions

Revenues: May REC

- Taxes in FY 2025 = \$4,568.2 million
 - \$25.8 million or 4.3% above November
 - \$37.1 million more from personal income
 - \$27.2 million less from financial institutions
 - \$22.0 million less from sales
- Taxes in FY 2026 = \$4,675.4 million
 - Same as Nov but changes among taxes
 - \$10.1 million more from personal income
 - \$20.9 million more from estate
 - \$37.1 million less from sales

Revenue Revisions: FY 2025

	Nov. to Enacted	May to Nov.	Total Change to Enacted
Personal Income	\$48.0	\$37.1	\$85.1
Business Taxes	6.5	(6.8)	(0.3)
Sales & Use Taxes	1.3	(19.0)	(17.7)
Other Taxes	12.4	14.5	26.9
Total Taxes	\$68.2	\$25.8	\$94.0
Departmental	25.9	11.5	37.4
Other Misc.	(1.9)	4.3	2.4
Lottery	(25.4)	7.1	(18.3)
Unclaimed Prop.	0.7	12.3	13.0
Total	\$67.5	\$61.0	\$128.5

\$ in millions

FY 2025 Caseload

FY 2025 Caseload Estimating Conference

<i>All Funds</i>	<i>Nov CEC</i>	<i>May CEC</i>	<i>Chg.</i>
Medical	\$3,596.7	\$3,617.2	\$20.5
Governor's Proposals	5.9	-	(5.9)
<i>Subtotal - Medical</i>	<i>\$3,602.6</i>	<i>\$3,617.2</i>	<i>\$14.6</i>
Developmental Disabilities Services	\$431.7	\$438.7	\$7.0
Cash Assistance	\$125.7	\$123.3	\$(2.4)
Total	\$4,160.1	\$4,179.3	\$19.2

\$ in millions

FY 2025 Caseload

FY 2025 Caseload Estimating Conference

General Revenues	Nov CEC	May CEC	Chg.
Medical	\$1,331.2	\$1,339.8	\$8.6
Governor's Proposals	2.6	-	(2.6)
Subtotal - Medical	\$1,333.8	\$1,339.8	\$6.0
Developmental Disabilities Services	\$191.6	\$194.8	\$3.2
Cash	\$28.7	\$28.7	\$0.0
Total	\$1,554.1	\$1,563.2	\$9.2

\$ in millions

Caseload Revisions: FY 2025

- Current year changes reflect
 - Increased utilization of long-term care & DD services
 - Reduced enrollment for managed care services
 - Increase for reassessed monthly rates

CEC Estimate	Nov. to Enacted	May to Nov.	Total Change to Enacted
Medical	\$(71.2)	\$20.5	\$(50.7)
DD Services	7.3	7.0	14.3
Cash	(0.7)	(2.4)	(3.1)
Total	\$(64.6)	\$25.1	\$(39.5)
General Revenue Share	\$(23.3)	\$11.7	\$(11.6)

\$ in millions

FY 2026 Caseload

FY 2026 Caseload Estimating Conference

<i>All Funds</i>	<i>Nov CEC</i>	<i>May CEC</i>	<i>Chg.</i>
Medical	\$3,917.0	\$3,894.4	\$(22.6)
Governor's Proposals	(30.7)	(39.3)	(8.5)
<i>Subtotal - Medical</i>	\$3,886.3	\$3,855.2	\$(31.2)
Developmental Disabilities Services	\$440.6	\$452.6	11.9
Cash Assistance	\$130.2	\$132.3	\$2.1
Total	\$4,457.2	\$4,440.0	\$(17.2)

\$ in millions

FY 2026 Caseload

FY 2026 Caseload Estimating Conference

General Revenues	Nov CEC	May CEC	Chg.
Medical	\$1,418.7	\$1,415.2	\$(3.5)
Governor's Proposals	(15.2)	(18.0)	(2.8)
Subtotal - Medical	\$1,403.5	\$1,397.1	\$(6.4)
Developmental Disabilities Services	\$190.2	\$194.7	\$4.5
Cash Assistance	\$28.8	\$28.8	\$0.0
Total	\$1,622.5	\$1,620.6	\$(1.8)

\$ in millions

Budget Gap

- HFAS projected ~ \$262M gap for FY 2026
- Budget Office October gap was ~\$400M
 - Collective bargaining agreement added costs for FY 2025 and FY 2026

BO Current year surplus – Q1	
FY 2024 Prelim Closing	\$12.8
Nov Revenues	67.5
Nov CEC	23.3
Other Q1	(26.6)
Total	\$77.0

\$ in millions

Current Year - Changes

Budget Office Q1	\$77.0
Draft audit - net change from \$12.8	34.5
Reserve/ERSRI transfer reversal	43.3
Scoops	8.3
Debt service	5.2
Revise ongoing projects	3.0
Fund shifts	15.7
Other	0.3
Total	\$187.3

\$ in millions

Governor's Budget

	FY 2024	FY 2025	FY 2026
Opening Surplus	\$412.3	\$326.4	\$187.4
Reappropriated Surplus	45.2	34.6	-
FEMA Related Adjustment	23.8	-	-
Revenues	5,418.5	5,567.2	5,734.1
Rainy Day Fund	(174.9)	(176.8)	(177.6)
Available Revenues	\$5,724.8	\$5,751.3	\$5,743.8
Expenditures	\$5,236.1	\$5,610.7	\$5,743.1
Transfers	(162.3)	46.7	-
Total Surplus*	\$326.4	\$187.4	\$ 0.8

\$ in millions; * Includes reappropriated surplus; FY 2024 draft audit data

Governor's Solution

- Revenues
- Medicaid/EOHHS Agencies
- Locals
- Commerce
- Departments and Agencies

Revenues Changes

Changes to REC	FY 2025	FY 2026	FY 2027
Digital Ad Revenue Tax	\$ -	\$9.5	\$16.9
Cigarettes	-	4.4	3.3
Firearm Safety Devices	-	(0.1)	(0.1)
Tax Incentive Repeals	-	0.2	0.4
Financial Institution Data Match	-	5.3	8.0
Indirect Cost Recovery on RR		6.8	7.0
Scoops/Internal Fund Transfers	51.6	2.9	-
Total	\$51.6	\$29.0	\$35.5

\$ in millions

Revenues Changes

Change to Dedicated Charges - \$10.4 million	
DMV Transaction Fee - \$2.50 to \$3.50	\$1.6
Real Estate Conveyance Tier	2.3
Whole Home Rental	2.1
Job Development Fund assessment to large non-profits	2.6
EV Fees	1.8

- Changes to dedicated funding mechanisms
 - Not direct deficit resolutions but impacts to users and programs

Medicaid/EOHHS Agencies

Hospitals – Changes	GR	All
Rates	\$(1.7)	\$(5.3)
UPL Reimbursement	(6.7)	(18.3)
DSH Payment	(5.9)	(13.7)
State Directed Payment	9.1	30.6
License Fee	(16.8)	(16.8)
Total	\$(22.0)	\$(23.5)

\$ in millions

Medicaid/EOHHS Agencies

Changes to Medicaid	GR	All
Home & Comm. Based Services Rates	\$(4.3)	\$(10.1)
Nursing Homes Rates	(3.2)	(7.7)
Program Integrity*	(2.9)	(6.9)
Technical Correction – Rlte Care	(1.9)	(4.5)
E-Consults*	(0.2)	(0.6)
Total	\$(12.5)	\$(29.8)

\$ in millions/*net of administrative costs

Medicaid/EOHHS Agencies

DCYF	GR	All
Placement Shifts – Congregate Care	\$(9.1)	\$(10.4)
Placement Shifts – Foster Care	2.1	2.7
Emergency Housing*	(1.8)	3.1
LEA Reimbursement Efforts	(3.0)	(3.0)
Total	\$(11.8)	\$(7.6)

\$ in millions/*revised recommendation adds \$3.8 million from all funds

DCYF Savings Initiatives – HFC 3/13

- Savings fall into two general types
 - Placement shifts partially related to consent decree implementation
 - Improvements to current billing efforts and practices

DCYF	GR	All
Placement Shifts – Congregate Care	\$(9.1)	\$(10.4)
Placement Shifts – Foster Care	2.1	2.7
Emergency Housing*	(1.8)	3.1
LEA Reimbursement Efforts	(3.0)	(3.0)
Total	\$(11.8)	\$(7.6)

\$ in millions/*revised recommendation adds \$3.8 million from all funds

DCYF – Recent Census – HFC 3/13

FY 2025 Census	Q1	Q2	Q3*	FY 2025 Avg.	FY 2024 Reported
Foster Care	939	888	864	901	962
Congregate Care	402	385	378	389	354
Semi-Independent Living	38	36	35	37	33
Independent Living	52	54	60	56	53
Group Home	104	122	120	115	95
Assessment & Stabilization Centers	14	13	13	13	17
Psychiatric Hospital	34	23	27	28	30
In State Residential Treat.	75	57	52	62	55
Out-of-State	79	80	72	78	72
Total Placements	1,341	1,273	1,242	1,290	1,316

*2 months only, March data not yet available

DCYF – Recent Census

FY 2025 Census	Q1	Q2	Q3	FY 2025 Avg.*	FY 2024 Reported
Foster Care	939	888	857	889	962
Congregate Care	402	385	376	389	354
Semi-Independent Living	38	36	36	36	33
Independent Living	52	54	59	57	53
Group Home	104	122	118	115	95
Assessment & Stabilization Centers	14	13	14	14	17
Psychiatric Hospital	34	23	26	28	30
In State Residential Treat.	75	57	52	60	55
Out-of-State	79	80	71	76	72
Total Placements	1,341	1,273	1,233	1,276	1,316

*Through April

RI Bridges - Data Breach

- Deloitte Consulting operates system
 - Manage eligibility for Medicaid, SNAP, HealthSource RI, & RI Works
 - Breach occurred on December 13, 2024
 - Led to offline status
- Phased restoration began in January
 - Still under active investigation by State Police & FBI
 - \$5.0 million payment from Deloitte
 - Covers some excess costs – total TBD

Potential Medicaid Changes*

- Work Requirements
 - For certain populations starting 1/1/2029
- Cost sharing for certain populations
 - 1/1/2028
- More frequent eligibility checks
 - At least every 6 months – starting 10/1/2027
- Fed penalties for states that provide coverage regardless of lawful status
 - Reduces expansion match from 90% to 80%

*Information from KFF published 5/13/2025

Education Aid

Education Aid Components	FY 2025 Enacted	FY 2026 Gov	Chg. to Enacted
Formula Aid	\$1,238.3	\$1,269.6	\$ 31.2
Concentrated poverty factor	-	10.9	10.9
Categorical Funding	62.6	60.9	(1.8)
Set-Aside Funds	1.3	1.1	(0.2)
Construction and Retirement	247.4	257.9	10.5
Total	\$1,549.6	\$1,600.3	\$50.7

\$ in millions

Education Aid – Data Update

Education Aid Components	FY 2026 Gov	FY 2026 March Update	Chg. to Gov
Formula Aid	\$1,269.6	\$1,292.4	\$ 22.9
Concentrated poverty factor	10.9	11.9	1.0
Categorical Funding	60.9	60.9	-
Set-Aside Funds	1.1	1.1	-
Construction and Retirement	257.9	257.9	-
Total	\$1,600.3	\$1,624.2	\$23.9

\$ in millions

Education Aid – Data Update

- RIDE reported March enrollment data on April 24
 - Corrects data error in the original October count of students in poverty
 - Current law funding requires \$12.0 million more than the total included in the Governor's budget
 - \$11.9 million for the Governor's concentrated poverty proposal
 - Cost increased by \$1.0 million with new data

Education Aid – Data Update

- Ongoing issues with data validation
 - FY 2026 Special Education distribution
 - Initial distribution omitted data from multiple districts
 - 2025 March Update
 - Corrected error with matching direct certification data between DHS and RIDE
 - Students in poverty were undercounted in October
 - 2024 March Update – over 1,000 students not counted in October data
 - \$13.4 million adjustment required for FY 2025

Article 7 – Poverty – HFC 2/5

District	FY 2026 Poverty	FY 2026 Current Law	FY 2026 Gov.	Diff.
Central Falls	72.3%	\$53.3	\$53.9	\$0.6
Newport	67.8%	14.8	15.1	0.3
Pawtucket	66.3%	110.7	112.2	1.4
Providence	84.0%	293.8	298.1	4.3
Woonsocket	85.6%	87.5	88.9	1.4
Other Districts	<60%	507.0	507.0	-
Charters/State Schools	n/a	229.9	232.7	2.8
\$ in millions	Total	\$1,297.0	\$1,307.9	\$10.9

- Charter & state school aid based on students' residence

Education Aid – Data Update

District	FY 2026 Gov.	FY 2026 Current Law March	Chg. to Gov.	FY 2026 Gov March	Chg. to CL
Central Falls	\$53.9	\$54.7	\$0.9	\$55.4	\$0.6
Newport	15.3	15.2	(0.0)	15.5	0.2
Pawtucket	112.2	112.9	0.7	114.5	1.6
Providence	298.0	304.0	6.1	308.9	4.8
Woonsocket	88.9	89.4	0.6	91.0	1.5
Other Districts	507.0	509.7	2.7	509.7	-
Charters/ State Schools	232.7	233.8	1.1	236.9	3.1
Total	\$1,307.9	\$1,319.9	\$12.0	\$1,331.8	\$11.9

\$ in millions

Education Aid

Categorical Funding	FY 2025 Enacted	FY 2026 Gov	Chg. to Enacted
High-Cost Special Education	\$15.0	\$15.0	\$ -
Career and Technical	6.5	4.5	(2.0)
Early Childhood	29.9	28.9	(1.0)
Non-Public Transportation	3.9	4.7	0.7
Regional District Transportation	7.3	7.8	0.5
Total	\$62.6	\$60.9	\$(1.8)

\$ in millions

- Teacher retirement \$138.0 million; \$3.2M less
- School construction \$119.9 million, \$13.7M more

Education Aid Out-Years

- Governor's out-year estimates
 - Costs per student increase with average CPI
 - Population declines
- Some categories held flat in the out-years
 - No further early childhood expansion
 - Level fund special education and career and technical education
 - Transportation funding assumed to increase

Education Aid Out-Years

	FY 2027	FY 2028	FY 2029	FY 2030
Direct Aid	7.7%	2.1%	2.2%	2.1%
Teacher Retirement	2.6%	2.5%	2.4%	2.3%
School Construction	10.0%	20.5%	10.0%	2.3%
Growth	6.8%	3.5%	2.8%	2.1%

- FY 2027 estimate uses the Department's core instruction projection & flat enrollment
- FY 2030 School construction growth after FY 2029 based on CPI, not SBA projections

Education Aid

School Construction Out-Year Estimates					
Traditional Program	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
FY 25 Enacted	\$111.1	\$133.8	\$162.3	\$162.3	n/a
FY 26 Gov	\$119.9	\$131.8	\$158.9	\$174.9	\$178.9
<i>GO Bonds</i>	<i>18.0</i>	<i>29.0</i>	<i>35.8</i>	<i>38.6</i>	<i>38.9</i>
<i>Central Falls</i>	<i>10.5</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>
Adjusted FY 2026 Total	\$148.4	\$171.8	\$205.7	\$224.5	\$228.8

\$ in millions

Local Aid – General Aid Programs

	FY 2025 Enacted	FY 2025 Revised	FY 2026 Governor
Dist. Communities	\$12.4	\$12.4	\$12.4
PILOT	49.2	49.2	49.2
Motor Vehicle Excise	234.7	234.7	234.9
Tangible Tax Exempt.	28.0	25.9	25.9
Total	\$324.3	\$322.2	\$322.3

\$ in millions

Local Aid Programs

- PILOT - \$49.2 million
 - Assumes 25.9% reimbursement
 - \$2.1 million less than full funding
- Car Phase-Out - \$234.9 million
 - FY 2026 aid tied to sales tax revenue growth
 - Governor proposes repeal of growth
 - \$9.7 million in savings
 - Allows greater of FY 2024 or FY 2025 amount
 - Accounts for rounding issues in FY 2025
 - \$140K cost for hold harmless

Local Aid – Restricted Aid Programs

	FY 2025 Enacted	FY 2025 Revised	FY 2026 Governor
Library Resource Aid*	\$11.9	\$11.9	\$11.9
Library Const. Aid	2.2	2.2	2.1
Property Valuation	1.9	1.9	0.7
Total	\$16.0	\$16.0	\$14.7

\$ in millions; *Includes Reference Library Resource Grant to Providence

Personnel and Operating

- Salaries and Benefits
 - Increase of 6.3% from enacted
 - General revenues increase 5.4% from enacted
 - Recently settled contracts
 - 5% COLA for FY 2025
 - \$ 58.0 million; \$34.4 million from general revenues
 - 4% COLA for FY 2026
 - \$107.4 million; \$63.8 million from general revenues
 - Contract reserve for DOC, DPS, RIDE
 - \$11.2 million for FY 2025; \$19.0 million for FY 2026
 - 34.0 new positions

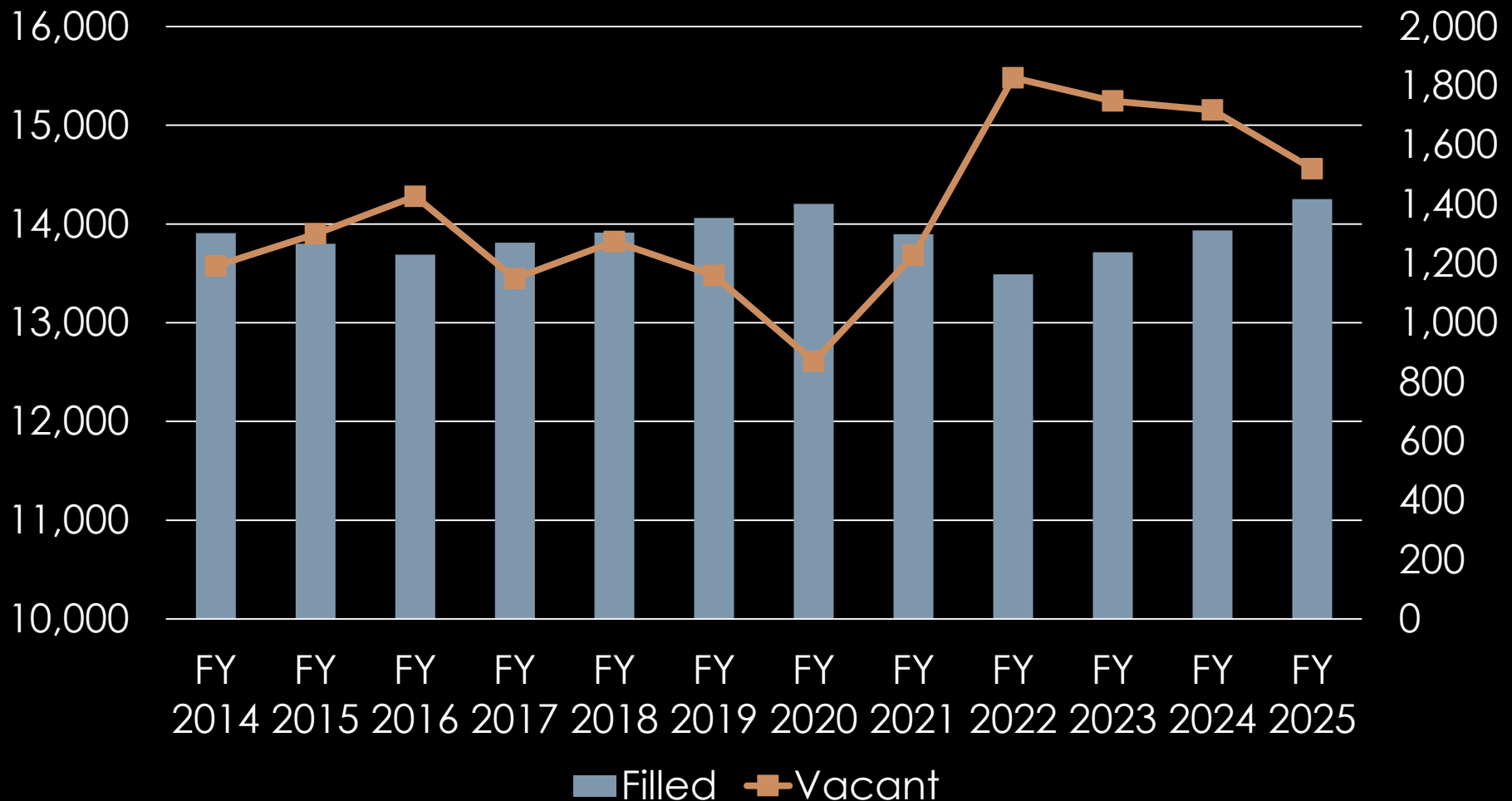
Staffing Changes

- Biggest changes
 - Fraud, Waste and Integrity – 6.0 FTE
 - DOA and EOHHS
 - Integrated Data System – 6.0 FTE
 - DOA, EOHHS, and Higher Education
 - Revenue – 5.0 FTE
 - Digital Advertising and Whole Home Rentals
 - Medicaid pharmacy claims – 4.0 FTE
 - Office of Energy Resources – 4.0 FTE

Full-time Equivalent Positions

	Total
FY 2024 Avg.	13,934.7
FY 2025 Enacted	15,772.8
FY 2025 Gov. Rev.	15,772.8
Diff. from Enacted	-
Filled January 11, 2025	14,278.7
Diff. from Enacted/Gov. Rev.	(1,494.1)
Filled May 3, 2025	14,342.1
Diff. from Enacted/Gov. Rev.	(1,430.7)
Diff. from Jan. 11	63.4
Diff. from May 4, 2024	271.9

Full-time Equivalent Positions



Contract Reserve -Update

General Revenues	FY 2025	FY 2026	2-Year Total
Governor's Budget	\$11.2	\$19.0	\$30.2
Settled Contracts	\$15.3	\$30.1	\$45.4
Change to Governor	\$4.1	\$11.1	\$15.2

\$ in millions

Departments and Agencies

- Corrections – Close Minimum security
 - Budget assumes \$6.2 million in savings; \$12.7 million annualized
 - Assumes \$1.0 million of capital expenses for needed renovations before January 2026
- **March 2025 Feasibility Study**
 - Estimated refit cost of \$67.1M to \$92.4M
 - New buildings, infrastructure & land grading

Population by Fiscal year							
2019	2020	2021	2022	2023	2024	2025	2026
2,665	2,544	2,144	2,132	2,298	2,346	2,470	2,536

Transportation

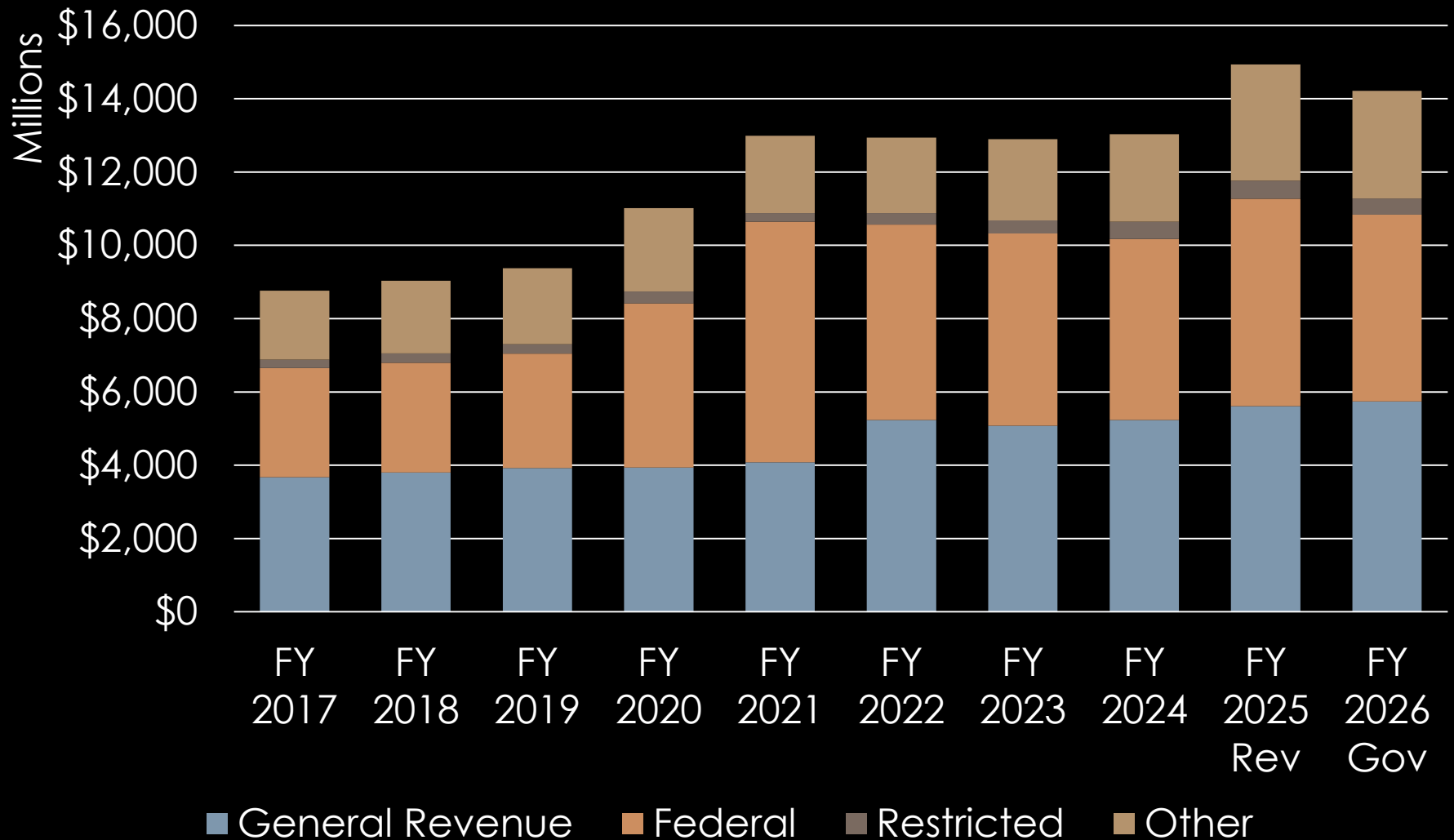
- Governor does not add new funding sources for RIPTA
- Projected deficit remains for FY 2026
 - Requires Authority to review all operations
 - Ridership and administration to identify efficiencies
 - Report was due by March 1, 2025
 - *Draft now expected mid-June*
- Assumes DOT toll collections resume in FY 2026
 - Exact plan for timing and rates?

RIPTA Efficiency Study

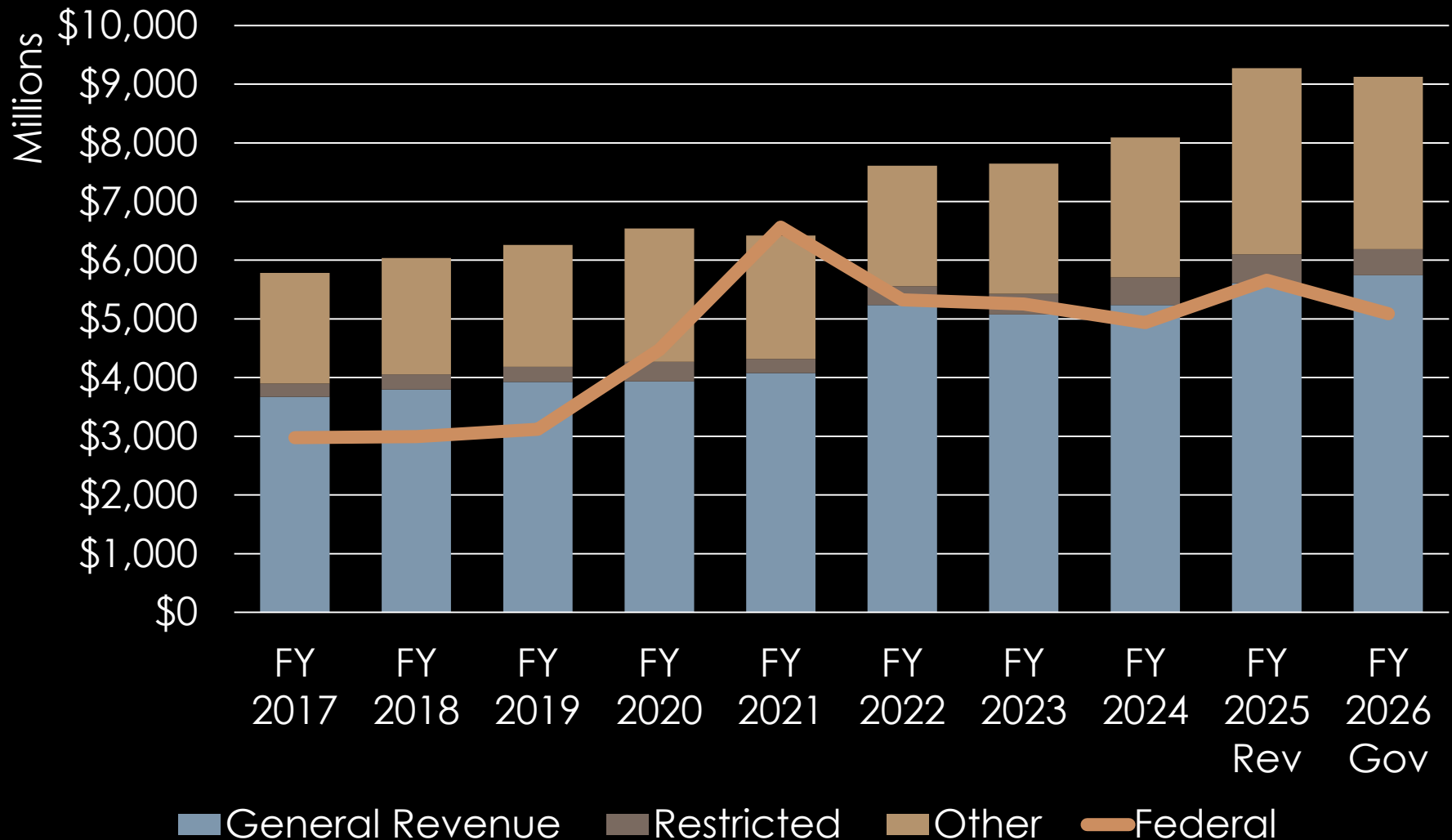
- Scope/timeline revised
- February 11 Issued request for proposals
 - Responses due March 13

Deliverables	RIPTA Timeline	Assuming April 1 Start
Draft memorandum detailing peer agency & best practices review	~30 days	May 1
Draft memorandum on performance assessment	~ 45 days	May 16
Draft assessment of Transit Master Plan recommendations	~ 75 days	June 15
Final Report & associated documentation	TBD	TBD

Expenditure Shares by Source



Expenditure Shares by Source – Federal & All Other



American Rescue Plan Act

- December guidance more flexible
 - Ability to reallocate unspent funds
 - Reduces risk of recapture
- Governor's Recommendation
 - Adds 1 project & adjusts funding for 3
 - Extends operating funding for 4 projects
 - Expands executive reallocation authority
 - Expansion of one-time authority to reallocate at-risk funds to UI Trust Fund in November 2024

American Rescue Plan Act

- \$4.5M - SNAP Healthy Incentives Pilot
 - Swaps to create general revenue savings
 - Allowed under updated federal guidelines
 - Existing program with spending committed

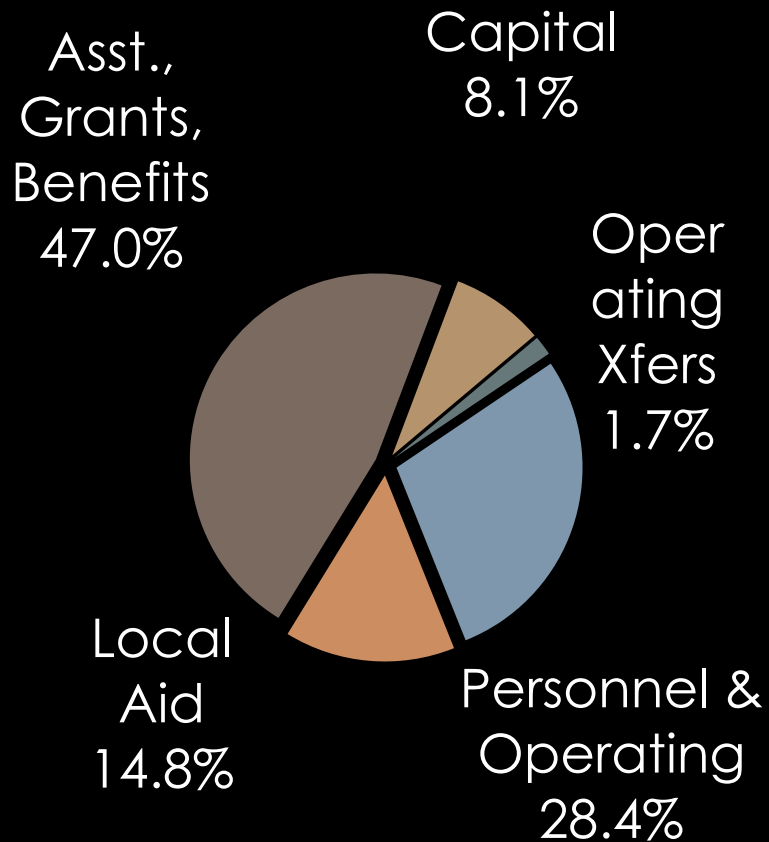
Governor's Proposed Changes	
SNAP Health Incentive Pilot - NEW	\$4.5
Electric Heat Pump Grant Program	(0.6)
Certified Community Behav. Health Clinics	(1.0)
Psychiatric Residential Facility (Female Youth)	(2.9)
Total	\$ -

American Rescue Plan Act

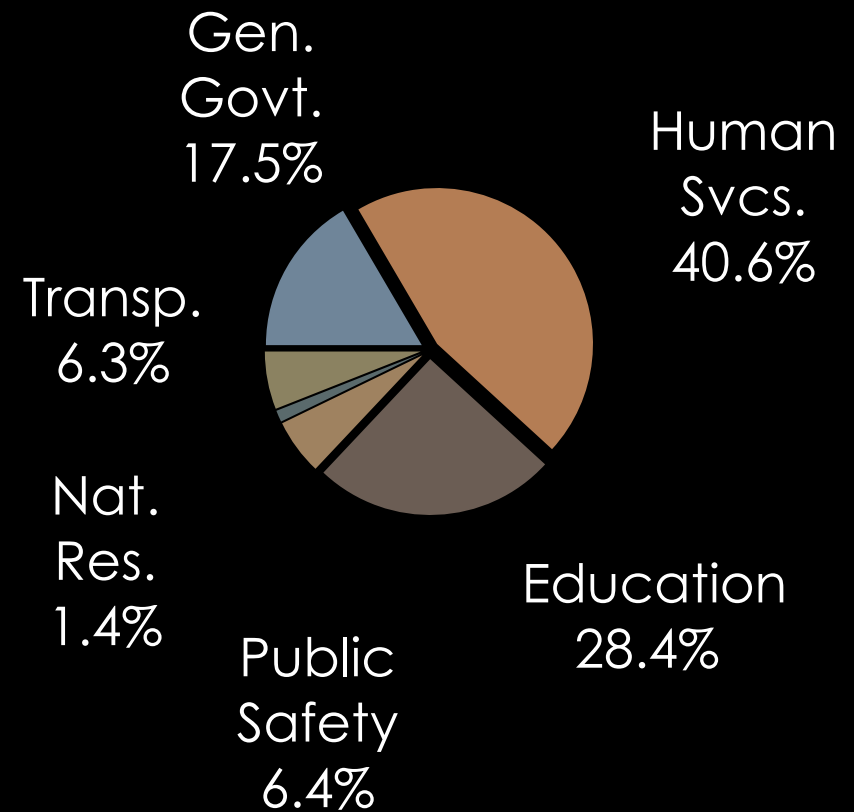
Programs	Enacted SFRF	FY 2025 Enacted	FY 2026 Governor
		General Revenues	
Out-of-School Time Edu.	\$6.0	\$3.0	\$2.5
Destination Marketing	3.0	1.4	1.4
Minority Business Accel.	6.0	0.5	-
Public Health Warehouse	4.2	0.6	0.9
Subtotal	\$19.2	\$5.4	\$4.8
		Transportation Funds	
Municipal Roads Grant Program	\$27.0	-	\$6.5
Total	\$46.2	\$5.4	\$11.3

All Sources Governor FY 2026

BY CATEGORY

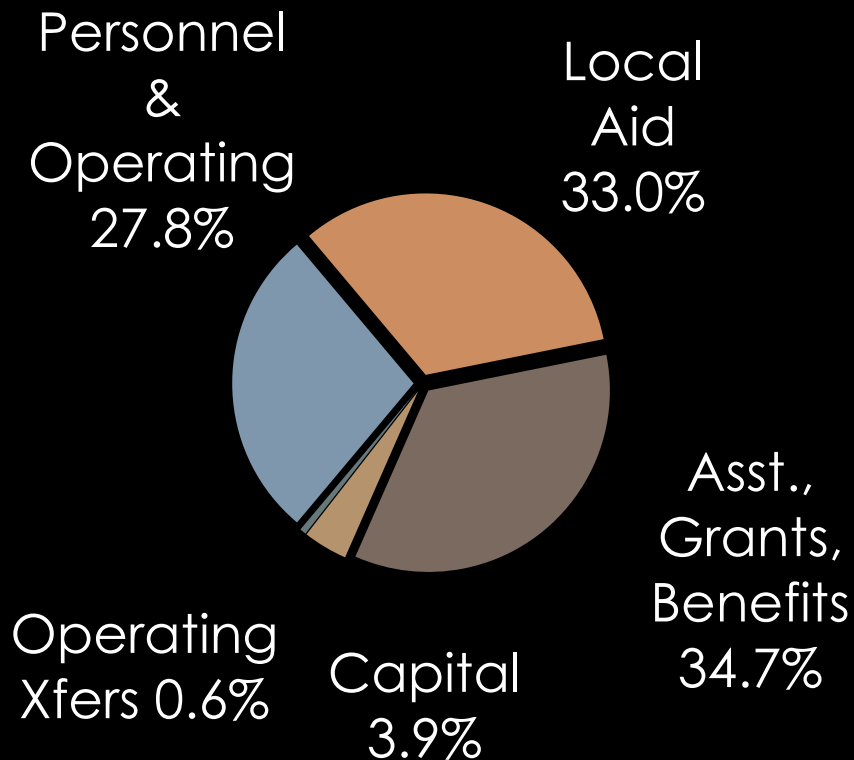


BY FUNCTION

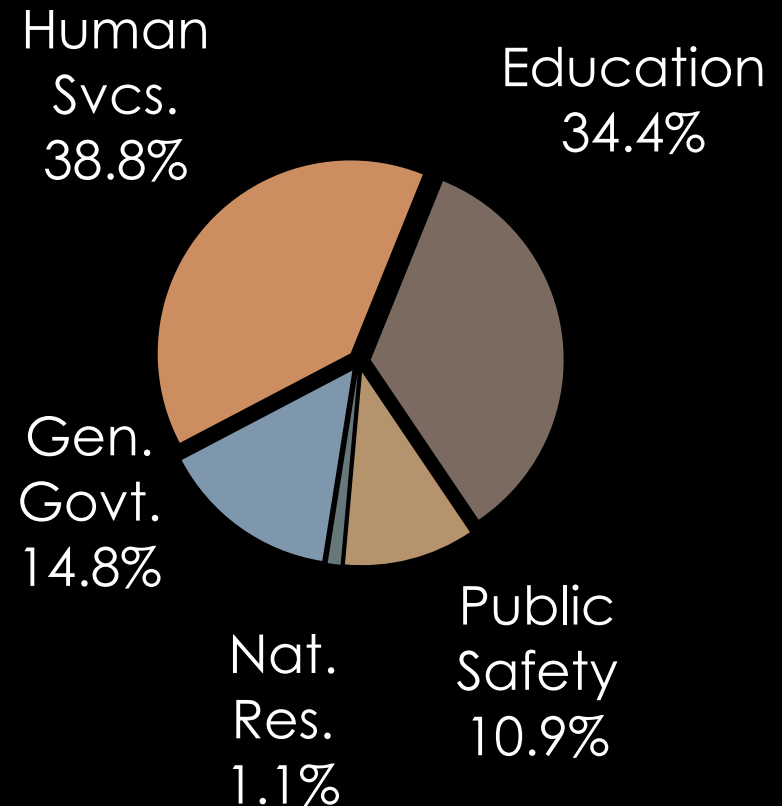


General Revenues Governor FY 2026

BY CATEGORY



BY FUNCTION



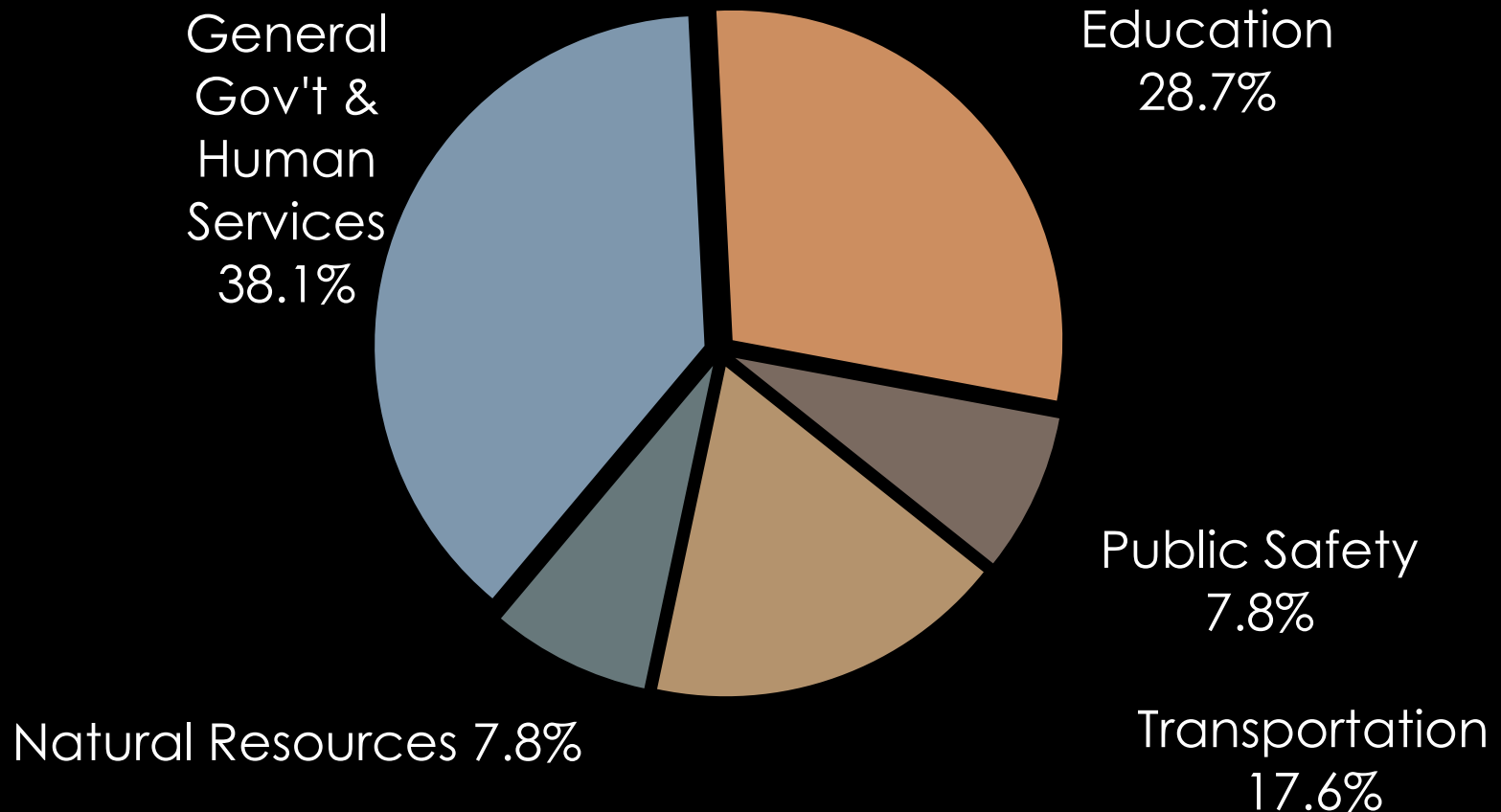
Capital Budget - Assembly Role

- Appropriate Pay-Go (Article 1)
- Approve General Obligation Bond Referenda – every other year
 - Voters approve or reject
 - Debt service automatic
- Other Financing (Kushner)
 - Approve or reject resolution
 - Generally appropriate debt service

Rhode Island Capital Plan Funds

- Resources grew after use restricted to capital by constitutional amendment
 - Intended purpose
- Use of rainy day fund to balance FY 2020 budget interrupted normal flow
 - Payback occurred in FY 2021
- Deposits from non-recurring surpluses
 - 2022 Assembly transferred \$578.0 million
 - 2023 Assembly transferred \$242.4 million

RICAP – Governor FY 2026 – FY 2030



RICAP Fund

FY 2026 Governor	FY 21	FY 22	FY 23	FY 24	FY 25
Balance	\$62.2	\$149.8	\$699.2	\$998.5*	\$942.6
Over 5% cap	-	116.4	170.5	154.5	173.7
Premiums & Int.	6.1	5.1	24.3	54.4	25.0
Transfers	120.0	563.0	257.4	-	-
Total	\$188.3	\$834.3	\$1,151.4	\$1,207.4	\$1,141.3
Projects	(38.4)	(135.0)	(152.3)	(264.8)	(665.3)
Balance	\$149.8	\$699.2	\$999.1	\$942.6	\$476.0

\$ in millions; * draft audit \$0.6 M lower

RICAP Fund

FY 2026 Governor	FY 26	FY 27	FY 28	FY 29	FY 30
Balance	\$476.0	\$150.0	\$42.5	\$37.9	\$38.6
Over 5% cap	176.2	178.6	172.8	178.0	183.0
Premiums & Int.	10.3	2.3	0.7	0.6	1.1
Transfers	-	-	-	-	-
Total	\$662.5	\$330.9	\$216.0	\$216.5	\$222.6
Projects	(512.4)	(288.4)	(178.0)	(177.9)	(144.1)
Balance	\$150.0	\$42.5	\$37.9	\$38.6	\$78.5

\$ in millions

Capital Project Revisions

- The Governor has requested 4 amendments that change RICAP funding for several projects
 - Technical to align with final FY 2024 audit
 - Project shortfalls based on updated estimates or information
 - Reductions to cover other shortfalls
 - Expenses shift outside the 5-year planning horizon or pending master plan outcomes

RICAP GBA 6, 7, 14, & 15

	FY 2024	FY 2025	FY 2026	FY 2027	Total Change
DOA	\$0.9	\$(0.9)	\$ -	\$ -	\$ -
DOR	-	0.2	-	-	0.2
DCYF	-	-	(4.0)	4.0	-
RIC	3.9	(3.9)	-	-	-
Davies	0.3	(0.3)	4.5	-	4.5
Military Staff	0.1	(0.1)	4.3	7.6	11.9
DOT	(0.1)	0.1	-	-	-
Total	\$5.1	\$(4.8)	\$4.8	\$11.6	\$16.6

\$ in millions

Capital Projects – *State Office Property Acquisition*

- Recommends \$31.0 million for FY 2026
 - Acquire & renovate 115 Tripps Lane in E.P.
 - Offset costs by terminating state leases
- Property features
 - 25 acres of land
 - 210,000 square ft. single story
 - 129,000 square ft. of office space
 - 60,000 square ft. data center
 - 800+ parking spaces

Capital Projects – *Regan Building*

- Recommendation includes \$61.9 million, including \$42.8 million from RICAP to renovate Regan Building
 - Address ligature risk
 - Mechanical inf

	FY 2025
Infrastructure - RICAP	\$17.8
Hospital Reorganization	44.1
RICAP	25.0
Approved COPS	19.1
Total	\$61.9

\$ in millions

Capital Projects – *Zambarano Long-Term Care*

- Governor recommends \$107.0 million from RICAP funds from FY 2025 - FY 2029
 - \$8.6 M for FY 2025 & \$26.1M for FY 2026
 - Construct 100-patient long-term care facility Zambarano Campus
 - Replacing Beazley building
- Capital budget assumes \$90M in new debt to supplement current pay-go
 - With use starting in FY 2027
- Assembly consideration???

Out-Years

- As submitted the budget has out year deficit of \$300 million for FY 2027
 - Grows to \$400 million by FY 2030
 - Use of surplus in current budget
 - Other program growth
- Annual expenditures outpace revenues

Uses – Growth Rates

Item	Est. Annual Growth
State Personal Income	4.0%
Nonfarm Employment	0.0%
Taxes	3.2%
Total Revenues	2.8%
Total Expenditures	3.6%
Salaries & Benefits – 21% of total	2.8%
Medicaid 31% of total	4.2%

Governor's FY 2026 Budget

- Risks and Opportunities
 - Uncertainty in Washington, DC
 - Capacity to implement current initiatives
 - Staffing challenges
 - Cyber Attack and caseload impacts
 - Capital project pricing
 - Washington Bridge solution
 - Demographics - limited population growth
 - Growth in older populations
 - Decline in working-age populations

Summary

- Results of the May Revenue & Caseload Conference increase available resources for the FY 2025 revised & FY 2026 budgets by ~\$65M
- Governor's budget solved a projected problem about 4 times that size
 - *Other new issues have emerged that have exacerbated the gap*
 - *Not all issues accounted for*

Budget Status

Staff Presentation to the House Finance
Committee
May 14, 2025
