Section III

Agency Analyses

Department of Administration

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Central Management	$ 2,067,998	$ 238,540,821	$ 129,164,348	$ 263,601,178
Accounts & Control	5,283,112	5,005,779	4,827,505	13,337,649
Office of Management & Budget	9,543,885	9,691,909	9,718,857	9,927,597
Purchasing	4,526,725	4,192,924	4,145,838	4,070,981
Human Resources	389,142	389,142	1,099,549	1,099,549
Personnel Appeal Board	125,298	125,503	120,050	120,050
General	33,081,127	240,796,553	85,775,905	44,775,905
Debt Service	194,010,814	193,768,814	184,730,292	184,730,292
Legal Services	1,978,549	3,343,181	2,262,149	2,262,149
Information Technology	10,961,048	20,038,460	3,674,212	10,346,505
Library Programs	2,975,869	2,987,798	3,214,131	5,444,464
Planning	7,292,535	7,407,227	5,928,508	5,921,109
Energy Resources	8,483,725	13,925,482	9,552,650	9,552,650
Statewide	308,465,000	4,688,688	3,245,269	-
Health Benefits Exchange	21,544,792	13,544,790	24,902,490	24,902,490
Diversity, Equity & Opportunity	1,447,830	1,202,320	1,229,792	1,358,591
Capital Asset Mgt. & Maint.	10,870,867	58,105,506	25,356,573	13,718,886
Total	**$ 623,048,316**	**$ 817,754,897**	**$ 498,948,118**	**$ 595,170,045**
Expenditures by Category				
Salaries and Benefits	$ 30,829,686	$ 31,134,934	$ 23,398,107	$ 30,955,306
Contracted Services	11,424,063	56,895,691	36,628,715	22,875,598
Subtotal	**$ 42,253,749**	**$ 88,030,625**	**$ 60,026,822**	**$ 53,830,904**
Other State Operations	114,304,438	41,322,556	33,916,297	29,103,809
Aid to Local Units of Government	12,264,938	12,264,938	11,664,938	11,664,938
Assistance, Grants, and Benefits	142,008,719	139,085,129	13,838,332	15,818,665
Capital	28,305,658	31,296,660	32,407,437	41,157,437
Capital Debt Service	193,910,814	193,668,814	184,630,292	184,630,292
Operating Transfers	90,000,000	312,086,175	162,464,000	258,964,000
Total	**$ 623,048,316**	**$ 817,754,897**	**$ 498,948,118**	**$ 595,170,045**
Sources of Funds				
General Revenue	$ 313,013,170	$ 333,875,101	$ 243,186,421	$ 196,032,533
Federal Aid	205,851,758	380,308,649	149,580,747	275,440,907
Restricted Receipts	38,833,760	38,655,663	30,032,478	45,798,133
Other	65,349,628	64,915,484	76,148,472	77,898,472
Total	**$ 623,048,316**	**$ 817,754,897**	**$ 498,948,118**	**$ 595,170,045**
FTE Authorization	**647.7**	**647.7**	**649.7**	**650.7**

Summary. The Department of Administration requested FY 2022 expenditures totaling $327.3 million from all sources, including $200.0 million from general revenues. The request is $295.7 million less than enacted, reflecting the removal of $218.9 million for COVID-19 expenses and the $90.0 million for

repayment to the Rhode Island Capital Plan Fund. Adjusting for these expenses, the request is $12.7 million more, including $6.7 million less from general revenues primarily for debt service. The request includes staffing of 658.1 full-time equivalent positions, 10.4 more than enacted. The Department also submitted a constrained budget, reducing the requested general revenue amount by $3.5 million. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommended $498.9 million from all sources, including $243.2 million from general revenues. This is $171.6 million more than requested, including $120.0 million from federal funds, pursuant to federal legislation adopted in December 27, 2020, for rent and utilities assistance, and $21.8 million for COVID-19 related expenses. The Governor proposed legislation in Article 1 of 2021-H 6121 to delay the repayment. It includes $7.5 million in FY 2021 and $42.5 million in FY 2022, leaving $70.0 million to be paid in FY 2023. The Governor recommended staffing of 649.7 full-time equivalent positions, 2.0 more than authorized. A requested amendment adds authorization for an equal opportunity administrator position, bringing recommended staffing to 650.7 full-time equivalent positions.

The Governor subsequently requested several amendments: shifting expenditures for the settlement with the Laborers' International Union of North America from FY 2022 to FY 2021 and updating COVID-19 related expenses based on the availability of federal funds. A requested amendment also adds $8.8 million from federal state fiscal recovery funds, including $6.7 million to support the Office of Pandemic Recovery.

The Assembly provided a total of $595.2 million from all sources, including $196.0 million from general revenues. This is $96.2 million more than the original recommendation, including $47.2 million less from general revenues, reflecting a full repayment of the Rhode Island Capital Plan Fund in FY 2021 and distributing centralized service expenses to affected agencies. The Assembly essentially concurred with the requested amendments, with the exception of funding for the Office of Pandemic Recovery, for which it provided restricted receipts. It also added $141.2 million from American Rescue Plan Act funds, including $114.0 million for emergency rental and utility assistance, $25.0 million for a Homeowner Assistance Fund and $2.2 million for library services.

Staffing. The request includes $31.1 million from all sources for salary and benefit costs for 244.6 full-time equivalent positions. The authorization for the remaining 413.5 full-time equivalent positions are included in the Department of Administration; however, they are supported by internal service fund charges, which appear as operating costs in the agencies billed. The enacted budget includes one-time savings of $0.3 million, of which $0.2 million is from general revenues based on 71 individuals who opted to participate in the workshare program. It also includes a shift of $1.1 million of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency. The request is $258,492 more than enacted and is $0.1 million more than the revised request; however, it is $1.6 million more than FY 2020 expenses. It assumes turnover savings of $1.7 million or $0.1 million less for salaries and benefits that are supported by direct appropriation.

The request assumes staffing of 658.1 full-time equivalent positions with staffing adjustments made in several programs, resulting in 10.4 positions more than enacted. Subsequently, the Department indicated that it had intended to request staffing consistent with the Governor's original FY 2021 recommended budget, which is 5.0 more than the FY 2020 enacted budget. It appears that staffing authorization increased in the Office of Accounts and Control, the Division of Legal Services, Information Technology, and Telecommunications. The latter two programs are supported by internal service charges.

The Governor recommended staffing of 649.7 full-time equivalent positions, 2.0 more than authorized. This includes a position to manage the state's insurance program and one position for the Division of Human Resources, to serve as a business partner to agencies. The latter position would be supported by internal service fund charges. The recommendation assumes 421.5 full-time equivalent positions supporting internal service fund programs, 4.5 more than enacted. This primarily reflects the transfer of 6.0 positions

relating to payroll processing from the Office of Accounts and Control to the human resources internal service fund. The Governor subsequently requested an amendment to add funding and authorization for an equal opportunity administrator position, bringing recommended staffing to 650.7 full-time equivalent positions. **The Assembly concurred with the amended recommendation.**

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another.

The request includes $12.1 million from all sources, including $11.5 million from general revenues for the Department's share of centralized services. This is $1.9 million less than enacted, including $1.0 million less from general revenues and $0.9 million less from restricted receipts. By component, the request includes $0.5 million for human resources support, which is $0.1 million more than enacted and is $73,810 more than FY 2020 expenses. It includes $8.6 million for facilities management, which appears to be overstated by $0.6 million based on FY 2020 expenses and expenditures incurred through the second quarter of FY 2021. The request includes $2.9 million for information technology services, while this is $2.0 million less than enacted, it is $0.2 million more than FY 2020 expenses. The reduction appears to be based on available resources from the 1.0 percent assessment on master price agreements from vendors and funds from the Information Technology Investment Fund.

The Governor recommended $19.8 million, including $7.1 million in undistributed expenditures to agencies, including $4.1 million for facilities management and $3.1 million for information technology services. This plan is inconsistent with the idea of internal service funds and the reason they were created. The recommendation includes $12.7 million for the Department's share of services. This is $0.6 million more than requested, including $50,000 more from restricted receipts for information technology services. It also includes $0.6 million more general revenues for human resources support, based on the recommendation to shift 6.0 full-time equivalent positions from Accounts and Control to human resources.

The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur. It further reduced expenses in the Department of Administration by $0.8 million based on updated agency charges, including $0.3 million more for information technology support and $1.2 million less for facilities management services.

Statewide

COVID Relief - Hospital Assistance Partnership Program. The administration announced a Hospital Assistance Partnership Program, which provides financial assistance to hospitals with the intent of maintaining a responsive hospital system. A total of $95.5 million was provided in FY 2020 as part of phase one. The FY 2021 enacted budget includes $125.0 million from federal Coronavirus Relief funds for a second round of funding, which was paid on December 30, 2020. The request removes this one-time expense. *The Governor concurred.* **The Assembly concurred.**

COVID Relief - Rent and Utilities Assistance. The federal Coronavirus Response and Relief Supplemental Appropriations Act adopted on December 27, 2020 provides the state a minimum allocation of $200.0 million for rental assistance and utilities expenses. States that have not obligated at least 65 percent of the allocation by September 30, 2021 will have funds recaptured. For Rhode Island, that threshold is $130.0 million. Not less than 90.0 percent of funding must be used for financial assistance for rent, home utility costs, or other housing expenses incurred due to COVID-19; up to 10.0 percent may be used for supportive services including case management and other services. Applicants may apply for both rental and utility assistance or separately for either expense as of March 13, 2020. Payments are made

directly to property owners or utility providers if possible. Income eligibility is limited to 80.0 percent of area median income, with a requirement to prioritize households with income under 50.0 percent of area median income or where a member has been unemployed for 90 days. Based on Housing and Urban Development rates for 2020, the most current data available, 50.0 percent of area median income for Rhode Island is $31,450 to $59,250 depending on family size and 80.0 percent area median income is $50,300 to $94,850 depending on family size.

Households within the income thresholds that rent are eligible, provided a member qualified for unemployment benefits, has a pandemic-related income reduction, or is at risk for homelessness or housing instability. Grants for households may be used for rent or utilities prospectively or in arrears for up to 12 months in three month increments; the state may provide up to an additional three months in cases of housing insecurity. Utility expenses include electricity, water, sewer, gas, oil, refuse removal, and internet service may be included based on parameters determined by the state to maximize the availability of rental assistance funds. Recipients of other federal housing support programs are ineligible for any expenses reimbursed by other federal assistance. The request predates the enactment of the budget and therefore excludes this expense. The program, which launched in March 2021 is administered by Rhode Island Housing. *The Governor's budget assumes this expense in the Department of Administration's budget, including $80.0 million in FY 2021 and $120.0 million in FY 2022.*

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into law which includes funding through September 2027 to continue to provide rent and utilities assistance. Grantees under the program may fund awards through September 2025. Rhode Island is anticipated to receive at least $152.0 million over time. The act includes a recapture provision of unspent funding beginning March 1, 2022, and expands the use of funds to include affordable housing and eviction prevention services after October 1, 2022; it also extends the use of funds from the first rental assistance program from December 31, 2021 to September 30, 2022. The Budget Office identified $114.0 million of funding from the American Rescue Plan Act to be included in FY 2022. **The Assembly concurred with the amended recommendation.**

Homeowner Assistance Fund. The American Rescue Plan Act includes a minimum allocation of $50.0 million to Rhode Island to establish a Homeownership Assistance Fund. The fund provides resources to assist homeowners of single to four family residences experiencing a pandemic-related hardship with mortgage and other financial assistance including insurance, utility, internet, or other expenses to remain in their homes, or for reimbursement to state and local governments for homeowner assistance consistent with the aforementioned aid. *The recommended budget was submitted on the day the American Rescue Plan Act was signed into law.* **The Assembly provided $25.0 million in FY 2022.**

COVID Relief - Surge Hospital Operations and Deconstruction. The enacted budget includes $53.1 million from all sources for surge hospital operations and deconstruction related to COVID-19. This includes $11.4 million from general revenues to cover expenses to be incurred in the second half of FY 2021 for which there was expected to be no other federal support. A total of three alternate site hospitals were constructed in Providence, Cranston, and North Kingstown to handle an influx of COVID-19 positive patients. The request removes this one-time expense.

The recommended budgets include a total of $67.9 million over two years for surge expenses, which is $11.4 million more than the enacted budget had assumed. This includes $3.2 million less from general revenues, offset by $11.6 million more federal funds; additional federal funds have become available since the budget was adopted. Of the $12.9 million recommended for FY 2022, $12.0 million is included in the Department of Administration's budget and $0.9 million in the Department of Health's budget. The Governor requested an amendment to reduce these expenditures by $9.9 million based on projected expenses. **The Assembly concurred and provided $2.1 million in the Department of Administration's budget.**

COVID Relief - Individual Support. The enacted budget includes $12.9 million from all sources, of which $2.6 million is from general revenues for expenses associated with quarantine and isolation, which includes temporary housing for those that cannot isolate in their homes. The request excludes this one-time expense.

The Governor recommended $27.3 million in both FY 2021 and FY 2022. This is $12.2 million more than the enacted budget had assumed, including $1.6 million less from general revenues offset by $13.8 million more federal funds; additional federal funds have become available since the budget was adopted. Of the $6.8 million recommended for FY 2022, $2.1 million is included in the Department of Administration's budget and remaining expenses are in the Departments of Health, Children, Youth and Families and the Executive Office of Commerce. **The Assembly concurred with the Governor's subsequent amendment to remove the $2.1 million of expenses budgeted in the Department of Administration's budget.**

COVID Relief - Supplies. Under current federal law, the Stafford Act authorizes the President to provide federal assistance when the magnitude of an incident exceeds a government's capabilities to respond or recover. On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. The Stafford Act constitutes the statutory authority for most federal disaster response activities as they pertain to Federal Emergency Management Agency programs. Under this declaration, Rhode Island qualified for reimbursement of 75 percent of certain expenses. The enacted budget includes $32.0 million from federal funds to account for these expenses in addition to $0.3 million from general revenues in the Emergency Management Agency's budget.

The Governor recommended $42.9 million for FY 2021 and FY 2022, which is $10.9 million more than the enacted budget had assumed. This includes $0.3 million less from general revenues, offset by $11.2 million more from federal funds; additional federal funds have become available since the budget was adopted. Of the recommended amounts, $1.2 million is in the Department of Administration's budget for lease expenses to store supplies. The Governor requested an amendment to increase these expenses in the Department of Administration's budget by $0.6 million. **The Assembly concurred and included $1.8 million in the Department of Administration's budget; $0.1 million is also included in the Rhode Island Emergency Management Agency's budget.**

COVID Relief - Government Readiness. The enacted budget includes $26.1 million from all sources in the Department of Administration's budget, including $1.9 million from general revenues for expenses associated with government readiness, including screening, janitorial and reconfiguration of lobby and cubicle areas in the state. The request removes this one-time expense.

The recommended budgets include a total of $36.7 million over two years for government readiness, which is $2.9 million more than the enacted budget had assumed, including $0.2 million more from general revenues and $2.7 million more from federal funds; additional federal funds have become available since the budget was adopted. Of the $5.5 million recommended for FY 2022, $0.8 million is included in the Department of Administration's budget. The Governor requested an amendment to increase these expenses by $1.6 million, primarily for emergency or unforeseen expenses related to the pandemic. **The Assembly concurred and included a total of $2.5 million in the Department's budget**.

COVID Relief - Legal. The administration provided a report which showed committed spending of $1.6 million over FY 2020 and FY 2021 for legal services related to COVID-19. This includes $1.0 million for outside legal services and $0.6 million for a case management software system to track the status of legal cases statewide. The Department selected a vendor and expects the system to be completed in FY 2021. It appears $0.2 million was spent in FY 2020 and the FY 2021 enacted budget includes $1.4 million, including $0.3 million from general revenues. The request excludes this expense but adds $90,000 from general revenues for annual software maintenance and hosting fees of the system.

The constrained request removes the expense for the software maintenance. It is unclear if another source of funding for this expense was identified. *The Governor recommended the requested $90,000.* **The Assembly concurred.**

COVID Relief - Public Health Response. The enacted budget includes $10.6 million from all sources in the Department of Health's budget for technical enablement and development related expenses, including the CrushCovid RI App, the Salesforce software which is used to coordinate the tracking of demographic data, personnel costs for contractors providing support and information technology expenses. The request predates the enactment of the budget and does not assume these expenses.

The Governor recommended a total of $40.1 million over two years, which is $16.7 million more than the enacted budget had assumed. Of the $10.4 million recommended for FY 2022, $327,707 is included in the Department of Administration's budget for contracted services. **The Assembly concurred with the Governor's requested amendment to remove the $327,707 included in the Department of Administration's budget.**

COVID Relief - Stimulus Reserve. On March 6, 2020, President Trump signed into law the Coronavirus Preparedness and Response Supplemental Appropriations Act. On March 13, 2020, President Trump declared that a nationwide emergency exists as a result of COVID-19 beginning on January 20, 2020. The Families First Coronavirus Response Act and Coronavirus Aid, Relief, and Economic Security Act were signed into law by the President on March 18 and 27, 2020, respectively. A fourth act, the Paycheck Protection Program and Health Care Enhancement Act, was signed by the President on April 24, 2020. On December 27, President Trump signed into law a consolidated appropriations act for FY 2021 that contains $900 billion in additional COVID-19 relief. On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021.

The recommended budget includes $5.3 million of expenditures from federal funds for which a specific grant source had not been identified at the time of the submission. This appears to assume that the expenses would be suitable for some of the funding approved in the American Rescue Plan Act, which President Biden signed the day the budget was submitted to the General Assembly. **The Assembly concurred with the Governor's requested amendment to remove these expenses from the budget.**

Rainy Day Fund. The FY 2020 final budget transferred $120.0 million from the Budget Stabilization and Cash Reserve Account or "Rainy Day Fund" for use in balancing that budget. At the time of the transfer, current law required that the repayment be made the following fiscal year to the Rhode Island Capital Plan Fund. The 2020 Assembly appropriated $90.0 million for the repayment and included legislation in Section 18 of Article 1 of 2020-H 7171, Substitute A, to delay the full payback until FY 2022. The request predated the enacted budget and did not include the required $30.0 million repayment for FY 2022. *The Governor proposed legislation in Article 1 of 2021-H 6121 to delay the repayment. It includes $7.5 million in FY 2021 and $42.5 million in FY 2022, leaving $70.0 million to be paid in FY 2023.* **The Assembly included $120.0 million from general revenues for FY 2021 to complete the full repayment in FY 2021.**

Laborers' International Union of North America Settlement. The state anticipates a settlement agreement with the Laborers' International Union of North America regarding back pay for longevity and overtime payments. The methodology for the way in which payments were made understated the state's contribution. The Department's request did not assume this expense.

The recommended budget reserves an estimated $4.3 million from general revenues to correct for this, in anticipation of an agreement. The base adjustment amount going forward has not been determined. Subsequently, the Governor requested an amendment to include $4.7 million in FY 2021 as a settlement agreement is anticipated to occur in June 2021. The base adjustment to agency budgets for FY 2022 and

forward is estimated at $0.5 million from all sources, including $0.3 million from general revenues. **The Assembly concurred with the amended recommendation and included these costs in agency budgets.**

Voluntary Retirement Incentive. The administration implemented a voluntary retirement incentive program during FY 2021, similar to the previous incentive offered during FY 2018. State employees eligible to retire on or before December 31, 2020 are eligible for the incentive, which is two times the employee's longevity, capped at $40,000. The incentive will be implemented in stages: employees with longevity of 20.0 percent must retire by April 15, 2021, employees with longevity of 15.0 percent or 17.5 percent no later than May 15, 2021, and employees with longevity of 5.0 percent or 10.0 percent must retire by no later than June 15, 2021. Employees who are eligible can obtain an extension, which must be approved by the State Personnel Administrator; those who have obtained extensions must leave state service by September 30, 2021.

The administration indicated that there were 900 eligible state employees and as of March 11, it appears that 214 individuals opted to receive the incentive payment and 32 extensions were approved.

Based on the impact to the assessed fringe benefit fund being used to pay the incentive, the Governor's budget adds $2.2 million from general revenues in associated benefit rate increases in FY 2021 and the FY 2022 recommended budget includes $8.2 million undistributed general revenue savings. The net general revenue savings is $6.0 million. This assumes a delay in refilling the positions and that they are filled without paying the longevity bonus or otherwise upgraded from the current classification. **The Assembly distributed the FY 2022 savings and included $0.5 million for the Department's share of the savings based on the 32 individuals who took the incentive during FY 2021.**

Local Aid

Library Aid. The Department requested the enacted amount of $9.6 million to level fund state support of public libraries. The request is $1.3 million or 14.7 percent less than allowed under current law. It funds library aid at 21.8 percent of the second prior fiscal year's local expenditures for library services. The statute authorizes a 25.0 percent reimbursement subject to appropriation.

The chief library officer annually determines each municipality's compliance with the maintenance of effort by comparing appropriation and expenditure amounts as reported by the libraries or the municipalities. In the event that a municipality has failed to meet the maintenance of effort requirement, the chief library officer will notify the municipality that it is not eligible for a state grant-in-aid. A municipality that is deemed ineligible may request a waiver from the requirement by submitting a letter to the chief library officer. Of the $9.6 million for library aid, $0.7 million is for the Reference Resource Center at the Providence Public Library. The reference resource grant to the Providence Public Library enables the library to develop its reference collection, extend its hours, and provide statewide reference research for all Rhode Island libraries and residents. *The Governor recommended funding as requested.* **The Assembly concurred.**

Library Construction Aid. The Department requested $2.1 million from general revenues for library construction aid. This is $0.6 million less than enacted to reflect funding requirements for FY 2022 based on updated cost information, interest rates, and construction schedules for approved projects. The majority of the decrease relates to completed reimbursements for two projects, one each in Newport and Woonsocket, and revised reimbursement for a project in Providence. The state reimburses libraries up to half the total cost for eligible projects on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project.

The 2011 Assembly adopted legislation to set a three-year moratorium on the acceptance of applications for library construction aid projects that ended July 1, 2014. The Office of Library and Information Services

received a letter of intent from the Town of Narragansett; however, that project is on hold while it is redefined. *The Governor recommended funding as requested.* **The Assembly concurred.**

Office of Energy Resources

Salaries and Benefits. The request includes $1.5 million from federal funds and restricted receipts for salary and benefit expenses of 12.0 full-time equivalent positions. This is $45,971 less than enacted to reflect additional turnover for which the enacted budget assumed $118,217. As of January 2, the Office has one vacancy. The request also includes $39,130 for a policy intern. Other personnel expenses are $33,116 more for benefits rates consistent with FY 2022 planning values and employee medical benefit selection. *The Governor recommended funding as requested.* **The Assembly concurred.**

Regional Greenhouse Gas Initiative. The Department requested $7.0 million or $2.2 million more than enacted from the Regional Greenhouse Gas Initiative restricted receipt funds based on available resources. The receipts are derived from the sale of carbon emission credits through an auction process; four auctions are held annually. The request includes $6.7 million or $2.1 million more than enacted to provide grants for energy conservation projects that invest in projects that reduce long-term energy demands and costs. Program administration expenses are $0.1 million more for contracted services. *The Governor concurred.* **The Assembly concurred.**

Volkswagen Settlement Funds. The request includes $85,627 from Volkswagen Settlement funds for the Electric Vehicle Charging Station Incentive Program. The request is $1.1 million less than enacted, reflecting available resources. A total of $1.4 million is available, the revised request assumes use of $1.3 million to provide incentives to purchase and install electric vehicle charging station equipment. Incentives are based upon applicant type, state agencies, quasi, local government or another entity and whether the charging stations will be available for public use. The Department of Environmental Management is the designated state agency and has the primary responsibility for implementation of the "Beneficiary Mitigation Plan" for use of the Volkswagen Settlement funds. *The Governor concurred.* **The Assembly concurred.**

Other Expenses. The request includes $0.8 million from federal funds and restricted receipts for all other expenditures. This is $59,331 more than enacted, including $0.2 million more to support the Energy Efficiency and Resources Management Council and $146,800 less in Reconciliation Funding through the Renewable Energy Growth Program for the Distributed Generation Board, which is budgeted in FY 2021 to conduct a study to verify energy savings of energy efficiency programs, pursuant to legislation adopted by the 2018 Assembly. *The Governor recommended funding as requested.* **The Assembly concurred.**

HealthSource RI

Health Reform Assessment Receipts. The 2015 Assembly adopted legislation authorizing the Department of Administration to charge a health reform assessment to support the operations of HealthSource RI. The 2019 Assembly concurred with the Governor's proposal and adopted legislation to decouple the state's premium assessment upon those insurers offering products on the Exchange from the rate charged for federally facilitated marketplaces and established a 3.5 percent fee in statute, effective January 1, 2020. The federal rate decreased from 3.5 percent to 3.0 percent on January 1, 2020. The request assumes receipts of $8.1 million, $0.5 million more than the enacted budget based on updated enrollments of 34,780 in the individual/family group and 7,284 in the small business group. The enacted budget is based on 33,926 in the individual/family group and 6,169 in the small business group. Enrollments as of December 31, 2020, were 30,761 in the individual/family group and 6,070 in the small business group.

At the end of FY 2020, there was $3.4 million available from assessment receipts and the enacted budget shifted $1.0 million of general revenue expenses to these receipts based on the office's updated projections.

At the end of FY 2022, the office projects a surplus balance of $0.2 million. *The Governor concurred.* **The Assembly concurred.**

Health Insurance Market Integrity Fund. The 2019 Assembly concurred with the Governor's recommendation and adopted legislation establishing a Reinsurance Program to provide stability in the individual insurance market. The legislation imposes a Shared Responsibility Payment penalty for individuals who do not have health insurance coverage, with certain exemptions, effective on January 1, 2020. The penalty will be collected by the tax administrator and deposited into a restricted account and will be used to provide reinsurance, or payments to health insurance carriers, as a means of ensuring that premiums do not increase drastically, and for administrative costs. Remaining funds from the penalty can be used for preventative health care programs in consultation with the Executive Office of Health and Human Services. Current law prohibits the use of general revenues for reinsurance payments.

The revised request reduces expenditures to $1.2 million from penalty payments, which is $8.3 million less than the enacted amount based on the office's updated timeline that reinsurance payments to health insurance carriers will not likely be made in FY 2021, given the timing of tax collections. Of that $1.2 million, $0.4 million support approximately three positions in the Division of Taxation for collection activities and the office's staff time dedicated to reviewing and approving exemptions. The remaining $0.8 million will be used to make modifications to the State Tax Administration and Revenue System.

The FY 2022 request assumes $8.9 million from penalty payments, or $0.7 million less than enacted as the initial investment to the State Tax Administration and Revenue System will be made in FY 2021. The request includes $8.4 million or $0.1 million more to make payments to health insurance carriers. It includes $458,467 for program administration, of which $293,799 will be used to support approximately three positions in the Division of Taxation for collection activities and the remaining $164,666 will be used to support staff time dedicated to reviewing and/or granting exemptions from making a penalty payment.

The request does not include the federal portion of the reinsurance payment to health insurance carriers, which appears to have been excluded in error. *The Governor concurred and included $5.2 million for the federal portion of the reinsurance payment.* **The Assembly concurred.**

Salaries and Benefits. The request includes $2.2 million from restricted receipts to support 14.0 full-time equivalent positions for HealthSource RI. This is $0.2 million more than enacted, to primarily reflect restoration of turnover savings assumed in the enacted budget; both positions have been vacant for more than one year. The request includes benefit rates consistent with FY 2022 planning values. As of the pay period ending January 2, there were 12.0 filled positions. *The Governor recommended funding as requested.* **The Assembly concurred.**

UHIP Expenses. Excluding salaries and benefits, the request includes $5.0 million or $0.6 million more than enacted from restricted receipts for HealthSource RI's share of the Unified Health Infrastructure Project related expenses. It appears that these account for 63.2 percent of expenditures from the health reform assessment funds. The request includes $1.9 million for the contact center, $0.1 million more than enacted; $2.5 million for the Deloitte contract for information technology support, $0.4 million more than enacted; and the enacted amount of $0.4 million for management consultant services. *The Governor recommended $0.3 million less than requested based on rebidding the contract.* **The Assembly concurred.**

Management and Other Services. The request includes $3.1 million from all sources, including $2.5 million from general revenues to fund various management and other contracts. It includes $1.6 million for the HealthSource RI for Employers program, previously known as "SHOP," $0.6 million for data analytics, $0.5 million for outreach and $0.2 million for all other expenses. The request is $1.4 million less than enacted, including $1.7 million more from general revenues reflecting the exclusion of $0.5 million for one-time expenses to enhance the enrollment platform for small business and other expenditures.

The constrained request reduces the requested general revenue expenses by $2.0 million. It should be noted that use of general revenues to support the office was originally intended only for a transitional period. Enrollments were projected to have grown along with receipts more than they did. From FY 2016 through FY 2020, general revenues appropriated totaled $11.5 million. It is worth noting that general revenue appropriations are used first, while surpluses from health reform assessment receipts have accumulated. At the end of FY 2020, the office had $3.4 million in available resources. The FY 2021 enacted budget used $1.0 million of this surplus to offset state costs. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Expenses. The request includes $328,800 from restricted receipts for all other expenses, $0.3 million less than enacted, including $0.1 million less from general revenues, offset by $0.3 million more in available restricted receipts. The request includes $0.1 million or $0.1 million less for mailing of notices, including eligibility, open enrollment and benefit changes and $145,000 less for a lease payment, in anticipation of the office moving to state-owned space. Subsequently, HealthSource RI indicated that it reviewed several potential office locations with the Division of Capital Asset Management and Maintenance; however, based on the amount of time it will take to renovate a facility, it had to extend the lease agreement for office space in East Providence to June 2022. *The Governor concurred.* **The Assembly concurred.**

Debt

38 Studios. The final debt payment for 38 Studios was made in FY 2021. The request therefore excludes this expense. *The Governor concurred.* **The Assembly concurred.**

Convention Center Authority. The request includes $22.9 million from general revenues for debt service payments for the Convention Center Authority. This is consistent with the enacted budget; however, it is $0.8 million more than the Budget Office current service estimate. The enacted budget includes an additional $0.8 million to the Authority because of the likelihood that the center will have little revenue as a result of the COVID-19 pandemic. On March 9, the Governor declared a state of emergency because of dangers posed by COVID-19. Subsequently, all scheduled events at the facility were cancelled and the Authority negotiated a lease to use the Convention Center facility as hospital space for coronavirus patients.

The Authority oversees the operations of the Convention Center, Dunkin' Donuts Center, Veterans Memorial Auditorium and the Garrahy Courthouse Garage; the facilities are managed by a third-party, which is ASM Global. The contract with ASM Global will expire on June 30, 2025. Under the terms of the lease agreement between the state and the Authority, the minimum rentals payable to the state in any fiscal year are equal to the gross debt service costs in that year; the state is responsible for covering any operating shortfalls and recoups any operating profits. *The Governor recommended funding essentially as requested.* **The Assembly concurred.**

Garrahy Parking Garage. The request includes $3.0 million from general revenues for the total cost of the debt service for the Garrahy Parking Garage. This is $1.1 million more than enacted and is $3.0 million more than the Budget Office current service estimate, which did not assume state support beyond FY 2021. The request assumes no revenues. The garage opened in March 2020 and through the first half of FY 2021, $0.7 million has been collected and operating expenses totaled $0.1 million, resulting in $0.6 million in available revenues which can be used for debt to lower the state's debt service obligation.

The 2014 Assembly authorized the Convention Center Authority to issue up to $45.0 million for the construction of the garage, and the 2016 Assembly amended the authorization to allow the borrowing to occur if the Authority has three purchase and sale agreements or Wexford Science and Technology agrees to lease no less than 400 parking spaces. The bonds were issued in March 2018. *The Governor recommended $1.7 million, which is $0.3 million less than enacted. It assumes $1.3 million in revenues to*

lower the state's debt service obligation. The recommendation does not assume state support beyond FY 2023.

The Authority is in the process of refinancing its debt. Savings of $8.0 million would be achieved in FY 2021 and FY 2022 and additional costs would be incurred from FY 2023 through FY 2026. It appears that $3.9 million of the savings would be used for cost overruns not previously disclosed for the construction of the Garrahy Garage. **The Assembly concurred.**

Department of Transportation. The Department requested $34.4 million from all sources, including $1.4 million from available federal Build America Bond proceeds and $33.0 million from gasoline tax proceeds for the Department of Transportation's share of general obligation bonds issued. This is $2.0 million less than enacted and it appears to be based on FY 2020 expenditures. The current service amount is $37.8 million. *The Governor concurred.* **The Assembly concurred.**

Other General Obligation Bond Debt. The request includes $76.8 million from all sources, including $75.1 million from general revenues, $1.4 million from other funds for general obligation debt service payments. This is $4.5 million more than enacted, all but $49,020 is from general revenues. *The Governor recommended $0.7 million more than requested based on projected payments.* **The Assembly concurred.**

Certificates of Participation. Consistent with the current service estimate, the request includes $23.9 million from general revenues for all debt issued through Certificates of Participation for information technology, energy conservation, and the Department of Children, Youth and Families' Training School. The request is $3.2 million less than enacted, to primarily reflect retiring of the Pastore Power Plant debt. The following table shows the list of the projects and scheduled last payment date.

Projects	Projected Payment	Offset	FY 2022 Recommendation	Last Payment Date
Kent County Courthouse	$ 4,616,125	$ -	$ 4,616,125	FY 2024
DCYF Training School	4,215,000	-	4,215,000	FY 2025
Energy Conservation	4,130,875	-	4,130,875	FY 2025
Innovative Technology	4,966,675	(1,247,151)	3,719,524	FY 2025
Traffic Tribunal	1,670,475	-	1,670,475	FY 2025
School for the Deaf	2,481,500	-	2,481,500	FY 2029
Hospital Consolidation	1,868,800	-	1,868,800	FY 2034
Total	**$23,949,450**	**$ (1,247,151)**	**$ 22,702,299**	

The Governor recommended $22.7 million, $1.2 million less than requested. This assumes unused proceeds will be used toward the debt service payment for the Innovative Technology projects, for which $23.5 million was approved in 2007. **The Assembly concurred.**

I-195 Land Acquisition Debt Service. The request includes $3.2 million from general revenues for debt service costs of the I-195 land acquisition project. The projected debt service amount is $4.4 million; the request assumes $1.2 million of proceeds from land sales will be used to cover the debt. This is consistent with the current service estimate and is $1.2 million more than enacted. The 2011 Assembly's debt authorization stipulated that proceeds from the eventual sale of the land parcels would be used for debt service costs. The legislation assumed $42.0 million of revenue bonds would be issued by the Economic Development Corporation to purchase land made available through the relocation of Interstate 195 by the Department of Transportation. The project requires resources from these land sales to finance the remaining work, and this interim mechanism allows for a more deliberate process led by the I-195 Redevelopment Commission on the disposition of the land to occur while the project is completed. The principal amount for the bonds is $38.4 million, which was originally amortized over a ten-year period, with a balloon payment of $32.0 million due in FY 2023; however, the FY 2020 budget indicated the balloon payment

was to be amortized for an additional ten years. *The Governor recommended $2.4 million, $0.8 million less than requested based on anticipated land sale proceeds.* **The Assembly concurred.**

Fidelity Job Rent Credits. Consistent with the current service estimate, the request includes $1.0 million from general revenues for payments under the Fidelity Job Rent Credits agreement. The enacted budget assumes that the debt service in FY 2021 would be paid with available reserve funds. Under the incentive-based agreement between the state and Fidelity, the state provides job rent credits for each full-time equivalent employee in excess of a 1,000-employee base. *The Governor recommended $350,000, which is $0.6 million less than requested based on lower projected job rent credits*. **The Assembly concurred.**

Other Debt. The request includes $19.5 million from general revenues and other funds for all other debt expenses. This includes $19.4 million, or $4,977 more than enacted from general revenues to fund costs for debt issued to pay for historic tax credits. The debt comes from the 2008 Assembly's legislation, which significantly modified the program. It required upfront processing fees, placed a moratorium on new projects, reduced the overall effective credit from 27.75 percent to 22.0 percent, and authorized borrowing sufficient funds to cash out all credits. The 2013 Assembly adopted legislation to allow new projects to replace those projects that are not progressing and developed new requirements and standards. It also includes $0.1 million for borrowing expenses relating to tax anticipation notes. *The Governor concurred.* **The Assembly concurred.**

Purchasing

E-Procurement System. The 2017 Assembly concurred with the Governor's proposal authorizing the chief purchasing officer to establish, charge, and collect a statewide contract administrative fee not to exceed 1.0 percent of master price agreements from vendors. The funds would be deposited as restricted receipts and would be used for the implementation of an electronic procurement system. The Governor's FY 2020 recommended budget assumes the implementation of the assessment, effective January 1, 2020. It appears that collections started in July 2020 and through the second quarter of FY 2021, $88,995 has been collected. The Division of Legal Services set the requirement that the Department can only apply the assessment to master price agreements where both the original solicitation and the purchase orders have the fee language, which has limited the number of master price agreements it can collect from in the near future.

The enacted budget assumes expenditures of $0.5 million would be supported from these receipts, including $0.2 million for software maintenance of the system and $0.2 million for salary and benefit expenses for a programmer analyst manager and partial funding for a senior buyer position. Based on anticipated collections, the revised request shifts $0.3 million of these expenses to general revenues. The FY 2022 request reduces these expenditures by $0.2 million, including $0.1 million less for information technology services previously discussed, and $64,635 less for the senior buyer position. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Expenses. The request includes $3.5 million from all sources and staffing of 30.0 full-time equivalent positions for all other expenses in the Division of Purchasing. This is $62,333 less than enacted and staffing consistent with the enacted level. Salary and benefit expenditures are $31,746 less than enacted, reflecting additional turnover savings. The request includes $0.1 million less from general revenues and $27,624 more from other funds for three positions that are dedicated to transportation related projects and one for the University of Rhode Island. Each entity reimburses the Department for the cost of the positions; however, pursuant to the Memorandum of Understanding with the University, the amount it would be reimbursed is capped at $180,000. The request appears to include turnover savings equivalent to two positions; however, as of the pay period ending January 2, the division had no vacancies.

The request includes $60,884 for operating expenses, or $30,587 less than enacted. However, it is $39,398 less than FY 2020 reported expenditures, primarily for contracted support services relating to the new

procurement system that the Department indicated is not needed since the system has been implemented. *The Governor recommended funding as requested.* **The Assembly concurred and it also distributed the $8.2 million in statewide savings from the voluntary retirement incentive and included $74,857 in the division's budget based on the individuals who participated during FY 2021.**

Office of Management and Budget

Audit Review. The enacted budget includes $35,000 from general revenues to obtain outside services to assess and certify that the Office of Internal Audit's work is being documented and performed in accordance with internal auditing standards. This review is conducted every five years. The Department indicated that a Request for Proposal was scheduled to be issued in April with the work being performed before December 2021. The FY 2022 request removes this expense, because it was previously expected to occur in FY 2021. This expense will now occur in FY 2022. *The Governor concurred with the request; the revised budget assumes this expense in FY 2021.* **The Assembly concurred.**

Office of Internal Audit. The request includes $4.0 million from all sources for the Office of Internal Audit, which was consolidated in order to increase efficiency and decrease fraud and waste. The request includes $0.3 million less from general revenues with most of this reduction offset by federal funds, reflecting a new grant from the U.S. Department of Agriculture for audits of the Supplemental Nutrition Assistance Program. It includes $3.2 million for salary and benefit expenditures of 26.0 full-time equivalent positions. This is $0.1 million and 1.0 position less than enacted. The enacted budget includes one-time savings of $90,545 from 12 individuals who opted to participate in the workshare program. Accounting for these savings, the request is $0.2 million less, including $0.1 million from the elimination of a vacant senior auditor position and $0.1 million in additional turnover savings for which the enacted budget assumes $77,651. As of the pay period ending January 2, the office has two vacancies.

The request includes $0.8 million for operating expenses, $0.1 million more than enacted for auditing services. The request includes the enacted amount of $0.3 million from restricted receipts for auditing of quasi-public corporations, which current law allows the Chief of the Bureau of Audits to charge a reasonable cost, and $0.3 million for audit software maintenance expenses. *Consistent with the revised request, the Governor recommended $0.1 million more than requested; it appears that one of the vacant positions has since been filled.* **The Assembly concurred.**

Other Salaries and Benefits. The request includes $3.9 million from general revenues and staffing of 29.0 full-time equivalent positions in the Office of Management and Budget, including Office of the Director, Budget Office and Office of Regulatory Reform. This is $0.8 million less than enacted; it appears to have excluded funding for several positions. The enacted budget includes $12,713 of one-time savings from two individuals who opted to participate in the workshare program. It also includes a shift of $0.7 million of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency. As of the pay period ending January 2, there were 28.0 filled positions in the aforementioned offices, one vacancy in the Office of Regulatory Reform.

The Governor recommended $4.9 million from general revenues, which is $123,583 more than enacted. The recommendation is $0.9 million more than requested, to adjust staffing expenses excluded in the request. It also appears to include funding for two additional positions, without increasing the staffing level. **The Assembly concurred and it also distributed the $8.2 million in statewide savings from the voluntary retirement incentive and included $126,388 in the office's budget based on the individuals who participated during FY 2021.**

Other Expenses. Consistent with the revised request, the request includes $0.3 million from general revenues for all other expenses for the Office of Management and Budget. This is $9,292 more than enacted

for software maintenance expenses related to the budgeting system. *The Governor recommended $60,000 more than requested to reflect updated expenses for software maintenance.* **The Assembly concurred.**

Statewide Planning

Complete Count Committee. The request removes the one-time expense of $190,606 from general revenues reappropriated from FY 2020 to FY 2021 to support the Complete Count Committee, which was created by Executive Order 18-09. The Committee is tasked with developing, recommending and assisting in census outreach strategies. *The Governor concurred.* **The Assembly concurred.**

Tuition Expenses. The Water Resources Board is responsible for paying the tuition costs for students living in the Big River Management Area who attend the Exeter-West Greenwich Regional School District; expenditures were $14,940 in FY 2020 and $17,738 in FY 2019. The request does not anticipate any expenditures for tuition expenses for which the enacted budget includes $17,800 from general revenues. *The Governor recommended funding as requested.* **The Assembly concurred.**

Water Resources Board. The request includes $0.4 million from general revenues to support the Water Resources Board, $66,364 less than enacted. This includes $0.3 million to fund salaries and benefits for the Board's authorized 2.0 full-time equivalent positions. This is $83,914 less than enacted to adjust for previously overstated salary and turnover savings from filling another position at a lower cost. The request includes $17,550 more for operating expenses, of which $16,750 is for maintenance of the Big River Management Area, engineering and appraisal services, and $800 in grants to the Town of Coventry for fire, police, and ambulance services. *The Governor recommended funding as requested.* **The Assembly concurred.**

Transportation Planning Grants. Consistent with the revised request, the request includes $3.3 million, or $0.8 million less than enacted from other funds passed through the Department of Transportation to the Division of Statewide Planning for transportation planning related projects. The Division of Statewide Planning indicated that the funds will be used for the implementation of the Unified Planning Work Program, which serves as the basis by which Federal Highway Administration and Federal Transit Administration urban transportation planning funds are spent. The Department historically overstates its ability to spend these funds; FY 2020 reported expenses were $1.5 million for which the final budget included $2.3 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

Statewide Planning Staffing. The request includes $2.7 million from all sources or $117,260 less than enacted and staffing of 23.0 full-time equivalent positions in the Division of Statewide Planning. The enacted budget assumes one-time savings of $64,616 from eight individuals who opted to participate in the workshare program. Accounting for these savings, the request is $0.2 million less than enacted to primarily align funding with the staffing authorization. It should be noted that the Governor's FY 2021 recommended budget reduced staffing in the division to 18.0 full-time equivalent positions based on actual filled positions at that time. As of the pay period ending January 2, 2021, the division still has 18.0 positions filled. The request includes benefit rates consistent with FY 2022 planning values. *The Governor recommended funding as requested.* **The Assembly concurred and it also distributed the $8.2 million in statewide savings from the voluntary retirement incentive and included $7,399 in the division's budget based on the individuals who participated during FY 2021.**

Other Expenses. The request includes $273,460 from all sources for all other expenses. This is $151,373 less than enacted, of which $4,260 is from general revenues. Consistent with the revised request, the request includes $16,375 more for lease expenses based on the division's share of the lease and electricity expenses which increased because the division relocated from the Department of Administration's building to the Foundry Building in FY 2020. It also includes $5,000 for bargaining unit employee tuition reimbursements. This is offset by the exclusion of $180,000 from federal funds passed through the Department of

Transportation previously budgeted for the creation of a mobility plan across state agencies. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Programs

Central Management. The request includes $2.2 million from general revenues to support the Division of Central Management, excluding costs of centralized services. The request includes $1.7 million for salaries and benefits of 17.0 full-time equivalent positions. This is $173,318 more than enacted. Adjusting for one-time workshare savings of $12,403 assumed in the enacted budget from two individuals who opted to participate in the workshare program, the request is $0.2 million more. The increase funds one analyst to conduct policy and data research, legislative tracking, and oversight of internal communications. The other position was transferred from the Department of Environmental Management to the Department of Health but the cost and the staffing authorization is in the Department of Administration. The enacted budget does not fund these positions. It assumes that these expenses will be covered by turnover savings elsewhere in the Department. The request assumes turnover savings of $0.3 million in Central Management, which is $0.1 million less than the amount assumed in the enacted budget. There are savings in other programs. As of the pay period ending January 2, there were no vacancies. The request includes the enacted amount of $467,628 for operating expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

Office of Risk Assessment. The Division of Capital Asset Management and Maintenance is responsible for managing and maintaining state property and state owned facilities. Additionally, Rhode Island General Laws authorizes the director of the Department to enter into agreements with insurance companies for comprehensive insurance coverage of state property to protect the state against loss from fire and other risks. The request assumes the enacted amount of $0.2 million from agency billings to fund a position to support the office. *The Governor recommended $292,936 more from general revenues to support the office. This includes $163,898 to fund a new position.* **The Assembly concurred.**

City Year. The Department requested the enacted amount of $130,000 from general revenues to City Year for the Whole School Whole Child Program, which provides individualized support to at-risk students. *The Governor recommended funding as requested.* **The Assembly concurred.**

Tort Court Awards. The Department receives an annual appropriation of $0.4 million from general revenues to pay for liability claims against any state department or state employee. The 2019 Assembly provided an additional $0.5 million from general revenues to ensure funds would be available pending passage of legislation for future compensation of individuals, wrongfully convicted of crimes and incarcerated bringing the total allocation to $0.9 million. The legislation passed the House of Representatives; however, did not pass the Senate. The 2020 Assembly excluded this as part of the FY 2021 enacted budget. The request predates the enacted budget and retains this expense.

The Governor recommended funding as requested. **The Assembly provided $650,000 or $250,000 less than recommended. This includes $0.3 million for settlements, consistent with FY 2018 through FY 2020 activity and assumes a sustained elevated level of legal fees relating to the consent decree with the Department of Justice regarding job training and community services to individuals with developmental disabilities.**

Information Technology Investment Fund. Excluding expenditures for centralized services, the request includes $11.7 million, or $3.3 million more than enacted for expenses in the Information Technology Investment Fund, which was created for acquiring information technology improvements, including, but not limited to, hardware, software, and ongoing maintenance. The request is inconsistent with the capital budget request. The operating budget assumes $11.7 million in project expenses; however, the Department indicated that it has only approved projects totaling $1.7 million for FY 2022. This includes $0.4 million

for the annual lease cost of e-poll books, $0.5 million for project management staffing expenses, and $0.8 million for an Enterprise Content Management System. This project is partially funded from federal Coronavirus Relief funds.

	FY 2021 Enacted	FY 2021 Revised	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Prior Year Balance	$ 4,465,862	$ 2,137,363	$ 2,137,363	$ 1,991,597	$ 68,991,597
Land Sale Revenue	6,900,000	8,877,698	8,877,698	1,457,000	1,457,000
Transfer from Gen. Fund	-	-	67,000,000	-	-
10.0 Percent of Telephone Lines	928,000	930,000	930,000	930,000	930,000
$1.50 DMV Technology Surcharge	2,300,000	2,100,000	2,100,000	2,100,000	2,100,000
Vital Records Surcharge	300,000	360,000	360,000	360,000	360,000
Total Revenues	**$ 14,893,862**	**$ 14,405,061**	**$ 81,405,061**	**$ 6,838,597**	**$ 73,838,597**
Information Technology Projects					
Taxation (Tax Reporting, Cashier Implementation & Other)	$ -	$ 44,081	$ 44,081	$ 150,000	$ 150,000
Electronic Procurement	-	655,965	655,965	-	-
Probation & Parole Case Management	-	750,000	750,000	-	-
E-Poll Books	438,592	438,592	438,592	438,592	438,592
Vital Records System	250,000	-	-	522,000	522,000
DLT - Imaging	-	85,738	85,738	200,000	200,000
Higher Education	-	-	-	-	-
Security Services	-	1,471,800	1,471,800	-	-
Content Management	-	480,023	480,023	135,000	135,000
Network, Server & Storage Replacement	-	3,300,000	3,300,000	-	-
Increase Network Bandwidth	-	1,656,147	1,656,147	-	-
License Plate Reissuance	-	-	-	300,000	300,000
Enterprise Resource Planning	-	-	-	-	5,000,000
RI Children Information System	-	-	-	-	2,000,000
Other Projects and Expenses	8,861,038	3,531,118	3,531,118	879,573	879,573
Expenditures	***$ 9,549,630***	***$ 12,413,464***	***$ 12,413,464***	***$ 2,625,165***	***$ 9,625,165***
Fund Balance	**$ 5,344,232**	**$ 1,991,597**	**$ 68,991,597**	**$ 4,213,432**	**$ 64,213,432**

The request assumes carry-forward funds of $4.3 million from FY 2021 and new revenues of $4.8 million from land sales, vital records surcharge, $1.50 technology surcharge and 10.0 percent of the surcharge on wireless and landlines. Provided that no additional projects are approved, the projected surplus would be $5.3 million at the end of FY 2022.

The Governor recommended $2.6 million, of which $2.3 million is for project expenses. The recommendation is $9.4 million less than requested, to align the budget with anticipated resources; the projected fund balance is $4.2 million. The Governor also proposed legislation, borrowing $17.0 million through the issuance of new Certificates of Participation for the state match on a new child welfare system to replace the current Rhode Island Children's Information System. He subsequently requested a budget amendment to advance his plan to issue debt through Certificates of Participation for an Enterprise Resource Planning System, which was planned for FY 2023.

The Assembly did not concur with the proposals to issue debt. It transferred a total of $67.0 million to the Information Technology Investment Fund, including $50.0 million for the Enterprise Resource Planning system and $17.0 million to support the state's share of the project. It provided $2.0 million for FY 2022, consistent with the capital recommendation for the welfare system and $5.0 million in FY 2022 to begin the work on the Enterprise Resource Planning system.

Other Information Technology Expenses. The enacted budget includes $114,000 from federal Victims of Crime Act funds for the Division of Information Technology to maintain the internet protocol, which is

used to relay data. Consistent with the revised request, the request removes this expense in the Department of Administration's budget. The Department indicated that the expense should be included in the Office of the Attorney General's budget. It should be noted that the Attorney General's budget request does not include this expense. *The Governor concurred.* **The Assembly concurred.**

Office of Library and Information Services. The request includes $3.2 million from all sources to support the Office of Library and Information Services, which works to ensure that all residents will benefit from free and convenient access to library and information resources and services. The request is $0.3 million more than enacted, including increases of $47,793 from general revenues, $197,669 from federal funds and $5,586 from restricted receipts. The request includes $1.6 million or $38,822 more than enacted to fund 13.0 full-time equivalent positions. The enacted budget includes one-time savings of $18,290 from all sources, $8,776 is from general revenues based on two individuals who opted to participate in the workshare program. Accounting for these savings, the request for salaries and benefits is $20,532 more than enacted for benefit rates consistent with FY 2022 planning values. Consistent with the enacted budget, the request does not assume turnover savings. As of the pay period ending January 2, the office has 11.0 full-time equivalent positions filled.

Operating expenditures of $1.6 million are $0.2 million more than enacted, all but $24,083 is from federal funds reflecting available resources. The request includes $1.0 million or $0.1 million more than enacted for the interlibrary loan delivery system, which includes the delivery of books, audio/visual materials and other resources, which are shared between and among more than 180 public libraries, academic libraries, state institution libraries, school libraries and other special libraries, such as the Rhode Island Historical Society. The Department entered into a three-year contract on May 31, 2018 for delivery services, which increased from $26.03 to $27.91 per stop, effective July 1, 2018. Expenditures were $0.8 million each in FY 2018 and FY 2019 and $0.7 million in FY 2020. The request also includes $125,000 from federal funds to community libraries for various programs and projects.

The constrained request reduces general revenue expenses by $220,000 for the interlibrary loan delivery system. This equates to 22 percent of requested expenses. The current contract expires in June 2021. The Department indicated that this savings is achievable with adjustments to the number of stops and use of federal funds. *The Governor recommended funding consistent with the unconstrained request.* **The Assembly added $2.2 million for the office's share of federal American Rescue Plan Act funds, and concurred with the remainder of the recommendation.**

Office of Diversity, Equity and Opportunity. The request includes $1.2 million from all sources for staffing of 9.0 full-time equivalent positions and operating costs for the Office of Diversity, Equity and Opportunity. The request is $150,601 less than enacted, including $150,870 less from general revenues and $269 more from other funds passed through the Department of Transportation for businesses seeking certification to do business as a Minority Business Enterprise for transportation related projects.

The request includes $1.2 million for salaries and benefits, which is $98,607 less than enacted. The enacted budget includes one-time savings of $34,464 from general revenues based on four individuals who opted to participate in the workshare program. Accounting for these savings, the request for salaries and benefits is $133,271 less, reflecting turnover savings not assumed in the enacted budget. As of the pay period ending January 2, the office has two vacancies, including the associate director who was transferred to the Department of Labor and Training. Consistent with the revised request, the request includes $43,764 for operating expenses. This is $51,794 less than enacted primarily for outreach, advertising and training related activities.

The Governor recommended funding as requested. He requested an amendment to include authorization and funding of $140,402 from general revenues to support an equal opportunity administrator position. **The Assembly concurred with the amended recommendation and it also distributed the $8.2 million**

in statewide savings from the voluntary retirement incentive and included $11,603 in the office's budget based on the individuals who participated during FY 2021.

Office of Federal Grants Management (2.0 FTE). The Department requested $0.7 million from all sources, including $0.5 million from general revenues and staffing of 4.0 full-time equivalent positions to support the Office of Federal Grants Management; $0.2 million for a position is allocated to the Information Technology Investment Fund. The office is currently supporting the Pandemic Recovery Office, which is responsible for policy coordination and compliance for federal COVID-19-related stimulus funds. It should be noted that the cost for 1.0 position is allocated to the Information Technology Investment Fund. The enacted budget includes a shift of $0.3 million of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency.

The request is $167,812 less from all sources and 2.0 positions more than enacted. This includes an increase of $179,636 from general revenues, including an increase of $279,811 to support 2.0 new interdepartmental project manager positions; it appears one of the positions has been filled. The request includes $21,210 for operating expenses, $0.1 million less than enacted for contracted financial services, which is no longer needed as the Department is filling the new positions.

The constrained request proposes to shift $637,541 of salary and benefit expenses from general revenues to other state agencies. The Department noted that these are allowable expenses for most federal grants. It is in the process of preparing a rate study that will provide the state with a method for charging federal programs for the costs incurred by the Office. Additionally, in cases where state agencies are already charging federal grants for administrative services through an indirect cost rate, the rate study will address if those grants can be assessed in addition to the costs of the office. The study is expected to be completed by early spring 2021.

The Governor concurred and proposed legislation in Article 2 authorizing an assessment on federal funds received to support the office. The percentage would be determined annually by the State Controller with proceeds deposited in a new restricted receipt account. The FY 2022 recommended budget includes expenditures of $330,912 from these receipts to support staff currently supported by state and other sources. The recommendation assumes general revenue savings of $157,485; personnel expenses previously allocated to the Information Technology Investment Fund would be supported by these receipts. The recommendation assumes that the positions would be filled within the Department's existing authorization.

The Governor subsequently requested an amendment to include $8.8 million from federal state fiscal recovery funds, including $6.7 million to support the Office of Pandemic Recovery, $1.7 million for a grants management system and $0.3 million for legal services. **The Assembly concurred with the support for the Office but not the use of federal state fiscal recovery funds. Instead, these expenses will be billed across all grants being managed through an assessment that would be maintained in a restricted receipt account. Legislation authorizing this is included in Article 2 of 2021-H 6122, Substitute A, as amended.**

Office of Accounts and Control. The request includes $4.1 million from all sources and staffing of 34.0 full-time equivalent positions for the Office of Accounts and Control. This is $467,994 more than enacted, including $470,485 more from general revenues and $2,491 less from restricted receipts. The enacted budget includes one-time general revenue savings of $13,108 based on two individuals who opted to participate in the workshare program. The request includes $3.9 million for salaries and benefits, which is $465,994 more than enacted. It appears that the Department's original FY 2021 request upon which the enacted budget was based, double counted savings initiatives. FY 2020 reported salary and benefit expenditures were $4.1 million; the request is $150,157 below that amount. As of the pay period ending January 2, the office had one vacancy. The request includes $239,628 or $2,000 more for operating expenses.

The constrained request proposes the creation of an internal service fund for payroll processing. It estimates that approximately 16 full-time equivalent positions in the existing Human Resources Internal Service Fund are performing payroll related duties and would be reallocated into the new unit. Additionally, it assumes 6.0 full-time equivalent positions from Accounts and Control would also be transferred into the new unit. The constrained request assumes general revenue savings of $0.4 million by shifting 30.0 percent of the cost for the positions in Accounts and Control to non-general revenue sources. It should be noted that the enacted budget already assumes this proposal. The Department indicated that it had intended to request this as additional savings in FY 2022.

The Governor concurred with the constrained proposal but allocated $0.7 million, the total costs of the 6.0 full-time equivalent positions to the human resources internal service fund. These positions are currently 100 percent general revenue funded and when they are billed to agencies, the cost to general revenues is estimated to be 66.3 percent. The net savings from general revenue is approximately $250,000.

The Assembly concurred and it also distributed the $8.2 million in statewide savings from the voluntary retirement incentive and included $255,511 in the office's budget based on the individuals who participated during FY 2021.

Legal Services (3.0 FTE). The Department's request includes $2.1 million or $199,869 more from general revenues for the Division of Legal Services, which was created to centralize and coordinate legal services for policy, and to provide efficient use of legal resources for the Executive branch. The request includes $2.1 million for salaries and benefits for 15.6 full-time equivalent positions. The enacted budget includes one-time savings of $10,584 from two individuals who opted to participate in the workshare program. Accounting for these savings, the request for salaries and benefits is $199,785 more than enacted for salaries and benefits. It appears to include $0.2 million more for two new senior legal positions and increases staffing authorization by 3.0 positions. Historically, the division was staffed at 15.6; however, the Governor's recommendation adopted the Department's proposal to eliminate one vacancy. Additionally, the recommendation reduced staffing to filled positions at that time. Subsequently, the Department indicated that it had not intended to request the new positions. As of the pay period ending January 2, the division had 12.6 full-time equivalent positions filled.

Consistent with the revised request, the request includes $57,370 for operating expenses, or $10,500 less than enacted. This includes $200 more for stenographic services, offset by $10,700 less for subscriptions for legal research, based on historical spending. The enacted budget includes $24,700 for this, but expenditures were $5,789 in FY 2020, $12,377 in FY 2019 and $13,413 in FY 2018. *The Governor recommended funding as requested; however, it assumes that the positions would be filled within the Department's existing level.* **The Assembly concurred.**

Personnel Appeal Board. The request includes $120,050 from general revenues to support the Personnel Appeal Board, which holds hearings regarding state employees' appeals of personnel actions. This is $5,248 less than enacted, including $14,752 more for an updated staffing allocation for the executive secretary of the State Properties Committee in the Division of Capital Asset Management and Maintenance who also supports the Personnel Appeal Board. This is offset by $20,000 less for contracted legal services for which the enacted budget includes $60,000. Expenses were $19,125 in FY 2020 and $31,115 in FY 2019. *The Governor concurred.* **The Assembly concurred.**

DCAMM - Staffing and Operating. The Department requested $2.3 million from general revenues to support the Division of Capital Asset Management and Maintenance, which was created to manage and maintain state-owned facilities. It includes $2.2 million for salary and benefit expenses for the authorized 13.0 full-time equivalent positions. This is $0.1 million more than enacted, reflecting current staffing and benefit rates consistent with FY 2022 planning values. As of the pay period ending January 2, all authorized

positions are filled. The request includes $129,400 for operating expenses, $28,929 less than enacted. This appears to reflect recent experience. The Department spent $108,970 in FY 2020.

The constrained request proposes to shift $105,246 of salaries and benefits from general revenues to internal service fund charges. This represents 25.0 percent of the cost for two positions, including the division director. The Department noted that this shift would be consistent with how these expenses are charged for human resources and information technology services. The Department is unable to explain why it assumes 25.0 percent and not the entire costs for the two positions or the entire costs for administration and project managers. The 2017 Assembly authorized the establishment of an internal service fund for facilities management; however, a methodology as to how administration for planning, design and construction related expenses would be charged was not known and excluded these expenses from amounts that would be billed to agencies. *The Governor concurred with the proposal but assumed the entire costs of the two positions would be supported by agency billings.* **The Assembly concurred.**

Capital - Hospital Consolidation. The approved plan includes $32.9 million, including $22.0 million from approved Certificates of Participation and $10.9 million from Rhode Island Capital Plan funds to reorganize hospital operations for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The request includes $0.2 million more from Rhode Island Capital Plan funds, in error. The capital budget request assumes the project is complete in FY 2021, consistent with the approved plan. *The Governor recommended funding consistent with the approved plan.* **The Assembly concurred.**

Capital - Convention Center Facility. The request includes $6.6 million or $5.6 million more from Rhode Island Capital Plan funds than the enacted budget for improvements to the Convention Center Facility. It should be noted that the 2020 Assembly concurred with the Governor's requested budget amendment shifting expenses of $2.5 million from FY 2021 and FY 2022 to FY 2023 through FY 2025, as the facility is currently used as a site hospital. The request predates the enacted budget and does not include these adjustments. Additionally, it is inconsistent with the capital budget request, which assumes $3.5 million in FY 2022. *The Governor recommended $2.0 million, consistent with the approved plan.* **The Assembly concurred.**

Capital - Pastore Center Non-Medical Buildings Asset Protection. The request includes $11.1 million from Rhode Island Capital Plan funds for major maintenance and capital repairs for multiple buildings at the Pastore Center. Work will focus on the following buildings: Benjamin Rush, Hazard, Louis Pasteur, Forand and Center General. This is $8.7 million more than enacted and is inconsistent with the capital budget request, which assumes expenditures of $3.1 million for FY 2022. *The Governor recommended $3.2 million for FY 2022, which is $170,000 more than the approved plan.* **The Assembly concurred.**

Capital - Office of Medical Examiners - New Facility. The approved plan assumes use of $5.0 million from Rhode Island Capital Plan funds, including $0.5 million in FY 2021 for architectural and engineering services and $4.5 million in FY 2022 to renovate a building that the Department of Health purchased to be used as the Office of State Medical Examiners. The request predates the enacted budget and does not include these expenses. *The Governor recommended $4.5 million, consistent with the approved plan.* **The Assembly concurred.**

Capital - Other Projects. The request includes $24.5 million from Rhode Island Capital Plan funds for 32 approved projects. This is $8.7 million more than enacted and is inconsistent with the capital budget request. The request includes expenditures for projects that have been completed, including McCoy Stadium and the Expo Center. *The Governor recommended $20.2 million for all other projects, which is $4.4 million more than enacted and is consistent with the capital budget request.*

The Assembly provided an additional $1.8 million for two projects, including $750,000 for asset protection projects of medical buildings on the Pastore Center and $1.0 million to upgrade the

wastewater treatment facility at the Zambarano campus to meet Department of Environmental Management's permitting requirements. Wastewater expenses were proposed as part of the new long-term care facility that the Assembly did not approve. A detailed description of the projects is included in the Capital Budget section of this publication.

Internal Service Funds

The state uses internal service funds to reimburse one agency for services provided to another. For example, the Central Utilities account within the Department of Administration charges agencies for utilities expenses, such as electricity costs. In other cases the service provided is more administrative such as human resources support. The funds to cover these expenditures are budgeted as an operating expenditure in the agency receiving the services. No funds are appropriated to the internal service fund.

Internal service funds lack the transparency of direct appropriations. They are supported by billings to agencies since no money is appropriated to the funds and the services appear as operating costs even though they often fund personnel expenses. This makes it difficult to exercise the same level of scrutiny as direct appropriations. The 2017 Assembly adopted legislation requiring that the Department of Administration report on a quarterly basis, starting with October 15, 2017, the fund activities, including breakdown by each department and agency. The report must be submitted to the Speaker of the House and President of the Senate with copies to the chairpersons of the House and Senate Finance Committees.

The following descriptions cover those operations that include personnel expenses. The total full-time equivalent positions in the Department of Administration's budget associated with these operations is 413.5. Section 11 of Article 1 of the enacted budget stipulates that no more than 417.0 of the authorized level would be for positions that support internal service fund programs. As of January 2, the Department had 388.5 filled positions supporting internal service fund programs. This is 28.5 positions below the cap.

Agency Budgets	FY 2020 Reported	FY 2021 Enacted	FY 2021 Gov. Rev.	FY 2021 Final	FY 2022 Gov. Rec.	FY 2022 Enacted
Information Technology	$ 37.0	$ 39.9	$ 39.1	$ 39.7	$ 40.4	$ 41.5
Facilities Management	38.1	39.8	39.9	39.6	42.5	46.1
Human Resources	12.3	13.3	12.3	12.5	12.9	13.6
Total Charges	**$ 87.3**	**$ 93.0**	**$ 91.3**	**$ 91.8**	**$ 95.8**	**$ 101.2**
ISF Budget						
Information Technology	$ 38.8	$ 49.5	$ 49.6	$ 44.7	$ 49.0	$ 49.0
Facilities Management	40.4	42.8	42.9	42.9	43.6	43.6
Human Resources	12.7	14.2	14.3	14.3	14.0	14.0
Total	**$ 91.9**	**$ 106.6**	**$ 106.8**	**$ 101.8**	**$ 106.5**	**$ 106.5**
Difference	**$ 4.5**	**$ 13.6**	**$ 15.4**	**$ 10.0**	**$ 10.6**	**$ 5.3**

$ in millions

It should be noted that the operations for information technology services, facilities management and human resources support total $105.7 million for FY 2022; however, the amount of resources assumed in agency budgets to support these operations total $95.9 million, a difference of $9.8 million. It is likely that charges to agencies will increase to support the level of services that are assumed in the request. The Department indicated that the FY 2021 rates have been finalized; however, it does not factor in the impact for several information technology projects.

The recommended budget assumes expenditures of $106.5 million to support information technology facilities management, and human resources; however, the amount assumed in agency budgets to support them total $95.8 million, a difference of $10.6 million. This includes $7.1 million in undistributed expenditures in the Department of Administration's budget to agencies, including $4.1 million for facilities management and $3.1 million for information technology services.

The Governor recommended 421.5 full-time equivalent positions in FY 2022 to support internal service fund programs, for a net increase of 4.5 full-time equivalent positions. This includes a shift of 6.0 full-time equivalent positions from Accounts and Control to Human Resources as well as new position. It shifts one position from facilities management, which is associated with the Governor's proposal to move the Office of Risk Management to Central Management. The recommendation also shifts two positions from the Division of Capital Asset Management and Maintenance to facilities management.

The Assembly distributed the expenses to all affected agencies so that expenses are more accurately shown where they are anticipated to occur. Additionally, $5.1 million was restored in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals as part of the Governor's requested amendment to reverse the proposal to reorganize the Eleanor Slater Hospital. This additional resource has somewhat reduced the gap between expenditures and resources.

Information Technology (3.4 FTE). The Division of Information Technology provides centralized information technology services to state agencies. The request assumes expenditures of $48.9 million for FY 2022, which is $0.6 million less than enacted. Consistent with the revised request, it assumes staffing of 180.0 full-time equivalent positions. According to the Department, expenditures are broken into service categories to calculate a cost of service; from that, rates are developed. Some services include printing, storage, system support, server charges and disaster recovery.

The request includes $26.7 million for salaries and benefits, $0.3 million less than enacted, to primarily reflect additional turnover savings for which the enacted budget assumed $0.5 million, which is equivalent to approximately four vacancies. As of January 2, the division had 13.0 positions vacant. The request included benefit rates consistent with FY 2022 planning values.

The request assumes operating expenditures of $22.2 million. While this is $0.3 million less than enacted, the amount in agency budgets to support them is $9.6 million less. Adjusting for that, it appears to include approximately $9 million of new project expenses, which is the potential costs to agencies if another source such as the Information Technology Investment Fund for these expenditures is not identified.

Project	Project Cost	CRF Spent	Net CRF	Annual Savings	Annual Maintenance Cost	Potential Cost to Agencies
Telephone & Call Center Upgrade	$ 1,750,000	$ 1,750,000	$ -	$ (795,633)	$ -	$ -
DoIT Hyperconverged Infrastructure	3,100,000	-	3,100,000	-	586,000	3,686,000
Enterprise Content Management System	2,440,534	1,256,334	1,184,200	-	560,000	1,744,200
Endpoint & Data Security	1,565,027	1,565,027	-	-	873,000	873,000
Network Switch Replacement	1,900,000	-	1,900,000	-	183,700	2,083,700
Cloud Applications Support & Maintenance	-	-	-	-	500,000	500,000
Total	**$ 10,755,561**	**$ 4,571,361**	**$ 6,184,200**	**$ (795,633)**	**$ 2,702,700**	**$ 8,886,900**

It should be noted that the fund ended FY 2020 with a negative balance of $0.7 million. Through the first quarter of FY 2021, $8.8 million was billed for services and expenditures were $8.6 million. This increases the net positive balance to $1.9 million.

The Governor recommended $49.0 million, which is $0.1 million more than requested. **The Assembly concurred.**

Facilities Management. Facilities Management provides services including property management, grounds keeping and janitorial services for state departments and agencies. It is responsible for 140 state buildings and six court buildings. The FY 2022 request assumes expenditures of $43.7 million, $0.9 million more than enacted. Expenditures are based on projected costs for utilities, janitorial services, snow removal, repairs and personnel. For billing purposes, each building is assigned a rate, which reflects the cost per square foot for occupancy and agencies are billed based on the square footage it occupies in a facility. The request includes $13.2 million for staffing of 105.5 full-time equivalent positions. This is $0.5 million more

than enacted. The request does not include any turnover savings, for which the enacted budget assumes $0.1 million. It includes $0.5 million to fund two implementation aide positions and for temporary services to improve administrative support to the division. The Department noted that it currently has three employees supporting the administration of facilities management. The request assumes benefit rates consistent with FY 2022 planning values and reflects employee benefit selection. As of January 2, there were 99.5 full-time equivalent positions filled, 6.0 fewer than requested.

The request includes $30.6 million for operating expenses, $0.4 million more than enacted and is $0.2 million more than FY 2021 projected expenditures. Utility expenses account for $15.9 million or approximately 52 percent of operating expenses. Of this amount, $2.5 million or $0.3 million is more for sewer usage; reported expenditures were $2.5 million in FY 2020 and $2.3 million in FY 2019. The request includes $3.0 million for operation of the Central Power Plant. The contract assumes two components; the direct labor paid, which is a fixed amount and consumables, which depends on repair costs. It also includes $1.0 million for snow plowing, $1.3 million for security services, which is $0.4 million more than enacted. The Department indicated that most of the state buildings are not adequately secured and are in need of safety equipment. The request reflects the administration's plan to improve safety and security of state facilities.

The request includes $3.0 million for janitorial services, $1.2 million more than enacted. It should be noted that the administration entered into a new three-year contract for janitorial services, effective June 2019. The cost for the three-year contract is $11.4 million; however, the administration indicated that it will not use all of the services that the contract assumed; the request assumes $2.8 million. FY 2020 was the first year of the contract and reported expenditures were $2.5 million, for which the final budget had assumed $2.0 million. The FY 2021 revised request assumes expenditures of $2.1 million.

It should be noted that the fund ended FY 2020 with a negative balance of $2.7 million. Through the first quarter of FY 2021, $9.7 million was billed for services and expenditures were $26,961 less. *The Governor recommended $43.6 million, which is $0.2 million less than enacted to primarily reflect shifting the Office of Risk Assessment to Central Management.* **The Assembly concurred.**

Human Resources. The division provides human resources services to nearly all state departments. Services include employee benefits, payroll, and labor relations. The FY 2022 request assumes expenditures of $13.1 million, or $1.1 million less than enacted primarily from salaries and benefits, reflective of the FY 2020 experience. The request is $0.2 million more than FY 2021 projected expenditures and is $0.4 million more than spent in FY 2020. The request assumes staffing of 88.0 full-time equivalent positions and as of January 2, the division has 85.0 positions filled. Agencies are billed based on the cost of filled positions. The request includes $2.2 million for operating expenses or $0.4 million less than enacted for the division's share of internal service fund expenditures.

It should be noted that the fund ended FY 2020 with surplus balance of $0.6 million. Through the first quarter of FY 2021, $3.5 million was billed for services and expenditures were $2.8 million. This increases the net positive balance to $2.8 million. *The Governor recommended $14.0 million, which is $0.9 million more than requested, based on the proposal to shift 6.0 full-time equivalent positions relating to payroll processing from the Office of Accounts and Control to the human resources internal service fund and to hire a new position to support agencies and efficiencies at the Veterans' Home.* **The Assembly concurred.**

Assessed Fringe Benefits. The Assessed Fringe Benefit Fund provides funding for the state employee workers' compensation, severance pay, unemployment pay and employee assistance programs. The fund is supported from a biweekly assessment that is applied to the amount of salaries and wages paid from all accounts and funds. The Department projects FY 2022 expenditures of $31.0 million or $6.5 million less than enacted. Consistent with the revised request, the request excludes the enacted amount of $6.5 million

for severance, in error. As of the end of January, expenditures for severance total $3.6 million and were $6.7 million in FY 2020.

The request includes the enacted amount of $25.6 million for the workers' compensation program, including $19.0 million for benefits. It assumes staffing of 9.0 full-time equivalent positions, 0.9 less than enacted. As of the pay period ending January 2, there were 8.0 filled positions.

The Governor recommended $6.6 million more than requested to primarily restore expenses for severance pay that were omitted in the request. The recommendation is $0.1 million more than enacted. **The Assembly concurred.**

Central Mailroom. Central mail services provides for inter-agency mail delivery and processing of mail for most state agencies. The FY 2022 request assumes expenditures of $6.7 million and staffing of 9.0 full-time equivalent positions, consistent with the authorized level. The request is $153,277 more than enacted, reflective of agency volume and additional postage and metering. This includes $50,231 more for benefit rates consistent with FY 2022 planning values, and $102,996 more for operating expenses, primarily software maintenance costs associated with the meter handling system. Agencies are billed based on mail processed on their behalf. *The Governor recommended funding and staffing as requested.* **The Assembly concurred.**

State Fleet. State fleet provides charges for the administration and fiscal management of state-owned vehicles, and operates several fuel depots throughout the state. The FY 2022 request assumes staffing of 6.0 full-time equivalent positions, one less than authorized reflecting actual filled positions. Consistent with the revised request, the Department projects expenditures of $12.7 million, or $0.1 million less than enacted; however, it is $0.7 million more than FY 2020 expenditures. Agencies are billed based on fuel used, maintenance services provided, insurance costs, and the number of vehicles owned. *The Governor recommended funding and staffing as requested.* **The Assembly concurred.**

Telecommunications (1.0 FTE). The Division of Information Technology's telecommunications manages all voice telephone line installations, service changes and billings statewide. It also provides direct services both internally to government and to the public. Agencies are billed based on the number of lines they have as well as requested maintenance. The FY 2022 request assumes $2.7 million or $0.8 million less than enacted for the office to primarily reflect savings from upgrading telephone lines. Subsequently, the Department indicated that the $0.8 million of savings is the annual amount and based on implementation of January 1, 2022; half of the savings should have been assumed. The Department used a total of $1.8 million from Coronavirus Relief funds to purchase the equipment to replace the telephone lines.

The request also includes $1.0 million for salary and benefit expenses for 8.0 full-time equivalent positions. Staffing is consistent with the authorized level and $28,407 more than enacted, reflecting benefit rates consistent with FY 2022 planning values. As of January 2, there was one position vacant.

The Governor concurred, with the exception of including $0.4 million less savings. This appears to assume an implementation date of October 1, 2021. **The Assembly concurred.**

Department of Business Regulation

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Central Management	$ 5,427,777	$ 3,075,002	$ 4,662,104	$ 3,232,684
Banking Regulation	1,648,138	1,623,379	1,695,824	1,695,824
Securities Regulation	913,056	646,513	832,118	832,118
Insurance Regulation	5,882,354	5,430,677	6,461,335	6,186,021
Office of the Health Insurance Commissioner	2,335,493	2,471,068	2,491,693	2,275,805
Board of Accountancy	5,883	5,883	5,883	5,883
Commercial Licensing, Gaming & Athletics	1,951,417	1,892,203	1,943,108	1,943,356
Building, Design & Fire Professionals	8,176,923	8,708,623	9,726,849	8,795,911
Office of Cannabis Regulation	1,413,888	996,880	4,963,904	1,165,441
Total	**$ 27,754,929**	**$ 24,850,228**	**$ 32,782,818**	**$ 26,133,043**
Expenditures by Category				
Salaries and Benefits	$ 18,588,944	$ 18,911,756	$ 22,766,184	$ 19,274,467
Contracted Services	4,961,245	2,167,332	2,968,684	2,730,372
Subtotal	**$ 23,550,189**	**$ 21,079,088**	**$ 25,734,868**	**$ 22,004,839**
Other State Operations	3,981,002	3,486,302	6,321,695	3,856,949
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	155,000	260,000	302,517	52,517
Capital	68,738	24,838	423,738	218,738
Total	**$ 27,754,929**	**$ 24,850,228**	**$ 32,782,818**	**$ 26,133,043**
Sources of Funds				
General Revenue	$ 17,469,427	$ 15,061,711	$ 19,610,673	$ 19,239,606
Federal Aid	3,242,464	4,017,593	2,457,467	306,000
Restricted Receipts	6,970,025	5,697,645	10,546,750	6,519,509
Other	73,013	73,279	167,928	67,928
Total	**$ 27,754,929**	**$ 24,850,228**	**$ 32,782,818**	**$ 26,133,043**
FTE Authorization	**161.0**	**161.0**	**176.0**	**162.0**

Summary. The Department of Business Regulation requested FY 2022 expenditures of $27.6 million from all funds, including $19.2 million from general revenues. The request is $0.2 million less than enacted, including $1.7 million more from general revenues, $2.4 million less from federal funds, $0.3 million more from restricted receipts and $0.2 million less from other funds. The Department requested 166.6 full-time equivalent positions, 5.6 more than the authorized level.

The Department's constrained request includes $2.9 million in new revenue enhancement initiatives, $0.2 million of restricted receipt savings, and a shift of $0.2 million from general revenues to a new non-general revenue source but all require statutory changes.

The Governor recommended $32.8 million from all sources of funds, including $2.1 million more than enacted from general revenues and 176.0 full-time equivalent positions. The request is $5.2 million more than requested, including $0.4 million from general revenues.

The FY 2022 budget includes $36.2 million of expenditures from federal funds for which a specific grant source had not been identified at the time of the submission; for the Department of Business Regulation this includes $1.6 million. This appears to assume that the expenses would be suitable for some of the funding approved in the American Rescue Plan Act which President Biden signed the day the budget was submitted to the General Assembly. Subsequently, the Governor requested an amendment to remove those expenses.

The Assembly provided $6.6 million less than originally recommended, including $0.4 million less from general revenues, $2.2 million less from federal funds inclusive of the requested amendment, $4.0 million less from restricted receipts, and excluded $0.1 million from Rhode Island Capital Plan funds.

Staffing. The 2019 Assembly authorized 161.0 positions for FY 2020, including the removal of 2.0 unfunded positions from the Office of the Health Insurance Commissioner and 2.0 positions from the Division of Building, Design and Fire Professionals, offset by 3.0 new positions for the Office of Cannabis Regulation. The 2020 Assembly authorized the same. It excluded a proposed staffing shift that would have effectively reversed previous Governor's budget initiatives to save state funds in the State Building Office, restored turnover assumed in the enacted budget, and eliminated new staffing expenditures.

The request adds five positions for insurance regulation, two positions for the building, design and fire professionals, and one position each for cannabis regulation and the health insurance commissioner's office. These are offset by a reduction of 3.4 positions for commercial licensing, and banking and securities regulation. The request continues to assume the use of $0.2 million from Executive Office of Health and Human Services' federal funds to fully fund a position in the Office of the Health Insurance Commissioner. It should be noted approximately $14,000 of that cost was not covered by the Executive Office and was charged to the health insurance commissioner's office for FY 2020.

The Governor's recommendation assumes one new position each for the Office of the Health Insurance Commissioner and Division of Building, Design and Fire Professionals, and 13.0 new positions for the Office of Cannabis Regulation. It also reflects reallocating three previously authorized positions from the banking and securities divisions to insurance regulation. The Budget Office confirms conflicting descriptions and tables in supporting documents do not accurately reflect the intended allocations. **The Assembly authorized 162.0 full-time equivalent positions, including 11.0 positions for the Office of the Health Insurance Commissioner. It concurred with the additional position for the Division of Building, Design and Fire Professionals, and excluded the remaining recommended new positions.**

The Assembly distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $0.2 million in the Department of Business Regulation's budget based on the two individuals who participated during FY 2021. It also added $12,688 from general revenues to account for the base adjustment to agency budgets for FY 2022 resulting from a settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages.

Centralized Services. The Department requested $1.8 million from all funds, including $1.6 million from general revenues for centralized services provided by the Department of Administration. For human resources, the request includes $28,610 more than enacted and $48,616 more than spent in FY 2020. For information technology, the request is $37,554 more than enacted, essentially consistent with the FY 2020 final appropriation which was overstated by $0.8 million based on an erroneous end of year projection which excluded credits for payments from the first half of FY 2020.

For facilities expenses the request is $3,112 less than enacted, including $64,180 more from general revenues. This includes $16,085 less than enacted from the Director's office offset by $12,973 more for the Division of Building, Design and Fire Professionals, adding $80,265 more from general revenues and removing $67,292 less from restricted receipts.

Based on updated billings for facilities expenses, the enacted budget includes $51,521 less than required from general revenues for the Director's office, and the State Building Office should be billed $116,227, $5,870 less than the enacted amount. *The Governor recommended funding as requested.*

The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $81,977 from general revenues in the Department's budget. This includes $31,703 more for facilities and $27,423 less for information technology.**

Office of the Health Insurance Commissioner

Risk Bearing Oversight. The Office requested $20,000 from federal funds for consultant expenses to assess the extent of total cost of care contracting for oversight of Medicaid managed care organizations. The Office of Health and Human Services conducts these examinations for Medicaid entities pursuant to an agreement with the Executive Office. The Office requested legislation be submitted during the 2019 and 2020 legislative sessions to provide independent authority for these examinations. Neither was enacted. The request also assumes the Executive Office will pay $164,860 for related staffing. The agreement stipulates the Executive Office will allocate $150,000 to the Office per fiscal year; the staffing expenses are in excess of the agreement. For FY 2020, the Office covered the gap with a combination of general revenues and Utilization Review restricted receipts. The Office subsequently reported the agreement is operationalized at $450,000 over three years, with $169,048 available based on actual spending. These expenditures are shown in the Executive Office of Health and Human Services' budget, not the Office's. *The Governor recommended funding as requested.* **The Assembly excluded the funding as the expense does not appear in the Office's budget.**

State Flexibility Grant. The Office's request excludes $12,783 from federal funds to reflect the August 2020 closure of the federal State Flexibility grant. However, the Office's second quarter report notes it will be applying for a new federal State Flexibility to Stabilize Market Program, Cycle II grant valued at $667,255. The award announcement is anticipated for April 2021. *The Governor excluded the funding as requested.* **The Assembly concurred.**

Senior Policy Analyst. The Office requested $165,230 from restricted opioid stewardship funds for a new position to support the Office's behavioral health and opioid use treatment responsibilities prescribed in statute. This was included in the Governor's original FY 2021 recommendation, but the Assembly did not concur. Consistent with the revised request, this repurposes the authorization for the position previously funded by the State Flexibility Grant. These statutes require cost-sharing for behavioral health services on par with primary care visits; coverage of policies and practices on par with other care; and behavioral service coverage enhancement to the fullest extent possible. By June 1, 2023, the Office is also required to report to the Assembly on the impact of these provisions and the effect on insurance premiums. The Office reported the position will engage in utilization review, interagency work, and determining compliance with state and federal laws.

The constrained request excludes the funding and authorization. *The Governor did not concur with the new position or funding.* **The Assembly concurred.**

Director of Consumer Protection (1.0 FTE). The Office requested $136,500 from a proposal to expand restricted receipt billing for a new position to coordinate market analyses and conduct internal investigations prior to procuring and overseeing an accredited market conduct examination contractor. The position is intended to work with the regulatory staff who oversee document compliance, and engage in other market conduct analyses activities. Current law already allows for these examinations of health insurers. To fund the position, the Office requested to expand the activities subject to reimbursement by health insurers to include pre-examination activities. This is similar to the reimbursement process for market conduct examinations under current law for banks and insurance performed by other divisions; however, those proceeds are deposited as general revenues. The Office proposed that proceeds from these activities be deposited as restricted receipts to fully fund the associated position. *The Governor's recommendation assumes the new position, but recommends $9,633 less than requested. He also included legislation in Article 2 of 2021-H 6122 to expand the reimbursable activities of regulated health insurance entities and requires the proceeds from the examinations be deposited as restricted receipts to support this. Documents supplied in support of the recommendation do not appear to correctly reflect the added position.* **The Assembly did not concur with the funding or the legislation.**

RI REACH. The Office requested $486,771 from all sources, including $366,771 from general revenues and $120,000 from federal matching Medicaid funds for its contracted consumer assistance helpline and outreach vendor. The general revenue request is $18,986 less than enacted, however, the Office reported this reduction is inadvertent. This supports at least 6.0 full-time equivalent positions for Rhode Island Insurance Resource, Education, and Assistance Consumer Helpline, operated by the Rhode Island Parent Information Network, and 1.0 full-time equivalent position providing direct support to the Office.

The helpline serves as the Office's designated health insurance consumer assistance program, through a live-answer toll-free helpline. The helpline has operated since FY 2014, and was federally funded through FY 2016. It was entirely general revenue funded for FY 2017. *The Governor recommended the enacted level of funding.* **The Assembly concurred.**

Other Personnel and Operations. The Office requested $1.7 million from all sources of funds, of which $1.3 million is general revenues for its remaining staffing and operations. This is $7,106 more than enacted, including $2,637 more from general revenues. The staffing request is $35,313 more than enacted, predominantly from general revenues to reflect its current staffing level. The request for all other expenses is $27,193 less than enacted, also predominantly from general revenues. The request inadvertently reduces travel expenses in excess of the enacted level of spending. Adjusted for that item, it appears the request is $20,693 less than enacted, including $16,460 less for information technology expenses and $6,500 less for travel offset by the restoration of $2,267 of general revenue operating expense savings for supplies and equipment proposed by the Office for FY 2021.

The Governor recommended $10,650 more from general revenues, including $9,636 for staffing and $1,014 for contracted services, and concurred with the remainder of the request. **The Assembly included $69,021 in general revenue savings to reflect the Office's share of statewide savings from the voluntary retirement incentive.**

Revenue Enhancement - OHIC Restricted Assessment. The Office proposed a revenue enhancement to achieve its constrained budget target. As submitted, estimated revenues totaling $0.2 million for FY 2022 are intended to offset general revenue support for its contracted consumer assistance helpline and outreach vendor discussed previously. The proposal provides the Health Insurance Commissioner the authority to levy an assessment against all domestic insurance companies offering health care, vision, dental, or catastrophic plans up to an aggregate amount of 50.0 percent of the annual helpline appropriation provided

by the General Assembly. Each assessment would be apportioned according to the percentage of annual premiums accrued to each domestic company as provided by the Office. The Office would also be permitted to apply penalties for non-compliance consistent with Rhode Island General Laws, Section 42-14-16. *The Governor did not concur.* **The Assembly concurred.**

Building, Design, and Fire Professionals

Building Code Books. The Department requested $90,000 from general revenues to print code books to update the current code from the 2015 International Code Council standard to the 2018 standard. *The Governor recommended funding as requested.* **The Assembly concurred.**

State Building Office Staffing and Operations. The Department requested $2.8 million, of which $1.5 million is from general revenues for State Building Office staffing and operations. This is $0.3 million more than enacted from all sources of funds, including $186,322 more from general revenues. This is $0.5 million more than the revised request or FY 2020 actual spending. With respect to general revenues, this is $0.1 million more than revised, and $0.3 million more than FY 2020 actual spending. Consistent with the revised budget, the changes reflect restoring three positions previously associated with the Boards for Design Professionals back to general revenues offset by shifting a Chief of Inspections position to restricted receipts. This is consistent with the Governor's FY 2021 recommendation to shift the Boards positions; the inspection position was not explicitly referenced.

Since the formation of the Division as part of the FY 2018 revised budget, there have been numerous and often conflicting proposals regarding staffing levels and use of restricted receipts from the Contractors' Registration and Licensing Board to support staff. This has led to an over commitment of available resources in spite of clear evidence to the contrary. The request appears to resolve this with an increase in state general revenues rather than revisit recent choices on staffing upgrades and vacancies. The remainder of the request includes $10,000 more from general revenues for information technology services offset by $5,000 less from restricted receipts for office equipment and repairs.

The Governor included total funding as requested, but shifted $270,635 more for staffing expenses to general revenues. He proposed legislation in Article 6 of 2021-H 6122 to change the registration terms for the Contractors' Registration and Licensing Board from two years at $200 to an annual $150 fee, increasing the fee $100 over a two year period. The article also makes technical corrections clarifying that roofing contractors' licenses expire biennially on the issuance date subject to a $200 renewal fee. The initial license remains $400 for two years. Based on the current licensing renewal schedule, a $0.6 million revenue increase is anticipated to begin in FY 2023. The Governor subsequently requested an amendment to align the continuing education requirements with the new schedule.

The Assembly concurred with the proposed fee change and provided $133,889 less, including $44,748 from general revenues and $89,141 less from restricted receipts which authorizes support above the current service level.

Fire Marshal Equipment and Training Grants. The Department requested $0.7 million from federal funds, $292,201 more than enacted for equipment and training grant expenses for the Fire Marshal's office. This includes the restoration of $277,201 to reflect federal grants reimbursed by the Rhode Island Emergency Management Agency which do not appear as expenditures within the Department's budget and were purposely excluded from the enacted budget. Reimbursements by the Department often exceed the expenses incurred obscuring actual expenditures. *The Governor recommended funding as requested, restoring the purposely excluded funding.* **The Assembly provided $0.5 million less than recommended to correct the erroneously included expenses.**

Bomb Squad (2.0 FTE). The Department requested $0.7 million from general revenues, $0.2 million more than enacted for bomb squad staffing expenses and added two Bomb Technician I positions. The revised request adds $3,720 from general revenues to fund seven positions, including four Bomb Technician I positions. The two existing Bomb Technician I positions are fully funded and vacant as of the February 27, 2021 pay period, providing sufficient resources to fulfill that request. The Department subsequently reported the intent was only to request a single Bomb Technician I position bringing the total for the Squad to six positions. The request is therefore overfunded by $94,315, equivalent to the extra requested position. *The Governor's recommendation includes staffing expenditures as requested, but only provides 1.0 full-time equivalent position, and adds $0.1 million more than requested for equipment including a vehicle.* **The Assembly provided $0.1 million less to correct the overstated staffing costs and concurred with the remainder of the recommendation.**

Fleet Revolving Loan Fund Repayment. The Department requested $95,104 from general revenues to repay the state fleet revolving loan fund which was repaid in FY 2020. It appears this was included inadvertently. *The Governor recommended funding as requested.* **The Assembly did not concur.**

Fire Marshal Staffing. The Department requested $3.4 million mostly from general revenues for other staffing expenses to support the remaining 33.0 authorized full-time equivalent positions for the fire marshal's office. This is $1.5 million more from general revenues, including the restoration of $1.4 million the enacted budget assumes is paid from one-time federal funds. Adjusted for that, the request is $127,909 more than enacted from general revenues. It also includes $5,085 less from restricted Quonset Development Corporation reimbursement proceeds, essentially consistent with FY 2020 actual expenditures. *The Governor recommended funding as requested.* **The Assembly provided $0.2 million less from general revenues. This includes $0.2 million less to reflect the current service level of staffing, offset by $12,440 more from general revenues to account for the fire marshal's share of the settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages.**

Fire Marshal Operations. The Department requested $1.0 million from all funds, including $0.5 million from general revenues for other expenses of the fire marshal's office. This is $41,372 more than enacted, including $83,855 more from general revenues. The request restores $64,000 of savings assumed in the enacted budget, offset by $10,145 less for staff training. The savings restoration provides $355,268 to fund expenses for which the Office spent $197,299 and $197,123 in FY 2019 and FY 2020, respectively. The enacted budget includes $261,268 for these expenses. It also includes $42,483 less from restricted Fire Training Academy proceeds reportedly used to match federal grant awards, for which there were no payments for FY 2020. *The Governor recommended funding as requested.* **The Assembly provided $0.1 million from Fire Academy training fees for general maintenance in lieu of Rhode Island Capital Plan funds proposed for this ineligible purpose.**

Capital. The Department requested $0.2 million from Rhode Island Capital Plan funds for projects related to the Office of the State Fire Marshal, including $100,000 for an asset protection project, $25,000 for an evidence repository, $50,000 for a new auditorium addition to the Fire Academy, and $25,000 for new training simulators at the fire training academy. Not all identified expenses for the asset protection project meet the standard for asset protection. *The Governor recommended $0.1 million for the asset protection project.* **The Assembly did not concur and provided $0.1 million from Fire Academy Training restricted receipts for these general maintenance expenses. A detailed description of the projects is included in the Capital Budget section of this publication.**

Other

COVID Enforcement/Inspection. The enacted budget includes $2.3 million, including $1.7 million from general revenues and $0.6 million from federal funds, to support contractors hired to conduct inspections

of businesses throughout the state to ensure compliance with COVID-19 mandates. The request excludes this one-time funding. *The Governor concurred.* **The Assembly concurred.**

Cannabis Regulation Legal Counsel (1.0 FTE). The Department requested $0.1 million from restricted receipts to support a new legal counsel position for the licensing of medical marijuana and hemp. The legal counsel position authorized for the medical program in 2015 was vacated in 2017, and the Department converted it to an administrative officer position. The Department subsequently requested a new legal counsel in its FY 2019 and FY 2020 requests. The Assembly did not concur. The Office of Cannabis Regulation's director position was vacated in February 2020 and the Department used that vacancy for a legal counsel position transferred from Insurance Regulation in May 2020. *The Governor included the position for FY 2021; however, the position appears to be upgraded to an interdepartmental project manager and funded through the proposed adult use marijuana program discussed separately.* **The Assembly did not concur with the Governor's proposed adult use marijuana program and included funding for this position consistent with the Department's request. The Budget provides the Office 7.0 full-time equivalent positions consistent with the enacted and current service levels.**

Office of Cannabis Regulation. The Department requested $0.9 million from restricted receipts to support the regulation and oversight of the state's medical marijuana and hemp programs. This is $0.2 million less than enacted. The request for operating expenditures is $250,000 less to align with the FY 2020 final appropriation. The final appropriation provided $992,252, including $313,964 for its operating expenses. Actual spending was $860,322, of which $181,230 was for its operations, or $132,734 less than provided.

The staffing request is $7,367 more than enacted for the Office's authorized 7.0 full-time equivalent positions. As noted previously, the Office of Cannabis Regulation's director position was vacated as of February 2020, and the Department utilized that vacancy for another position. One of two inspector positions was vacated during August 2020. The Office upgraded its director position from an implementation director of policy and programs to a chief of strategic planning, monitoring and evaluation, and used the inspector vacancy for its new chief as of the January 30, 2021 pay period. The value of that upgrade is not reflected in the request. The Department also posted a new economic and policy analyst I position in February 2021.

The Governor recommended $0.4 million less than enacted for medical marijuana staffing and operations. This includes operating expense reductions as requested, and $0.1 million less for staffing expenses. It appears to reflect upgrading a senior economic and policy analyst to an interdepartmental project manager, but does not include the value of upgrading the office's director position. **The Assembly did not concur with the Governor's proposed adult use marijuana program. It provided the Office 7.0 full-time equivalent positions, and funded the remaining 6.0 full-time equivalent positions consistent with the Department's request.**

Adult Use Marijuana (11.0 FTE). On January 13, 2019, Governor Raimondo announced the intention to establish a legal adult use marijuana program, citing the operations in neighboring states. Article 20 of 2019-H 5151 included a proposal to establish the authorization and regulation of an age 21 and older adult use marijuana program. The regulation of all programs was centralized within the new Office of Cannabis Regulation within the Department of Business Regulation with the assistance and cooperation of a variety of health, safety and taxation agencies. The out-year budget assumptions for that proposal suggested $23 million of revenues annually. The Assembly enacted Article 15 of 2019-H 5151, Substitute A, as amended, which established the Office of Cannabis Regulation, and amended existing state law to allow for the production of consumable CBD products and licenses. The Assembly did not concur with the remainder of the recommendation.

Governor Raimondo's FY 2021 budget included different legislation to authorize an adult use program with the assistance of various public health and safety agencies, which assumed the state would partner with

contractors similar to how the state's casinos are operated, but with more participants. The proposal did not assume the need for taxation because of its structure. The out-year budget assumptions from that proposal suggest revenues of approximately $40 million once the program is fully operational.

The Governor's budget includes Article 11 of 2021-H 6122 to establish the authorization and regulation of an age 21 and older adult use marijuana program, similar to the 2019 proposal. It broadens the authority of the Office of Cannabis Regulation to regulate cannabis-related activities with the assistance and cooperation of a variety of health, safety and taxation agencies. In the Office of Cannabis Regulation, the budget assumes the use of $3.9 million from restricted receipts, of which $1.5 million would support 13.0 full-time equivalent positions including the legal position supported by the medical marijuana proceeds in the request, which appears to be upgraded to an interdepartmental project manager. It includes $2.5 million for its other operating expenses. The budget also includes language in Article 2 to exempt associated restricted accounts from the indirect cost recovery required under current law.

The Governor's budget assumes gross revenues totaling $10.8 million for FY 2022. A statutory formula proposed in this article would apportion 15.0 percent or $1.6 million to municipalities, 25.0 percent or $2.7 million to state agencies for regulatory costs with the remaining 60.0 percent share or $6.5 million retained by the state. After one-time first year costs of $4.8 million it assumes net revenues of $1.7 million for FY 2022. The out-year estimates assume approximately $18 million of net revenues annually to the state once the program is fully operational. **The Assembly did not authorize any adult use program.**

Insurance Regulation (5.0 FTE). The Department requested $4.5 million, including $4.2 million from general revenues for insurance regulation staffing expenses. This is $0.5 million more than enacted, including $0.7 million more from general revenues. The enacted budget includes two one-time savings initiatives. It includes $39,813 of workshare savings, of which $37,538 is from general revenues, as well as a shift of $0.2 million from general revenues to Coronavirus Relief federal funds for certain staffing expenses. Adjusted for those one-time changes, the staffing request adds $417,294, including $395,341 from general revenues and $21,953 from restricted receipts. The request adds 5.0 full-time equivalent positions for insurance regulation, for a total of 21.0 insurance examiners; as of the January 30, 2021 pay period 15.0 examiner positions are filled. The request eliminates a senior accountant position and assumes a full year funding for the legal counsel position transferred to the Office of Cannabis Regulation as of May 2020. As of February 27, 2021 the senior account position is filled; the legal counsel is not.

The Insurance and Banking Divisions are similar in the way that they charge the entities they regulate for the examinations which are performed. The divisions bill examined entities for the actual hours spent on each company examination. *The Governor included funding as requested. The recommendation reflects shifting three authorized vacancies from other divisions to insurance. It appears the description in supporting documents does not accurately reflect the positions added.* **The Assembly included $0.2 million in general revenue savings to reflect the division's share of statewide savings from the voluntary retirement incentive.**

COVID Relief - Stimulus Reserve. On March 6, 2020, President Trump signed into law the Coronavirus Preparedness and Response Supplemental Appropriations Act. On March 13, 2020, President Trump declared that a nationwide emergency exists as a result of COVID-19 beginning on January 20, 2020. The Families First Coronavirus Response Act and Coronavirus Aid, Relief, and Economic Security Act were signed into law by the President on March 18 and 27, 2020, respectively. A fourth act, the Paycheck Protection Program and Health Care Enhancement Act, was signed by the President on April 24, 2020. On December 27, President Trump signed into law a consolidated appropriations act for FY 2021 that contains $900 billion in additional COVID-19 relief. On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021.

The recommended budget includes $36.2 million of expenditures from federal funds for which a specific grant source had not been identified at the time of the submission; for the Department of Business Regulation this includes $1.6 million. This appears to assume that the expenses would be suitable for some of the funding approved in the American Rescue Plan Act which President Biden signed the day the budget was submitted to the General Assembly. Subsequently, the Governor requested an amendment to remove this funding. **The Assembly concurred with the amended recommendation.**

Other Staffing (-3.4 FTE). The Department requested $5.8 million from all sources of funds, including $5.1 million from general revenues for the staffing costs for the remaining 46.6 full-time equivalent positions requested. The request is 3.4 full-time equivalent positions fewer than enacted to staff the commercial licensing, banking and securities regulation, and central management divisions. This is $65,822 more than enacted. The enacted budget includes $44,136 of one-time workshare savings, including $42,270 from general revenues as well as a shift of $0.5 million to federal sources. Adjusted for those changes, the staffing request is $21,686 more than enacted, of which $6,450 is from general revenues with the remaining $15,236 from commercial licensing restricted receipts. The request reallocates nearly $40,000 shifted from general revenues for securities regulation to central management; though there is no explicit change to the staffing of the latter. The request is $0.5 million more than FY 2020 actual spending. *The Governor recommended funding as requested. Documents supplied in support of the recommendation include 2.4 unspecified, unfunded positions which are placeholders for positions not accurately identified in other divisions.* **The Assembly provided $248 more from general revenues to account for commercial licensing's share of the settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages, and concurred with the remainder of the recommendation.**

Actuarial Services. The Department requested $1.7 million from restricted receipts, $0.1 million more than enacted, and $44,015 more than the revised request for the costs of actuaries for the Insurance Regulation and Office of the Health Insurance Commissioner. The Department has five vendors whose contracts include a 5.0 percent inflator each year. The need for actuarial costs has historically been overstated. The Department has not spent more than $1.1 million in any of the last five years and likely has sufficient resources to cover its expenses. *The Governor recommended funding as requested.* **The Assembly maintained the enacted level based on historical spending.**

Other Operations. The Department requested $0.6 million from all sources of funds, including $0.3 million from general revenues for all other expenditures. This is $41,845 less than enacted, including $28,155 more from general revenues. For restricted receipts, this includes $70,000 less to align expenditures with the FY 2020 final appropriation which was nearly $35,000 more than actual spending. For general revenues, the increase restores $28,155 of savings provided in the enacted budget for expenses which the Department spent less than $7,000 each year from FY 2018 to FY 2020. *The Governor recommended funding as requested.* **The Assembly concurred.**

Broker Dealer Representative Fees. The Department proposed raising the broker dealer representative fee paid by firms' sales representatives from $75 to $100. The request assumes 108,637 existing licenses, of which 104,969 are out-of-state. Massachusetts charges a $75 fee; Connecticut has a $125 fee. The impact of the fee increase is estimated to generate $2.7 million of which $91,700 will be paid by in-state licensees. The representative fee was last increased from $60 to $75 by the 2011 Assembly. *The Governor concurred, and included legislation in Article 6 of 2021-H 6122 to effectuate this proposal.* **The Assembly concurred.**

Executive Office of Commerce

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Executive Office of Commerce	$ 1,957,919	$ 3,784,985	$ 2,363,461	$ 9,513,436
Housing & Community Dev.	34,511,418	41,548,270	20,198,112	49,812,461
Quasi-Public Appropriations	12,628,258	12,648,532	16,024,801	21,124,801
Economic Dev. Initiative Funds	165,200,000	72,900,000	24,900,000	110,684,176
Commerce Programs	1,200,000	1,200,000	1,600,000	1,600,000
Total	**$ 215,497,595**	**$ 132,081,787**	**$ 65,086,374**	**$ 192,734,874**
Expenditures by Category				
Salaries and Benefits	$ 2,132,867	$ 1,969,885	$ 2,466,347	$ 2,436,906
Contracted Services	-	6,149,165	4,605,000	9,080,275
Subtotal	**$ 2,132,867**	**$ 8,119,050**	**$ 7,071,347**	**$ 11,517,181**
Other State Operations	788,541	628,459	459,999	601,912
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	33,584,679	36,622,496	14,908,227	104,337,730
Capital	1,513,250	1,513,250	4,681,250	7,581,250
Capital Debt Service	-	-	-	-
Operating Transfers	177,478,258	85,198,532	37,965,551	68,696,801
Total	**$ 215,497,595**	**$ 132,081,787**	**$ 65,086,374**	**$ 192,734,874**
Sources of Funds				
General Revenue	$ 40,293,523	$ 54,798,786	$ 41,983,131	$ 98,845,603
Federal Aid	169,952,307	72,010,802	12,085,686	79,612,387
Restricted Receipts	4,741,765	4,741,925	7,339,557	7,698,884
Other	510,000	530,274	3,678,000	6,578,000
Total	**$ 215,497,595**	**$ 132,081,787**	**$ 65,086,374**	**$ 192,734,874**
FTE Authorization	**14.0**	**14.0**	**16.0**	**16.0**

Summary. The Executive Office of Commerce requested total expenditures of $87.9 million for FY 2022, including $66.4 million from general revenues, $7.3 million from federal funds, $4.7 million from restricted receipts, and $9.5 million from other sources. The request is $127.6 million less than the enacted budget, including $26.1 million more from general revenues. Adjusted for one-time federal Coronavirus Relief funding, the request is $26.2 million more than the enacted budget, including $25.7 million more from general revenues. The Office requested 16.0 full-time equivalent positions, two positions more than the authorized level.

The Governor recommended $65.1 million from all sources which is $22.8 million less than requested, including $24.4 million less from general revenues. The recommendation includes 16.0 full-time equivalent positions, two more than the authorized level. It also includes $36.2 million of expenditures from federal funds for which a specific grant source had not been identified at the time of the submission; for the Executive Office this includes $91,250. This appears to assume that the expenses would be suitable for some of the funding approved in the American Rescue Plan which President Biden signed the day the budget

was submitted to the General Assembly. Article 9 of 2021-H 6122 also includes language to extend the sunset provisions for the state's economic development initiatives to December 31, 2022.

Subsequently, the Governor requested multiple amendments to correct errors to funding included in the budget as submitted, to make a net adjustment adding $4.5 million from federal funds including removing the $91,250 from unidentified reserve funding. The Budget Office also identified $63.1 million of federal funds from the American Rescue Plan Act to include in the Executive Office's budget.

The Assembly provided $127.6 million more than recommended. This includes $56.9 million more from general revenues, $67.5 million more from federal funds, $0.4 million more from restricted receipts and $2.9 million more from Rhode Island Capital Plan funds. It authorized 16.0 full-time equivalent positions, and concurred with the extension for most of the economic development initiatives.

Centralized Services. The Executive Office requested $267,620, including $266,448 from general revenues for its share of centralized services provided by the Department of Administration. This is $179,510 less than enacted, of which $179,010 is from general revenues. Of the general revenue savings, $162,404 is from facilities expenses. The enacted budget added $183,330 for facilities expenses for FY 2021 based on updated billing rates for Harrington Hall. This request reduces the funding to FY 2020 final funding levels, which used lower rates. The Executive Office and Budget Office confirmed this reduction was intended; however, a rationale for the reduction was not provided. Subsequent to submission of the second quarter report, the Executive Office reported that updated billing rates for facilities management for FY 2021 are anticipated to be $38,631 more than enacted.

The Governor recommended funding as requested. The recommendation also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work.

The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $141,913 from general revenues in the Executive Office's budget. This includes $137,465 for facilities and $4,448 for information technology.

I-195 Redevelopment Fund. The Executive Office requested $5.0 million from general revenues for real estate development incentives for construction on former I-195 land. The 2015 Assembly created the I-195 Redevelopment Project Fund, to be administered by the I-195 Redevelopment District Commission to provide developers and businesses with financing for capital investment, including land acquisition in order to promote the development of the land. The FY 2016, FY 2018, and FY 2019 budgets included a total of $28.0 million from general revenues to support the fund; funding is available until exhausted or the program ends. The Commission had active commitments of $26.5 million as of December 2020, of which $18.6 million had been disbursed as of December 31, 2020.

During FY 2017, Wexford Science and Technology was awarded $19.8 million, or 70.7 percent of all appropriated funds and 75.9 percent of all awarded funding. The Commission has also essentially awarded itself $4.3 million for infrastructure improvements throughout the FY 2017 to FY 2021 period, including burying National Grid power lines, screening a nearby transformer yard, and adding walkways between the nearby South Station Landing, city walkways, and new parks. That also includes funding for art installations, streetscape improvements, activity programming, temporary parking and storage, parks management and infrastructure, and development plan expenses related to its status as a special economic development district. During FY 2020, it also awarded $1.2 million for a project on parcel 28 for which

the land cost was $100,000; after associated sales costs proceeds totaled $58,820. As of December 2020, estimated available funding is $1.5 million.

The 2020 Assembly extended the program's sunset date from December 31, 2020, to June 30, 2021. The Corporation may not enter into any agreement for funding or incentives after that date.

The constrained request removes this funding. *The Governor did not recommend new funding, but proposed extending the sunset to the end of 2022. Subsequently, the Governor requested an amendment to expand the use of the fund to include ongoing staffing and operating expenses of the parks on the land within the I-195 Redevelopment District.* **The Assembly extended the sunset to December 31, 2022, and did not concur with the requested amendment.**

Rebuild Rhode Island Tax Credit. The Executive Office requested $25.0 million from general revenues, $2.5 million more than enacted for the Rebuild Rhode Island Tax Credit program, a real estate development tax credit for qualified construction. The enacted budget includes $22.5 million for FY 2021 in addition to the enacted appropriations for the FY 2016 through FY 2019 period, which totaled $44.7 million, to provide funding for tax credits to be redeemed over time. The 2020 Assembly eliminated $10.0 million from the final appropriation, and transferred $5.0 million of previously appropriated funds to state general revenues as there was sufficient funding to support the program's commitments at least through FY 2021, assuming an estimated $31.0 million of disbursements. As of December 31, 2020, $18.0 million has been disbursed. Based on updated testimony provided to the November 2020 Revenue Estimating Conference, total disbursements through FY 2021 were estimated at $38.8 million.

The 2016 Assembly capped the total amount of credits awarded under the program at $150.0 million. Credits valued between 20.0 and 30.0 percent of qualified project costs up to a maximum of $15.0 million are available to projects that have demonstrated a gap between available funding and total estimated project costs. The Rebuild Rhode Island Tax Credit also includes the option to offer a sales and use tax exemption. The 2019 Assembly amended the program to facilitate the inclusion of historical projects, including exempting certain projects from minimum size and project cost requirements; the Corporation has approved 13 projects under these criteria since FY 2020. The Assembly also raised the program cap to $210 million, subjecting the sales and use tax exemptions to that cap to be paid by the fund. It also establishes a project-specific cap of $25.0 million for the project proposed for parcels 42 and P4 of the I-195 Redevelopment District, and excludes that project from the program cap.

Projects that include historical structures, affordable housing, public transit, and other factors may receive increased credits at the discretion of the Commerce Corporation. Beginning in FY 2017, the Corporation and the Division of Taxation has annually reported on credits assigned and taken, and the measurable impacts of the program. As of December 2020, the Commerce Corporation had 43 active approved awards, valued at an estimated $183.3 million inclusive of the sales and use tax exemptions, adjusted for certain agreements.

The design of the program is to forward fund credits, thereby creating a lesser burden on state sources when those credits begin to be redeemed in the future; current project credits are estimated to be redeemed through at least FY 2036. The constrained request includes total funding of $10.0 million. Based on November 2020 Revenue Estimating Conference testimony, the constrained level would result in an estimated $1.8 million of forward funded resources for FY 2023 for which the estimated disbursement is $28.6 million, or $26.8 million more than available resources. The 2020 Assembly extended the program's sunset date from December 31, 2020, to June 30, 2021. The Corporation may not enter into any agreement for funding or incentives after that date.

The Governor recommended the enacted level of $22.5 million, $2.5 million less than requested, to bring total funding to $89.7 million. The Governor also included Article 9 of 2021 H-6122 which proposes to increase the program cap to $240.0 million and extend the sunset to the end of 2022.

The Assembly provided $52.5 million for FY 2022. For FY 2021, the Assembly provided $37.5 million including restoration of $15.0 million of resources recaptured during FY 2020 in response to budget constraints related to the pandemic, to bring total funding to $134.7 million. The Assembly also extended the sunset to December 31, 2022, but did not increase the program cap.

Industry Cluster Grants. The Executive Office requested $500,000 from general revenues for the Industry Cluster program to provide Rhode Island businesses with startup and technical assistance grants ranging from $75,000 to $250,000, and to provide competitive grants ranging from $100,000 to $500,000 for activities within an industry cluster and to close industry cluster gaps. The Assembly has provided $1.5 million since the program's inception in 2015. The request provides additional resources to the program; it has awarded $1.3 million as of the most recent award in September 2020, with $136,360 available for future awards. The revised request excludes $100,000, which would reduce the available resources to $36,360.

These grants became available in November 2015. During FY 2016 through FY 2017, and FY 2019 period, the program had awarded $1.2 million of grant funds against $0.7 million of matching resources to ten awardees, including two awards to a sole recipient, and two awards in which Polaris MEP is a partner recipient. For FY 2021, the Corporation has made two awards of $75,000 each. The first is a "reshoring initiative" to Polaris MEP with a $45,000 match from its parent organization, the URI Foundation. The second includes a Rhode Island Foundation match of $50,000 to conduct a study on the implementation of a minority business accelerator including a gap analysis and identification of opportunities that are most accessible to minority-owned businesses, inventory opportunities, and how an accelerator could interface with the Corporation's SupplyRI program. It should be noted that the FY 2022 request also includes $10.0 million from general revenues for a Minority Entrepreneurship program, discussed separately.

The constrained request excludes the additional funding. The 2020 Assembly extended the program's sunset date from December 31, 2020, to June 30, 2021. The Corporation may not enter into any agreement for funding or incentives after that date. *The Governor recommended funding as enacted and proposed to extend the sunset to the end of 2022.* **The Assembly did not concur, provided $0.1 million less than recommended, and allowed the program to sunset on June 30, 2021.**

Innovation Initiative. The Executive Office requested the enacted level of $1.0 million from general revenues to support the innovation voucher and network matching grant initiatives. Vouchers are for small businesses with less than 500 employees to facilitate the purchase of research and development support from the state's institutions of higher education and other providers through vouchers ranging from $5,000 to $50,000 per business. Network matching grants are available for specified industries for technical assistance or access to capital. The 2017 Assembly amended the legislation to allow awards made to small business manufacturers to support internal research and development. The 2020 Assembly extended the program's sunset date from December 31, 2020 to June 30, 2021. The Corporation may not enter into any agreement for funding or incentives after that date.

For the FY 2016 through FY 2020 period, the program had averaged about 22 awards each year under this program, of which 18 are for vouchers. As of February 2021, the Corporation has awarded one voucher and one matching grant for the current fiscal year. The program made a total of 90 vouchers to 72 recipients, including 15 recipients receiving total funding over $90,000, with awards averaging $47,224. It had also awarded 20 matching grants to 13 recipients averaging $117,617, including one recipient with three awards totaling $650,000 and two with two or more awards totaling over $351,000. As of December 31, 2021, the

Corporation paid out $3.2 million for vouchers, 76 percent of awarded voucher funding, and $2.3 million of the awarded matching grant funds, 97 percent of its matching grant awards.

The FY 2016 through FY 2021 enacted budgets provided total appropriations of $7.5 million; the Corporation awarded $6.6 million against it as of December 2020, leaving $0.9 million uncommitted, in addition to any resources available for projects which have closed or been paid out at a lesser amount than awarded. There is not a set distribution of funding between the two aspects of the Innovation Initiative. The funding is distributed between the award types based on the level of demand and quality of the applications received by the Corporation. *The Governor recommended funding as requested and proposed to extend the sunset to the end of 2022.* **The Assembly concurred.**

First Wave Closing Fund. The Executive Office requested $5.0 million from general revenues to restore unutilized resources transferred back to general revenues by the 2019 Assembly. For the FY 2016 through FY 2018 period, the Assembly appropriated $15.3 million; prior to FY 2021, the Corporation awarded $2.6 million to seven recipients. Only $0.4 million of awarded funding has been disbursed as of December 31, 2020. There was no program activity for FY 2020. The Corporation made two awards for FY 2021, including $250,000 to be reimbursed by the Governor's Workforce Board for Virgin Pulse and $0.5 million to 401 Tech Bridge, a non-profit economic development organization affiliated with Polaris Manufacturing Extension Partnership and similarly under the hierarchy of the URI Foundation. Adjusted for the Governor's Workforce Board reimbursement, the program has $7.2 million in reserves from which to draw awards.

First Wave Closing Fund	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Balance Forward	*$ -*	*$ 4,800,000*	*$ 11,602,500*	*$ 12,902,500*	*$ 12,702,500*	*$ 7,702,500*
Appropriation	5,000,000	8,500,000	1,800,000	-	-	-
FY 2020 Recapture	-	-	-	-	(5,000,000)	-
Available Resources	$ 5,000,000	$ 13,300,000	$ 13,402,500	$ 12,902,500	$ 7,702,500	$ 7,702,500
Grants Awarded[1]	(200,000)	(1,697,500)	(500,000)	(200,000)	-	(500,000)
Balance Forward	**$ 4,800,000**	**$ 11,602,500**	**$ 12,902,500**	**$ 12,702,500**	**$ 7,702,500**	**$ 7,202,500**

[1] *Adjusted for anticipated Governor's Workforce Board reimbursement*

The fund was enacted in 2015 to provide financing to ensure that certain transactions that are critical to the state's economy occur, subject to the Commerce Corporation's Board approval. The funds can be used for working capital, equipment, furnishings, fixtures, construction, rehabilitation, purchase of property, or other purposes approved by the Corporation. Reported uses include office fit-out and occupancy, talent attraction, and a Stay Invested in RI Wavemaker Fellowship-style student debt loan relief for one awardee.

The constrained request excludes this funding. The 2020 Assembly extended the program's sunset date from December 31, 2020 to June 30, 2021. The Corporation may not enter into any agreement for funding or incentives after that date. *The Governor did not recommend new funding, but proposed to extend the sunset to the end of 2022.* **The Assembly concurred.**

P-Tech Initiative. The Executive Office requested $0.2 million from general revenues for the High School, College, and Employer Partnerships program, which supports partnerships among high schools, the Community College of Rhode Island, other institutions of higher education, and employers to offer courses towards high school diplomas, internships, and associate degrees. Current law requires the Corporation to report the amount of grants and matching funds awarded; as of December 2020, no new programs had been established since FY 2017 despite having resources for more than four programs. Of the $1.3 million awarded, $1.1 million was disbursed through April 2020; a further update on disbursements has been requested, but not provided by the Corporation. The 2020 Assembly extended the program's sunset date

from December 31, 2020 to June 30, 2021. The Corporation may not enter into any agreement for funding or incentives after that date.

The Commerce Corporation Board of Directors approved funding to three districts in FY 2016, Newport, Providence, and Westerly, and extended funding to three more programs in FY 2017, North Providence, Woonsocket, and the William M. Davies Jr. Career and Technical School. The Board also approved an allotment to the Community College of Rhode Island for administrative purposes related to its participation in the program; during FY 2018, it increased the allotment from $100,000 to $150,000. The awards total $1.3 million of the $2.3 million appropriated since the program's inception. Of that amount, $1.1 million was disbursed through April 2020; a further update on disbursements has been requested, but not provided by the Corporation. The original FY 2020 budget included $200,000; however, the 2020 Assembly reduced the final appropriation to $41,217 as the only expense was an assessment to support current Commerce staffing.

The constrained request reduces the request by half. *The Governor did not recommend new funding, but proposed to extend the sunset to the end of 2022. In February 2021, the Corporation approved $0.2 million for a new program in Providence. It had also disbursed the outstanding $0.1 million due to the program at William M. Davies Career and Technical School.* **The Assembly concurred.**

COVID Relief - Business Interruption Supports. The enacted budget includes $55.8 million from federal funds intended to support businesses experiencing disruptions from the pandemic. The request was submitted prior to budget passage. Prior to enactment, the Office of Management and Budget provided documents demonstrating the administration's intended level of commitments from Coronavirus Relief funds to support a variety of businesses experiencing disruptions related to the pandemic or the pause period announced in November 2020. This includes a grant program administered by the Division of Taxation. To be eligible, a business must be a locally-owned Rhode Island tax filer, been impacted by the pause period, and not have declared bankruptcy. Applicants are eligible for total reimbursement of losses from $500 to $50,000. Subsequently, the administration reported having spent $46.1 million as of January 15, 2021. The FY 2022 request includes no funding. *The Governor concurred.* **The Assembly concurred.**

COVID Relief - Restore RI Business & Non-Profit Grants. The enacted budget includes $65.5 million from federal funds to reflect anticipated support for small businesses and non-profits during the coronavirus pandemic. The request was submitted prior to budget passage. The program provides financial support up to $30,000 to restaurants and caterers, small businesses up to 50 employees, nonprofits, sole proprietors, child care businesses and businesses without employees or contractors. To be eligible, businesses must demonstrate a 30.0 percent revenue loss during at least one month due to COVID-19. Funding also supports program implementation. Subsequently, the administration reported increasing its anticipated commitments to $76.0 million, with $76.4 million spent as of January 15, 2021. The FY 2022 request includes no funding. *The Governor concurred.* **The Assembly concurred.**

COVID Relief - Hospitality, Arts, and Tourism Supports. The enacted budget includes $20.0 million from federal funds for a competitive grant program intended to prevent closure of arts, culture, hospitality and tourism businesses and institutions during the coronavirus pandemic. The request was submitted prior to budget passage. The Commerce Corporation began accepting applications the week of November 3, 2020, for the Hotel, Arts and Tourism Grant program. Eligible businesses and nonprofit entities experiencing disruptions related to the pandemic could receive grants of up to $1.0 million on a competitive basis to support their workforce and engage with their communities. Half of the grant allocation is intended to support engagement, service, and resiliency activities. These activities are intended to spur economic activity, and create safe convening opportunities that provide increased access to artistic and tourist-friendly engagement. Examples of such activities could include hosting COVID-appropriate events, providing hotel vouchers or discounts to those wishing to work or learn remotely, hosting safe meetings, and enabling virtual and remote events. The remainder of the funding is intended as direct support for hotels, arts, culture,

and tourism organizations. Subsequently, the administration reported having reduced its anticipated commitments to $16.1 million, with $14.8 million spent as of January 15, 2021. The FY 2022 request includes no funding. *The Governor concurred.* **The Assembly concurred.**

Small Business Promotion. The Executive Office requested the enacted level of $0.3 million from general revenues to recapitalize support for the small business promotion program known as SupplyRI. The Corporation approved the program in December 2017 with a $325,000 budget, assuming no state funding. The FY 2019 through FY 2021 enacted budgets each provided $300,000 to support the program.

In support of its original request, the Executive Office reported the intent was to create a permanent program at the Commerce Corporation, with program infrastructure hosted by a partner of the Corporation. The intent was to increase in-state procurement from large purchasers by creating a platform to connect large buyers with small suppliers and provide training to help small suppliers compete for business from large suppliers. As presented to the Corporation's Board, the larger participating companies would collaboratively work to plan events and training programs for smaller companies with the infrastructure for the program hosted by a partner of the Corporation. *The Governor recommended funding as requested.* **The Assembly concurred.**

Small Business Assistance. The Executive Office requested $1.0 million from general revenues for the Small Business Assistance Program authorized by the 2015 Assembly. It should be noted that the revised request includes $0.5 million, totaling $1.5 million over the two-year request period. Originally capitalized with $5.5 million made available from debt restructuring, the program supports businesses with less than 200 employees that are having difficulty obtaining financing from traditional lending organizations.

Loanable funds are capped at $750,000. The 2018 Assembly amended the program to increase the amount reserved for microloans from 10.0 percent to a range between 10.0 percent and 25.0 percent. The 2019 Assembly provided an additional $0.5 million to recapitalize the program. The 2020 Assembly extended the program's sunset date from December 31, 2020 to June 30, 2021. The Corporation may not enter into any agreement for funding or incentives after that date.

The program capitalizes third-party lenders, including those with expertise in microloans, to provide access to capital. State funds are leveraged to provide access to additional lenders' funds or provide technical assistance. As of December 2020, the Corporation reported $4.3 million has leveraged $20.6 million with $1.6 million available from the appropriated funding.

The constrained request reduces the request by half. *The Governor recommended funding as requested and proposed to extend the sunset to the end of 2022.* **The Assembly provided $650,000 and concurred with the sunset extension.**

State Small Business Credit Initiative. The American Rescue Plan Act provides $10.0 billion to recapitalize the State Small Business Credit Initiative established by the Small Business Jobs Act of 2010, to support small businesses impacted by the economic effects of the coronavirus pandemic. Funding is available to expand or create new state small business investment programs that provide access to capital, collateral support, loan participation, loan guarantees, and venture capital. The act includes a set-aside to support businesses controlled by the socially and economically disadvantaged, with technical assistance and enhanced support for recipients that "demonstrate robust support" for those groups.

The Governor's budget was submitted concurrently with the American Rescue Act being enacted into law, as such it does not include this funding. Subsequently, the Budget Office identified $56.2 million from federal funds to include in the Executive Office's budget. **The Assembly included the funding.**

Other Commerce Programs

Wavemaker Fellowships. The Executive Office requested $2.0 million, $0.8 million more than enacted, from general revenues for a student loan repayment tax credit program for graduates of accredited institutions of higher education who receive an associate's, bachelor's or master's degree and who remain in, become a resident of, and are employed within the state in the fields of life, natural or environmental sciences; computer, information or software technology; engineering or industrial design; and medicine or medical device technology. Compared to the average cohort award of $1.7 million, and based on reported utilization through December 2020, the request reflects funding for two new cohorts, and partial funding of a seventh cohort. The estimate assumes full utilization of awards, which is inconsistent with the experience of cohorts which have begun to utilize Fellowship funds. Assuming redemption consistent with historical experience, recouped resources could result in resources sufficient to fund more than 75 percent of a seventh cohort.

The amount of the tax credit is up to a maximum of $1,000 for an associate's degree, $4,000 for a bachelor's degree and $6,000 for a graduate degree for up to four years. Current law requires that the Commerce Corporation reserve 70.0 percent of the awards per calendar year to permanent residents of the state. It also requires that recipients must work at least 35 hours per week for an employer located in the state, which is defined as having at least 51.0 percent of its employees located in the state. The program allows for up to four years of reimbursements to awardees. The Office of Revenue Analysis published a statutorily required evaluation of the program, which is available on the Department of Revenue's website. The analysis assumes the full four year utilization; however, the Corporation provides two year awards to recipients.

The Corporation awarded four, two-year cohorts of 208, 219, 240 and 206 fellowships for the FY 2016 through FY 2019 period. The program has been appropriated $8.5 million across the FY 2016 through FY 2021 enacted budgets, and awarded $6.8 million to four cohorts of fellows; the Corporation also allocates staffing costs for a program director. Accounting for estimated staffing costs, the program should have $1.7 million in uncommitted funding from which to make awards to a fifth cohort beginning in FY 2022; additional funding should be available as certified awards often pay out at less than the maximum awarded amount, and those resources are available for new awards. The 2020 Assembly extended the program's sunset date from December 31, 2020 to June 30, 2021. The Corporation may not enter into any agreement for funding or incentives after that date.

Stay Invested in RI Wavemaker Fellowship Program - Cash Flow

Fiscal Year Awards	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Balance Forward	$ -	$ 1,736,418	$ 3,704,173	$ 3,629,014	$ 3,718,011	$ 3,380,452	$ 2,719,554
Appropriation	1,750,000	2,000,000	800,000	1,600,000	1,200,000	1,200,000	-
Total Resources	$ 1,750,000	$ 3,736,418	$ 4,504,173	$ 5,229,014	$ 4,918,011	$ 4,580,452	$ 2,719,554
Awards Anticipated	*$ -*	*$ -*	*$ (788,051)*	*$ (1,651,179)*	*$ (1,738,685)*	*$ (1,729,865)*	*$ (854,309)*
Administrative Costs [1]	*(13,582)*	*(32,245)*	*(134,728)*	*(121,147)*	*(125,993)*	*(131,033)*	*(136,274)*
Award Utilization [1]	-	-	*(740,431)*	*(1,389,856)*	*(1,411,566)*	*(1,729,865)*	*(854,309)*
Balance Forward	**$ 1,736,418**	**$ 3,704,173**	**$ 3,629,014**	**$ 3,718,011**	**$ 3,380,452**	**$ 2,719,554**	**$ 1,728,972**

[1] *Shaded areas are estimated.*

During the declared state of emergency, the Governor issued five executive orders which waived the requirement that a fellow be obligated to repay educational loan expenses to the extent that the fellow made payments under the federal loan forbearance provided under the CARES Act. The executive orders cover the period from March 13 to December 23, 2020.

The constrained request includes $0.8 million, excluding the enacted amount. This level of funding would fully fund a fifth cohort and partially fund a sixth. Any additional recoupment of resources would further fund a sixth cohort.

The Governor recommended $1.6 million and proposed to define eligible businesses to include a variety of financial industry institutions, federal agencies, and pass-through entities, clarify the tax exempt status of some benefits, and extend the sunset to the end of 2022. **The Assembly provided $1.6 million, and enacted Section 10 of Article 9 of 2021-H 2021, Substitute A, as amended, to effectuate the clarified tax exemption and extend the sunset to December 31, 2022. It excluded the proposed changes to eligible businesses.**

Quasi-Public Appropriations

Commerce Corporation Operations. The Executive Office requested $7.7 million, $0.3 million more than enacted from general revenues, for Commerce Corporation's operations. Though not a direct appropriation, the Commerce Corporation also receives a share of the 5.0 percent hotel tax to support tourism and marketing. As of October 2020, the most up to date data available, the Corporation had received $1.7 million for FY 2021, $1.2 million less than the prior October preceding the pandemic. It should be noted that the statute requires these funds be spent annually directly on tourism-related expenses. The Corporation received $4.6 million for FY 2020, $5.8 million in FY 2019, $6.4 million in FY 2018, and $4.9 million in FY 2017. For FY 2020, the reduction is directly related to the Coronavirus pandemic; changes in the prior years are generally reflective of changes to the hotel tax distribution formula.

The Corporation reported the increase includes $92,500 more for computers for remote work, $132,709 for increases for its rent, and $26,774 for increased health insurance costs. It should be noted, based on its explanation, the request for rent is understated by $15,023 or the two final months of FY 2022. This assumes the increase for rent for the final three months of the fiscal year is approximately half of the preceding nine months.

The constrained request is $0.2 million less, or $54,000 more than enacted, consistent with the Governor's FY 2021 recommended amount. This includes $26,774 more for staffing expenses and $27,226 for undescribed capital expenses.

The Governor recommended $228,543 more than enacted, or $23,440 less than requested. The increase includes $132,709 for increased rental costs, $26,774 for health insurance inflation, and $69,060 for a Director of Food Strategy. Funding had been requested for the Director of Food Strategy in the Department of Health's budget. This is part of a joint program; a similar position was previously filled at the Department, funded through donations. Once that funding was no longer available the position was removed. **The Assembly concurred.**

I-195 Redevelopment District Commission. The Executive Office requested $1.4 million, $0.6 million more than enacted from general revenues for operational needs of the I-195 Redevelopment District Commission. The Commission was created by the 2011 Assembly as the responsible authority for the sale, marketing and oversight of land made available as a result of the relocation of Interstate 195. The enacted budget also assumes $578,000 from Rhode Island Capital Plan funds for the Commission.

The adopted plan also includes new referenda to be presented to the voters in a March 2, 2021 special election. Question two includes $4.0 million of new general obligation bonds to finance infrastructure and development projects for the parks within the I-195 Redevelopment District, discussed separately. This is consistent with the Governor's requested July 2020 amendment to shift this funding from Rhode Island Capital Plan funds as originally proposed.

Pursuant to Rhode Island General Law, Section 42-64.14-8, the Commission is authorized to assess fees for services or commodities supplied by the Commission, provided that it disburse to the City of Providence one-half of such fees collected or one-half of such fees the city would have received from the project. The Commission approved a fee schedule during a public hearing on August 28, 2018, of 1.4 percent of building

costs. The Commission has also instituted third-party fees for some services during the Commission's review process. For example, the Commission has put a per square foot of building area fee in contract terms to provide support to the District's seven acres of parks; for 2020, this fee is estimated to have generated over $82,000. As additional property is developed, those proceeds will grow.

The request includes $456,315 more to support 5.0 full-time equivalent positions; the Commission had been staffed at two positions since June 2019. The Commission added 1.5 full-time equivalent positions during the final quarter of FY 2020; which includes a part-time parks manager position assumed to be paid through the parks' assessment. For FY 2021, the Commission is assuming the responsibility for the management and operations of the parks, and its request includes funding for a staff position, utilities, landscaping, security, graffiti removal, repair of hardscapes and furniture, and refuse removal.

The constrained request is for $1.0 million, or $380,000 less. *The Governor recommended the enacted level of funding.*

The Assembly concurred. It also passed 2021-H 5223, Substitute A, authorizing a new state lottery contract, including authorizing the Commission to enter into a naming rights agreement with Bally's Corporation. If such an agreement is reached, Bally's would provide $250,000 in the first year, $150,000 in the second year, and $100,000 annually thereafter, subject to the Commission's authority to end the agreement.

Polaris Manufacturing Extension Partnership. The Executive Office requested $450,000, $100,000 more than the enacted level from general revenues for the Polaris Manufacturing Extension Partnership. Polaris is a Providence-based nonprofit organization that provides support to manufacturers within the state through training and consultation for sustainable growth, innovative technology strategies and cost efficient operations, and talent development. Polaris also supports the economic development initiatives of the Executive Office and the Commerce Corporation by gathering industry-specific information to inform policy initiatives.

Polaris Manufacturing Extension Partnership is under the hierarchy of the URI Foundation, and is affiliated with the 401 Tech Bridge, a new non-profit economic development organization which has received several funding awards from the Corporation under a variety of sources. Funding has been provided under the Industry Cluster Grant, First Wave Closing Fund, Rebuild Rhode Island, and an Innovation Campus award paid from 2016 general obligation bond funds.

The constrained request excludes the additional funding. *The Governor recommended the enacted level of funding.* **The Assembly concurred.**

Small Business Innovation Research. The Executive Office requested the enacted level of $1.0 million from general revenues to support the Innovate RI Small Business Fund and the Bioscience and Engineering Internship programs. The Science and Technology Advisory Council developed guidelines to administer the programs. To be eligible, a business must meet the following conditions: be a Rhode Island-based business with 50 or fewer employees and have at least 51.0 percent of its employees residing in the state. A business must also certify that at least 51.0 percent of its research will be conducted in the state. Pursuant to the guidelines, an applicant may receive a matching grant of 30.0 percent of the amount of the recipient's federal award with a maximum matching grant not to exceed $45,000 for a phase I award and a 10.0 percent match up to $0.1 million for phase II awards.

The constrained request is for $0.5 million. *The Governor recommended the enacted level of funding.* **The Assembly concurred.**

Urban Ventures. The enacted budget includes $140,000 from general revenues to support an urban business incubator, operated by Urban Ventures, a 501(c)(3). Rhode Island General Law, Section 42-64-13.1, provides for the establishment of an urban enterprise equity fund and an annual appropriation to an urban business incubator. Historically, Urban Ventures has been the operator of the incubator funded. Previously funded through the community service grant program, the 2016 Assembly ended that program and no funding was provided in the FY 2017 enacted budget. The incubator is designed to assist and support entrepreneurial activities by minority and low or moderate income persons, and to assist urban communities and neighborhoods where there is insufficient economic and business investment to revitalize their local economies. Rhode Island General Law, Section 42-64-13.1(e) requires the state to provide support to an urban business incubator.

The Executive Office's request excludes this funding and includes a minority entrepreneurship initiative, discussed separately. The statutory requirements for the urban business incubator provide that the incubator be a 501(c)(3) with an independent board of directors located in an enterprise zone, and defines specific parameters for the facility itself. The documents provided in support of the request do not appear to assume that the minority entrepreneurship initiative meets the statutory requirement, apparently leaving the Executive Office without a plan to satisfy the statute.

The Governor excluded funding for Urban Ventures as requested. Subsequently, the Governor requested an amendment to restore the funding to Urban Ventures. **The Assembly provided the enacted level of $140,000 from general revenues and maintained Urban Ventures as the recipient.**

Minority Entrepreneurship. The Executive Office requested $10.0 million from general revenues to support a minority entrepreneurship program proposed as part of its new long-term economic vision. It should be noted that the Corporation awarded a $75,000 Industry Cluster Grant award to match $50,000 from the Rhode Island Foundation to conduct a study on the implementation of a minority business accelerator including gap analysis and identification of opportunities that are most accessible to minority-owned businesses, inventory opportunities, and how an accelerator could interface with the Corporation's SupplyRI small business promotion program. This recommendation is based on the Cincinnati Minority Business Accelerator, which is a program within the Cincinnati Chamber of Commerce, supported by industry.

As proposed in its long-term economic vision, the program should be implemented by establishing a committee of the local minority business community, higher education, and the financial community to assess how to apply the Cincinnati model here. It is unclear how these activities are distinct from the activities of the Commerce Corporation itself which could establish or coordinate a committee on minority and woman-owned business enterprises within its existing resources.

The constrained request includes $150,000, $9.9 million less than requested. *The Governor recommended $140,000 from general revenues. Subsequently, the Governor requested an amendment to maintain the Urban Ventures as the recipient.* **The Assembly concurred with the amended recommendation. Prior to passage of the budget, the Rhode Island Foundation increased its match to $75,000, providing $150,000 for the Minority Entrepreneurship initiative.**

Chafee Center/International Trade and Export Programming. The Executive Office requested the enacted amount of $476,200 from general revenues previously provided to the Chafee Center at Bryant University for an international trade and export programming initiative. The Chafee Center is the state's designated State International Trade Office; the request provides matching support for the State Trade Expansion Promotion program to increase the value of small and medium business' international exports. The Chafee Center had been funded at $376,200 from FY 2016 to FY 2018. It has been funded at the current level since FY 2019. Governor Raimondo recommended this same proposal for FY 2021.

The constrained request reduces this by $0.1 million. *The Governor recommended the enacted level of funding and maintained the Chafee Center as the recipient.* **The Assembly concurred.**

Airport Impact Aid. The Executive Office requested the enacted amount of $1.0 million from general revenues passed through to communities that host the state's airports. There are six airports in Rhode Island located in Warwick, New Shoreham, Middletown, Smithfield and Lincoln, North Kingstown, and Westerly. The community payments are made proportionally based on the number of total landings and takeoffs.

The Assembly annually authorizes 60.0 percent of the appropriated funds that shall be distributed to each airport serving more than one million passengers based upon its percentage of the total passengers served by all airports serving more than one million passengers. The remaining 40.0 percent is distributed to North Central, Newport-Middletown, Block Island, Quonset, T.F. Green and Westerly based on the shares of total takeoffs and landings during the prior calendar year. Each airport shall make payment to the cities or towns in which any part of the airport is located within 30 days of receipt of payment from the Corporation and each community shall receive at least $25,000. The FY 2020 appropriation was $2,086 less than the actual aid payment due to the $25,000 minimum.

The constrained request excludes the $1.0 million Airport Impact Aid appropriation. The Executive Office reported this will negatively impact the state's ability to maintain and improve the state's airports; however, provides no justification for the exclusion. *The Governor recommended the enacted level of funding.* **The Assembly concurred.**

Other Pass-Through Initiatives. The Executive Office requested $950,000 from general revenues for two initiatives that are passed through the Executive Office's budget but are not part of its core operations. *The Governor recommended funding as requested.* **The Assembly provided $1.0 million more than recommended.**

Science and Technology Advisory Council. The request includes the enacted amount of $0.9 million for participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research. Initially, this was a three-year commitment, which ended in FY 2011; FY 2015 marked the last year of the second five-year commitment. In FY 2015, the Science and Technology Advisory Council submitted an application to continue the program, which requires state support. Funding provides the state match to federal grant awards to establish a partnership between state government, higher education and industry to effect lasting improvements in research infrastructure and national research and development competitiveness. *The Governor recommended funding as requested*. **The Assembly concurred.**

East Providence Waterfront Commission. The request includes the enacted amount of $50,000 from general revenues for the East Providence Waterfront Commission, of which $45,000 is for Commission staff. The Commission is charged with facilitating the transformation of the East Providence waterfront into a model of urban revitalization. *The Governor recommended funding as requested.* **The Assembly concurred.**

Municipal Infrastructure Grant Program. The 2018 Assembly established a program within the Department of Administration to support publicly owned infrastructure projects including, but not limited to, sewers, utility extensions, streets, roads, curb-cuts, parking, water treatment systems, telecommunications systems, transit improvements, and pedestrian ways. The projects are intended to support job creation and expansion, housing development and rehabilitation, and other community development projects. The program is subject to grant funding and prohibited from utilizing state funds or appropriations. *The Governor's budget did not include funding for this program.* **The Assembly provided $1.0 million, and enacted Sections 2 and 3 of Article 9 of 2021-H 6122, Substitute A, as amended, transferring the program to the Rhode Island Infrastructure Bank, and repealing the state appropriation prohibition.**

Executive Office

Site Readiness. The Executive Office requested the enacted level of $1.0 million from general revenues to assist municipalities to develop pad-ready industrial sites. The Governor's FY 2020 budget recommendation included $3.3 million, including $2.3 million from general revenues and $1.0 million from Rhode Island Capital Plan funds for a pilot program to provide municipalities with training, investments, and authority to expedite development. The Assembly did not concur with the majority of the proposal. The 2019 Assembly provided $1.0 million from general revenues. The capital plan approved by the 2020 Assembly includes new referenda to be presented to the voters in a March 2, 2021 special election. Question seven includes $40.0 million from new general obligation bonds to fund an industrial site development program overseen by the Quonset Development Corporation.

The program began accepting applications on October 1, 2019. Funding is awarded for two categories, site specific improvement and municipal assistance. Improvements considered by the Corporation include engineering, environmental, and survey studies, infrastructure improvements, land clearing, and building improvements. Minimum acreage thresholds for urban projects are two acres or 0.1 million square feet; projects in other areas should be at least one acre. Municipal assistance could include streamlining land use and permitting processes, zoning and planning board member or building code official training, assistance writing zoning ordinances or planning documents or marketing support. As of June 2020, the Commerce Corporation had awarded $0.9 million to 16 recipients. Including the carryforward funding, there should be $1.1 million available.

As part of its constrained request, the Executive Office reduced the request to $0.4 million, $0.6 million less. *The Governor recommended the enacted level of funding.* **The Assembly concurred. Prior to passage of the budget, the Corporation awarded the remaining $1.1 million of available funding to 11 recipients for 12 projects.**

Deputy Secretary (1.0 FTE). The Executive Office requested $262,051 from general revenues and 1.0 full-time equivalent position for a Deputy Secretary of Commerce position. The revised request includes $121,768. The position is requested to increase collaboration and alignment of economic development strategy across the agencies under the Executive Office's portfolio. Article 15 of the FY 2016 Appropriations Act establishes a Deputy Secretary position in the unclassified service for the Executive Office. That position was vacated during FY 2017, held vacant and unfunded for FY 2018 and FY 2019, and the vacancy was removed by the 2019 Assembly.

The revised request includes $121,768 to fill this position for part of FY 2021. The position was last proposed in conjunction with the housing policy governance proposal included in Article 12 of 2020-H 7171 to restructure the state's planning and policy for housing and development. The proposal eliminated the 28-member Housing Resources Commission and its related four member Coordinating Committee. In its place, a seven member coordinating council, similar to the existing coordinating committee, would be established and elevated to be the state's lead housing entity. The deputy secretary was intended to serve as the council's executive director. During the 2020 legislative session, this role appeared to be functionally filled by staff at the Commerce Corporation. The constrained request removes this funding.

The Governor recommended funding and authorization as requested. The recommended budget includes Article 16 of 2021-H 6122 to restructure the state's housing planning and policy by expanding the Housing Resources Coordinating Committee from four members to seven, comprised of the chairpersons of Rhode Island Housing and the Housing Resources Commission, the secretaries of health and human services and commerce and three other members, including one from the Continuum of Care. It also restructures and reduces the Housing Resources Commission from 28 members to 20, including the membership of the coordinating committee. The deputy secretary will serve as the Commission's executive director. The article also renames the Office of Housing and Community Development as a division.

Subsequently, the Governor requested an amendment to replace the chairperson of Rhode Island Housing with its executive director on the coordinating committee. The Executive Office reported the content of the amendment was not correct, but did not provide further clarity.

The Assembly provided the funding as requested and authorized the position to serve as the executive director of the Housing Resources Commission and the state's lead official to coordinate and facilitate housing production. It enacted Sections 2 and 3 of Article 14 of 2021-H 6122, Substitute A, as amended, to effectuate this and require the Deputy Secretary to provide extensive annual reporting on housing units, affordability, healthy housing stock and housing formation trends for each community, including recommendations to facilitate future development. It did not concur with the proposed reorganization.

General Counsel (1.0 FTE). The Executive Office requested $0.2 million from general revenues and 1.0 full-time equivalent position for a legal position to cover a variety of economic, policy, regulatory, and legal issues. The request assumes the position will have responsibilities related to policy development and coordination, legal analysis, strategy and development of legislation. Rhode Island General Law, Section 36-4-2(a)(5) enumerates a secretary, deputy secretary, chief of staff, communications director, legislative director, and a policy director as unclassified positions within the Executive Office. Legal counsels for state agencies are also permitted under current law. Previously, the Executive Office had a legal counsel functionally filled by an employee of the Commerce Corporation; it was reallocated to the Office in March 2016. The position was filled and vacated by two employees, between its creation and July 2017; subsequently, the position remained vacant until the authorization was eliminated in the FY 2019 enacted budget. Governor Raimondo recommended the position for the FY 2020 budget; the Assembly did not concur. *The Governor did not include the new position.* **The Assembly concurred.**

Personnel and Operations. The Executive Office requested $0.9 million, $430 more than enacted from all sources for personnel expenditures and 3.4 full-time equivalent positions, excluding the positions discussed previously. This reflects the restoration of $0.3 million from general revenues transferred to federal funds in the enacted budget. The remainder of the request includes the enacted amount of $125,475, the majority of which is a full-year of rent, reported at $76,377. Compared to the three prior years' expenditures, there appear to be additional savings available.

The Governor recommended $161,679 more than enacted from all sources of funds, including general revenue funding essentially as requested. The federal funds increase includes $91,250 for which a specific grant source had not been identified at the time of the budget submission and $70,000 more for the Executive Office's share of expenses for the state's informational COVID-19 website. Subsequently, the Governor requested an amendment to eliminate the unidentified $91,250, and to add COVID-19 response support totaling $0.4 million for contingency and miscellaneous expenses for the Executive Office; likewise, the Budget Office identified $6.8 million of Economic Adjustment Assistance Revolving Loan federal funds to add. **The Assembly concurred with the amended recommendation and included the identified funding.**

Housing and Community Development

Housing Production Fund. The Housing Resources Act of 1998 is the statute which defines the structure of the state's housing policy and planning. It established the 28-member Housing Resources Commission which includes six directors of state agencies, five members of professional associations, and 14 members from other interest areas. The chairperson of Rhode Island Housing and the Attorney General are ex-officio members. It also established a four member Coordinating Committee which includes the chairperson and executive director of Rhode Island Housing, the chairperson of the Commission and the director of the Department of Administration. Under current law, the Housing Resources Commission is the paramount

agency for housing policy and planning, and through the coordinating committee it works in conjunction with Rhode Island Housing; the responsibilities of each entity are defined by memorandum of agreement.

The Governor recommended Article 16 of 2021-H 6122 to restructure the state's planning and policy by expanding the Housing Resources Coordinating Committee from four members to seven, including the chairpersons of Rhode Island Housing and the Housing Resources Commission, the secretaries of health and human services and commerce, and three other members including one from the Continuum of Care. It also restructures and reduces the Housing Resources Commission from 28 members to 20, including the membership of the coordinating committee and renames the Office of Housing and Community Development as a division. The legislation establishes a second tier of the Real Estate Conveyance Tax and reallocates a portion of the existing levy to be deposited in a new housing production fund, effective January 1, 2022. The tax is doubled to $4.60 for each $500 increment for residential property only, over $0.7 million. The proceeds will be administered by Rhode Island Housing to provide financial or technical assistance, including payments for increased education expenses to housing incentive districts. The Governor recommended $2.6 million for the fund from these receipts.

Subsequently, the Governor requested an to add of $359,327, from restricted receipts to correct an error in the estimate as submitted, and exempt transfers among owners of an affordable housing development from the real estate conveyance tax under specified circumstances.

The Assembly concurred with the second tier for the tax, but increased the levy threshold to $0.8 million, effective January 1, 2022. This is estimated to yield $1.9 million for the new fund. From FY 2023 to FY 2026, the annualized impact is estimated to average $4.3 million. The Assembly excluded the proposed reallocation of the general revenue share. The Budget includes $25.0 million from general revenues to capitalize the fund, replacing the general revenue share. The Assembly incorporated the amendments as requested, and enacted Article 14 of 2021-H 6122, Substitute A, as amended.

Housing Opportunities for Persons with AIDS. The Office requested $0.8 million, or $1.1 million less than enacted, from federal funds for the administration of the federal Housing Opportunities for Persons with AIDS. The requested funding reflects the FY 2020 final appropriation level. The CARES Act provided allocations to Rhode Island totaling $0.6 million, including $0.2 million to the City of Providence. The revised request includes the same reduction; however, it appears to be inadvertent. The Office anticipated spending above the requested level.

Rhode Island Housing and the Office of Housing and Community Development previously agreed to transfer the grant to the state to consolidate the homelessness and supportive housing initiatives within the Executive Office. Housing for Persons with AIDS is the only federal program dedicated to the housing needs of low-income people living with HIV and AIDS. These funds may also be used for services including, but not limited to, assessment and case management, substance abuse and/or mental health treatment, nutritional services, job training and placement assistance. *The Governor concurred.* **The Assembly concurred.**

Neighborhood Stabilization Grant. The Office requested $0.4 million, or $0.6 million less than enacted from federal funds for federal Neighborhood Stabilization Program eligible activities. The requested funding reflects the FY 2020 final appropriation level. The program provides emergency assistance to state and local governments to mitigate abandonment and blight by purchasing foreclosed or abandoned homes to rehabilitate, resell, or redevelop in order to stabilize neighborhoods and stem the decline of values of neighboring homes. The program is authorized under Title III of the Housing and Economic Recovery Act of 2008. *The Governor concurred.* **The Assembly concurred.**

Homelessness Assistance Grants. The Office requested $1.9 million, or $200,000 less than enacted from federal Emergency Shelter Grants and Title XX Shelter Transfer Grants. The Housing Resources Commission typically allocates funding to the private shelter system. The requested funding essentially reflects the FY 2020 final appropriation level, excluding funding assumed to support the Housing Help RI Rental Assistance program, discussed separately. The revised request includes the same reduction; however, it appears to be inadvertent. The Office reported anticipating spending above the enacted level.

The Governor recommended $0.2 million more than the enacted level of funding to reflect additional homelessness response expenses associated with temporary sheltering and quarantine and isolation. Subsequent to submission of the budget, the Governor requested an amendment to add COVID-19 response support including $2.9 million of federal funds for additional quarantine and isolation expenses. **The Assembly concurred.**

Disaster Recovery Grants. The Office requested $0.7 million, or $475,000 more than enacted from federal Community Development Block Grant Disaster Recovery funds. Requests in subsequent years had been declining reflecting available funding as the grant exhausted its resources. *The Governor recommended funding as requested.* **The Assembly concurred.**

COVID Relief - Rental Assistance. The enacted budget includes $5.4 million from all funds, including $0.3 million from general revenues to support program operations after December 30, 2020. The Office of Housing and Community Development announced on May 3, 2020, it was establishing Housing Help RI, an initiative to provide emergency housing assistance to very low-income renters at immediate risk of homelessness funded with $1.5 million from federal homelessness assistance grant funding. On May 28, the Governor announced an additional $5.0 million from the federal Coronavirus Relief funds for the program. This expansion was to provide $1.6 million to cover eligible households in the existing applicant pool and $3.4 million to expand on the program to serve the population at risk for eviction through the end of June. The FY 2020 final budget anticipated $2.5 million for FY 2020 expenses though none were incurred. The administration later reported increasing its intended program commitments to $8.2 million; the administration reported having spent $6.4 million as of January 15, 2021. The FY 2022 request includes no funding. *The Governor concurred.* **The Assembly concurred.**

COVID Relief - Rent and Utilities Assistance. Subsequent to passage of the FY 2021 enacted budget, the federal Coronavirus Response and Relief Supplemental Appropriations Act provided Rhode Island $200.0 million for rental assistance and utilities expenses. States that have not obligated at least 65 percent of the allocation by September 30, 2021 will have funds recaptured. For Rhode Island, that threshold is $130.0 million. Not less than 90.0 percent of funding must be used for financial assistance for rent, home utility costs, or other housing expenses incurred due to COVID-19; up to 10.0 percent may be used for supportive services including case management and other services. Applicants may apply for both rental and utility assistance or separately for either expense as of March 13, 2020. Payments are made directly to property owners or utility providers if possible. Income eligibility is limited to 80.0 percent of area median income, with a requirement to prioritize households with income under 50.0 percent of area median income or where a member has been unemployed for 90 days. Based on Housing and Urban Development rates for 2020, the most current data available, 50.0 percent of area median income for Rhode Island is $31,450 to $59,250 depending on family size and 80.0 percent area median income is $50,300 to $94,850 depending on family size.

Households within the income thresholds that rent are eligible, provided a member qualified for unemployment benefits, has a pandemic-related income reduction, or is at risk for homelessness or housing instability. Grants for households may be used for rent or utilities prospectively or in arrears for up to 12 months in three month increments; the state may provide up to an additional three months in cases of housing insecurity. Utility expenses include electricity, water, sewer, gas, oil, refuse removal, and internet service may be included based on parameters determined by the state to maximize the availability of rental

assistance funds. Recipients of other federal housing support programs are ineligible for any expenses reimbursed by other federal assistance. *The Governor's recommendation funds this initiative through the Department of Administration, and included $80.0 million for FY 2021 and $120.0 million for FY 2022. The program is administered by Rhode Island Housing. The program launched March 31, 2021.*

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into law which includes funding through September 2027 to continue to provide rent and utilities assistance. Grantees under the program may fund awards through September 2025. Rhode Island is anticipated to receive at least $152.0 million over time, including an initial payment of $60.8 million. The act includes a recapture provision of unspent funding beginning March 1, 2022, and expands the use of funds to include affordable housing and eviction prevention services after October 1, 2022; it also extends the use of funds from the first rental assistance program from December 31, 2021 to September 30, 2022. The Budget Office identified $114.0 million of funding from the American Rescue Plan Act to add to the Department of Administration's budget. **The Assembly concurred with the amended recommendation.**

COVID Relief - Eviction Diversion. The enacted budget includes $7.3 million from federal funds for an eviction diversion initiative. On July 9, 2020, the administration announced an eviction diversion program, known as the Safe Harbor Housing Program. The program is intended to be an alternative to the traditional, court-based eviction process. The program is intended to provide mediation to arrange settlements between tenants in arrears and property owners. Property owners are selected via an application process, a third-party program administrator is pairing parties with legal counsel. Tenants and landlords must enter into a repayment agreement; payments are made directly to the property owners. Subsequently, the administration reported having spent $7.2 million as of January 15, 2021. The FY 2022 request includes no funding. *The Governor concurred.* **The Assembly concurred.**

COVID Relief - Landlord Incentives. The enacted budget includes $500,000 from all funds, including $100,000 from general revenues intended to support program operations after December 30, 2020. On June 12, 2020, the Governor announced a program to provide property owners payments to make residential units available to individuals experiencing homelessness. The Office of Management and Budget reported the program was provided $0.5 million from federal Coronavirus Relief funds.

The program provides payments of $2,000 for the first unit committed and $500 for each unit committed thereafter, first and last month's rent, and up to $2,000 for renovation and repair upgrades. The program is intended to establish permanent housing whereby participants pay 30 percent of their income, with housing vouchers paying the remaining amount directly to the property owner. The program is also intended to provide screening and retention services to reduce resident churn in participating properties. The administration reported having spent $200,060 as of January 15, 2021. The FY 2022 request includes no funding. *The Governor concurred.* **The Assembly concurred.**

COVID Relief - Navigation Assistance and Legal Services. The enacted budget includes $150,000 from federal funds to provide grant support to nonprofits to help individuals navigate housing assistance applications and complete the application process successfully. This is in addition to legal services funded through the Eviction Diversion program. The administration reported no program expenditures. The FY 2022 request includes no funding. *The Governor concurred.* **The Assembly concurred.**

Lead Abatement and Housing Rental Subsidies. The Office requested $4.7 million, $12,905 more from restricted lead abatement and housing rental subsidy activities resources than enacted. The requested funding reflects the FY 2020 final appropriation level. The 2014 Assembly amended the Real Estate Conveyance Tax statutes to provide a permanent stream of funding to be used by the Housing Resources Commission for lead hazard reduction abatement, rental subsidy and shelter operations. The 2015 Assembly further amended the statutes to essentially extend the real estate conveyance tax and its existing distribution of proceeds to the sale of a controlling interest in a business entity that holds interest in the

property. The November 2020 Revenue Estimating Conference estimated that the state would retain a total of $14.5 million from the tax in FY 2021 and $15.4 million for FY 2022, which should yield approximately $4.8 million and $5.1 million respectively, to be distributed to the Commission from the real estate transfer tax. *The Governor concurred.* **The Assembly concurred.**

Community Development Block Grants. The Office requested $3.0 million, or $6.6 million less than enacted from federal Community Development Block Grant funds than enacted. Cranston, East Providence, Pawtucket, Providence, Warwick and Woonsocket are entitlement communities which receive their Community Development Block Grants directly from U.S. Housing and Urban Development; the remaining 33 communities' grants are administered by the state. The requested funding reflects the FY 2020 final appropriation level and is essentially consistent with the actual spending.

The Governor recommended $4.0 million more than requested to reflect the addition of supplemental Coronavirus Relief Community Development Block Grant awards. Subsequently, the Governor requested an amendment to add $1.2 million of additional federal funds available. **The Assembly concurred with the amended recommendation.**

Housing and Community Development Staffing. The Office requested $1.4 million for salaries and benefits for the authorized staffing level in the Office of Housing and Community Development. The request restores a shift of $0.1 million from general revenues to COVID relief federal funds for staffing expenditures and $7,373 of one-time workshare savings provided in the enacted budget. It also shifts an additional $56,930 from all funds to general revenues, including $13,844 from restricted real estate conveyance proceeds. It should also be noted that it is unclear if the Office's request to use Real Estate Conveyance Tax proceeds to fund its own employees is consistent with the uses under Rhode Island General Law, Section 44-25-1. The statute states the funds will be administered by the Office, through the Housing Resources Commission.

The Office's constrained request includes $85,198 less from general revenues. *The Governor recommended $0.1 million more than requested. The recommendation includes $43,466 less from general revenues, and $125,229 more from federal funds to fully support a new Assistance Administrator of Financial Management position not contained in the Office's request. The position is intended to provide additional financial reporting and administrative processing support for new pandemic-related federal grant activities.*

The Assembly provided $29,441 less than recommended to reflect the Executive Office's share of the $8.2 million in statewide savings budgeted in the Department of Administration for later distribution for the voluntary retirement incentive based on one individual who participated during FY 2021.

Housing and Community Development Operations. The Office requested $68,154 from all sources, including $17,149 or $5,532 less than enacted from general revenues for all other Housing and Community Development program expenses. This excludes $10,824 for moving expenses to co-locate the Office with the Executive Office and Commerce Corporation and adds $5,292 for an equipment lease. The Office of Housing and Community Development provides financial and operational support for all housing programs administered by the Housing Resources Commission. The Housing Resources Commission was established in 1998 to direct the state's housing policy planning programs. Programmatically, this includes rental assistance, lead abatement, supporting non-profit homeless service providers, and administering the Community Development Block Grant support for most of the state's communities. The Office's constrained request includes $5,292 less from general revenues. *The Governor concurred.* **The Assembly concurred.**

Capital Projects. The Executive Office requested $9.5 million, which is $8.9 million more than enacted from Rhode Island Capital Plan funds. The Governor's recommended budget includes $66.5 million more

from new general obligation bonds to be placed on the ballot for voter approval for three projects. Subsequent to submission of the budget, the Governor requested an amendment to add $90.0 million of additional debt, including shifting $11.0 million of Rhode Island Capital Plan funds for Quonset and $4.0 million for the I-195 Redevelopment Commission's parks' funding to general obligation bonds.

The request reflects the FY 2020 final appropriation level, which decreases the assumed level of capital support for the I-195 Redevelopment Commission by $128,000 and includes $9.0 million of Rhode Island Capital Plan funds for the Quonset Development Corporation. The enacted budget assumes the final $6.0 million for the Quonset Point Infrastructure project will be paid in FY 2022; the revised request advances $4.0 million to FY 2021, and this request provides an additional $4.0 million; or $2.0 million more than the approved plan. The enacted budget authorized $129.0 million from new general obligation bonds for four projects to go before the voters during a March 2, 2021 special election. This includes $65.0 million for affordable housing, $60.0 million for two projects overseen by the Quonset Development Corporation, and $4.0 million for the parks located in the I-195 Redevelopment District.

The Governor recommended $3.2 million more than enacted from Rhode Island Capital Plan funds. This includes $0.6 million for the I-195 Redevelopment District Commission and $3.1 million more for the Quonset Point Infrastructure project. The approved plan assumes $6.0 million for FY 2022; the proposed reduction from that may have been inadvertent. The Governor subsequently requested an amendment to restore $2.9 million inadvertently excluded from the Quonset Point Infrastructure project. **The Assembly concurred with the amended recommendation. It also provided $1.2 million from general revenues restoring those resources the Corporation previously transferred to state general revenues to allow for sufficient cash management flexibility. A detailed description of the projects is included in the Capital Budget section of this publication.**

Department of Labor and Training

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Central Management	$ 872,468	$ 873,201	$ 802,869	$ 839,345
Governor's Workforce Board	63,035,898	45,000,677	22,299,054	29,435,204
Workforce Development Services	26,974,395	29,086,330	19,704,879	19,805,260
Workforce Regulation and Safety	3,103,811	3,112,975	3,536,925	3,489,965
Income Support	1,606,025,945	2,870,301,043	589,731,501	903,599,491
Injured Workers Services	11,960,047	11,978,160	11,172,336	11,172,336
Labor Relations Board	374,938	375,715	473,658	407,364
Total	**$ 1,712,347,502**	**$ 2,960,728,101**	**$ 647,721,222**	**$ 968,748,965**
Expenditures by Category				
Salaries and Benefits	$ 54,803,600	$ 59,603,102	$ 49,863,364	$ 56,476,126
Contracted Services	11,167,326	42,840,244	5,586,470	18,071,475
Subtotal	**$ 65,970,926**	**$ 102,443,346**	**$ 55,449,834**	**$ 74,547,601**
Other State Operations	10,852,544	13,040,409	13,765,491	14,095,467
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,618,380,037	2,828,104,226	561,715,831	863,315,831
Capital	179,734	175,859	243,810	243,810
Capital Debt Service	-	-	-	-
Operating Transfers	16,964,261	16,964,261	16,546,256	16,546,256
Total	**$ 1,712,347,502**	**$ 2,960,728,101**	**$ 647,721,222**	**$ 968,748,965**
Sources of Funds				
General Revenue	$ 14,120,999	$ 14,131,759	$ 17,743,117	$ 15,366,720
Federal Aid	1,044,634,941	2,284,429,007	113,460,895	435,765,035
Restricted Receipts	26,335,479	26,728,874	29,054,768	27,918,720
Other	627,256,083	635,438,461	487,462,442	489,698,490
Total	**$ 1,712,347,502**	**$ 2,960,728,101**	**$ 647,721,222**	**$ 968,748,965**
FTE Authorization	**425.7**	**425.7**	**462.7**	**462.7**

Summary. The Department of Labor and Training requested $623.4 million from all fund sources, which is $1,089.0 million less than enacted, including $8.0 million more from general revenues, $957.7 million less from federal funds, $0.5 million more from restricted receipts, and $140.0 million less from other funds. The request includes 425.5 full-time equivalent positions, 0.2 positions less than the enacted authorization. The Department's constrained request reduces general revenue expenditures by $9.4 million.

The Governor recommended $647.7 million from all sources, including $17.7 million from general revenues. This is $24.3 million more than requested, including $4.4 million less from general revenues. The Governor recommended authorization for 462.7 full-time equivalent positions, 37.0 more than enacted. This reflects two new positions to support workplace fraud efforts and 35.0 positions from a proposal to transfer the Employer Tax Division from the Department of Revenue.

The Assembly provided $321.0 more than recommended, primarily from federal funds to reflect the extension of federal unemployment benefits. It provided total staffing authorization of 462.7 full-time equivalent positions, consistent with the Governor's recommendation.

Staffing. The Department requested $46.3 million or $8.5 million less than enacted from all sources for staffing costs. By source this includes $0.7 million more from general revenues, $3.9 million less from federal funds, $3.4 million less from restricted receipts, and $1.9 million less from other funds. The request lowers full-time equivalent positions from the enacted budget by an unspecified 0.2 positions. It should be noted that the $3.1 million of the restricted receipt decrease appears to be the result of an accounting decision by the Department where costs allocated to restricted receipts show as operating costs even if staffing is included in order to comply with the United States Department of Labor. Adjusting for that, the request is $5.3 million less than enacted. This includes $2.3 million less from federal funds for unemployment administration, $1.6 million less for workforce development services, and $1.9 million to reflect discontinuing the cross training program between the temporary disability and caregiver's insurance and unemployment programs. The Department's request reflects a decrease in unemployment claims processing needs in anticipation of starting to return to pre-pandemic levels. As in the revised request, the decreases are offset by an increase of $0.7 million from general revenues. This includes $0.1 million in restored workshare savings and $0.4 million related to 4.0 new positions recommended by the Governor for FY 2021 but not approved by the Assembly. The request excludes the positions but not the funding.

The Governor recommended $3.5 million more than requested from all sources reflecting the addition of 37.0 full-time equivalent positions. This reflects approval for only two new positions to support workplace fraud efforts and 35.0 positions from a proposal to transfer the Employer Tax Division from the Department of Revenue. **The Assembly concurred. It also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $0.1 million from general revenues in the Department's budget based on the 11 individuals who participated during FY 2021.**

Back to Work Rhode Island. The Department's request excludes the one-time funding for the Back to Work Rhode Island program for which $45.0 million was included in the enacted budget. The initiative was created in response to the COVID-19 emergency which connects Rhode Islanders with job opportunities across the state providing resources and training. Functionally similar to Real Jobs Rhode Island, the program partners directly with businesses which provide training program ideas and in turn are funded by the Department. Partners include Amgen, Bank of America, Care New England, CVS Health, General Dynamics Electric Boat, IGT, Infosys, Laborers' International Union of North America, Lifespan, Microsoft, Raytheon Technologies, Salesforce, Service Employees International Union and Twitter. Governor Raimondo announced the program on July 28, 2020 and committed $45.0 million from state Coronavirus Relief funds authorized in the CARES Act. *The Governor recommended funding as requested.* **The Assembly shifted $9.5 million from FY 2021 to FY 2022 based on projected expenditures.**

Real Jobs Rhode Island. The Department requested $13.4 million from all sources, which is $2.4 million more than enacted from all sources for the Real Jobs Rhode Island program. By source, it includes an increase of $7.3 million from general revenues for a total of $12.7 million and a decrease of $4.9 million from federal grants for a total of $0.7 million. Additionally, the Governor's Workforce Board typically allocates Job Development Fund restricted receipts for the program, subject to appropriation; however, no indication of total support is included in the request. The program's functions are to place employees in job openings, advance skills of employed people, and create a talent pipeline for businesses. Processes and programs offered through Real Jobs vary by participant and partnership. The federal funds decrease represents expected balances of grants that support the program. The general revenue increase is consistent with a proposal in the Governor's FY 2021 recommendation, which the Assembly did not adopt.

The following table illustrates spending by source for the program since it began in FY 2016 as well as included in the enacted budget and FY 2022 request. Spending for the program has grown each year, with general revenues representing a greater share of support since first being appropriated in FY 2019. Without restricted receipt support determined, it is difficult to compare the requested spending to recent trends.

The Department submitted a constrained request which reduces the general revenue appropriation by $9.4 million for a total of $3.3 million.

Real Jobs RI - Spending by Source							
Source	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022 Gov.**
General Revenues	$ -	$ -	$ -	$ 3,950,000	$ 5,450,000	$ 5,450,000	$ 8,450,000
Federal Funds	1,111,149	6,066,831	4,510,071	3,915,207	5,038,985	5,522,549	650,794
Restricted Receipts	1,064,653	2,964,284	7,607,314	10,846,691	8,357,602	3,700,000	-
Total	**$ 2,175,802**	**$ 9,031,115**	**$ 12,117,385**	**$ 18,711,898**	**$ 18,846,587**	**$ 14,672,549**	**$ 9,100,794**

The Governor recommended total funding of $9.1 million from all sources, $4.3 million less than requested from general revenues. The recommendation does not assume use of restricted receipts for the program. It should be noted that the Governor's Workforce Board was expected to meet in May, at which point the Board may decide to allocate restricted receipts to the program. Based on the Governor's recommendation for the Board, up to $5.9 million of restricted receipts may be available for the program. **The Assembly did not concur with the additional $3.0 million from general revenues, but did provide $600,000 from general revenues for nursing facility staff training. Additionally, the Governor's Workforce Board approved an initial allocation of $2.0 million from restricted receipts for the program.**

Governor's Workforce Board Staffing. The Department requested $2.0 million, or $54,608 more than enacted, from restricted receipts for staffing the Governor's Workforce Board. The Board receives funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax; this funding can be used for staff or grants and operations. The increase reflects the shift of one position being allocated to the program beyond what is assumed in the enacted budget. However, the request is $0.1 million less than actual FY 2020 spending. The Department indicated that some costs have been allocated to other areas of the Department's budget as a result of additional responsibilities taken on by the Board relating to the Workforce Innovation and Opportunity Act. *The Governor recommended $1,054 more than requested reflecting additional current service adjustments.* **The Assembly concurred.**

Governor's Workforce Board Operations. The Department requested $11.7 million, or $1.3 million more than enacted, from restricted receipts to support grants and the operations of the Governor's Workforce Board. The Board receives funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax; this funding can be used for staff or grants and operations. The balance is distributed for workforce development activities, including adult education, requested grant expenditures, and Real Jobs Rhode Island. The enacted budget and request reflect no carry-forward funding, a departure from prior years, as well as a lower collection for the Job Development Fund. The request increases expected available grant funding for FY 2022, reflecting expected higher collections for the fund than expected during FY 2021. *The Governor recommended funding as requested.* **The Assembly concurred.**

Real Jobs Recovery Workforce Program. The Department requested $0.2 million from new federal funds awarded to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals for a recovery workforce program. The state was awarded a $25.2 million federal State Opioid Response grant and a $6.1 million supplemental grant for residential support, recovery and peer support activities in six state agencies. According to the grant application, funds in the Department of Labor and Training will provide workforce development services that are demand-driven, linked to its larger workforce development network, and maximize the opportunities for middle class employment. *The Governor recommended funding as requested.* **The Assembly concurred.**

Unemployment Insurance Programs						
Covered Employment						
Benefits Program	**Max. Weeks**	**Funding Source**		**Effective Method /Applicability**	**Expires**	**Amount***
		Normally	**Federal Acts**			
First Week	-	N/A	100% Federal	CARES Act, beginning April 4, 2020; extended by the Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act	September 6, 2021	$ 29.4
Regular Benefits	26	100% Employer	100% Employer; 75% Federal for some	CARES Act, 50% federal funding for nonprofit & governmental entities only beginning March 13, 2020; extended by the Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act	September 6, 2021	$ 374.3
Pandemic Emergency Unemployment Compensation	53	N/A	100% Federal	CARES Act, effective after exhaustion of regular benefits, before any extended benefits; extended by the Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act	September 6, 2021	$ 226.9
Extended and High Extended Benefits	20	50% Federal; 50% Employer	100% Federal	Families First Act, extended triggered by 3-month average unemployment rate of 6.5%, high extended triggered by 3-month average of 8.0%, extended by the Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act	September 6, 2021	$ 43.3
Non-Covered Employment						
Pandemic Unemployment Assistance	79	N/A	100% Federal	CARES Act, for unemployment as a direct result of COVID-19 beginning January 27, 2020. Covers those not traditionally covered, such as self-employed, independent contractors, and those with limited work histories, and others ineligible for state benefits; extended by the Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act	September 6, 2021	$ 484.6
Both						
Emergency Increase in Benefits	-	N/A	100% Federal	CARES Act; reintroduced with a $300 payment by the Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act	September 6, 2021	$ 893.6

**in millions; as of July 4, 2021*

Unemployment Benefits. The Department requested $328.0 million or $1,034.5 million less than enacted from federal and unemployment insurance funds for payment of benefits. This includes $45.0 million or $902.4 million less from federal funds and $283.0 million or $132.1 million less from the state unemployment trust fund. During FY 2020, the Department spent $1,429.0 million on these benefits, including $1,001.6 million from federal funds, as a result of the creation of federally funded benefit programs, including the expansion of unemployment benefits to those not traditionally eligible as well as the $600 supplemental unemployment payment, and expansion of federal coverage for certain benefit programs. The enacted budget and revised request include a total of $1,322.5 million to reflect spending on these programs through the first half of FY 2021; however, additional federal action in December 2020 will lead to significantly more federal funding being provided through the rest of the fiscal year.

For FY 2022, the Department's request maintains $45.0 million in federal funding for extended benefit payments but projects the end of all the other federal unemployment programs created as a result of the

pandemic. Should new federal action be passed which extends into FY 2022, the request will be understated. It should be noted that the state's unemployment trust fund balance as of March 21, 2021 is $138.9 million, down from $524.3 million at the beginning of the pandemic.

The Governor recommended $25.0 million more than requested based on anticipated participation. It should be noted that on March 11, 2021, President Biden signed the American Rescue Plan Act which extends the unemployment benefits outlined above through September 6, 2021. This extension will likely result in total expenditures above those included in the Governor's recommended budget. The previous table outlines the various benefit programs, their current expiration dates, and the amounts spent as of July 4, 2021. The Governor subsequently requested an amendment to add $304.1 million from all sources, including $303.0 million from federal funds, reflecting the extension of federal unemployment programs. **The Assembly concurred with the amended recommendation.**

Unemployment Administration. The Department requested $24.5 million or $2.8 million less than enacted from all sources for the administration of the unemployment insurance program, including salaries and benefits. The request includes an accounting decision of the Department where costs allocated to restricted receipts show as operating costs even if staffing is included, in order to comply with certain United States Department of Labor requirements. The request shifts $3.0 million in this manner. The request is $4.5 million more than actual spending during FY 2020 and $2.7 million less than the Department's FY 2021 revised request. Federal legislation in response to the COVID-19 emergency provided significant support to the Department for its administration of unemployment as well as the implementation and administration of new benefit programs created through federal legislation; most of this funding is removed in the FY 2022 request, reflecting the expected end of these programs.

It should also be noted that Executive Order 20-19 originally issued on April 9, 2020 and extended each month thereafter allowed the Department to rehire retirees to assist with the increase in workload as a result of the COVID-19 emergency. The request includes 11 retirees with a total cost of $0.3 million assuming the end of their service is December 31, 2020. The annual cost of these retirees would be $0.6 million. As of March 2021, there were still ten retirees supporting the Department, which expects their assistance will continue through the remainder of FY 2021. *The Governor recommended $16,914 more than requested reflecting additional current service adjustments.* **The Assembly added $9.8 million from federal funds based on projected expenses resulting from the extension of federal unemployment benefits.**

Workforce Development Grants. The Department requested $8.0 million or $1.3 million less than enacted from federal funds for workforce development grants. The request reduces grant funding to expected availability. However, the FY 2021 revised request increases expenditures by $5.0 million to reflect unspent funds from FY 2020, mostly for Workforce Innovation and Opportunity Act programs to support employment initiatives oriented towards youth, adults and dislocated workers offset by a number of smaller decreases to other grants. These programs often account for most of the carry-forward funding. The Department repeatedly requests the total available funding in current year revisions but spends significantly less, ultimately leading to the budget year total being understated and requiring revisions. It often budgets the entire grant awards to specific grantees, even though the grant is anticipated to span two or more fiscal years. *The Governor recommended funding as requested.* **The Assembly concurred.**

Opportunities Industrialization Center. The Department included $0.1 million from general revenues for the Opportunities Industrialization Center, a nonprofit organization which provides training, employment, minority business enterprise, and urban policy development services to underserved urban populations. This request is consistent with funding provided in prior years but as the center has closed, funding was excluded from the FY 2021 enacted budget. *The Governor inadvertently included the funding; however, he subsequently requested an amendment to remove the funds.* **The Assembly concurred with the amended recommendation.**

Temporary Disability Insurance Benefits. The Department requested $178.0 million or $6.0 million less than enacted from the Temporary Disability Insurance Fund for benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. Requested benefits are $14.0 million less than FY 2020 expenditures. The program experienced a spike in claims as a result of the COVID-19 emergency and expanded access from an emergency regulation effective in early March 2020. With expanded unemployment access from federal legislation, these claims returned to normal by the end of the fiscal year, which the Department's request expects to continue with similar year over year growth as seen prior to the pandemic. *The Governor concurred.* **The Assembly concurred.**

Temporary Caregiver Benefits. The Department requested $15.0 million or $0.1 million less than enacted from the Temporary Disability Insurance Fund for benefits for the temporary caregiver insurance program. The program began on January 1, 2014, and allows eligible claimants up to four weeks of benefits to care for a seriously ill child, spouse, domestic partner, parent, parent-in-law or grandparent, or to bond with a newborn child, new adopted child or new foster care child. The request is $1.7 million less than FY 2020 expenditures. As with temporary disability insurance, the program experienced a spike in claims as a result of the COVID-19 emergency and expanded access from an emergency regulation effective in early March 2020. With expanded unemployment access from federal legislation, these claims returned to normal by the end of the fiscal year, which the Department's request expects to continue with similar year over year growth as seen prior to the pandemic. *The Governor recommended funding as requested.* **The Assembly concurred and also enacted legislation increasing the maximum number of benefit weeks from four to five beginning January 1, 2022 and to six weeks beginning in January 1, 2023.**

Temporary Disability and Caregiver Insurance Administration Staffing. The Department requested $7.3 million or $1.9 million less than enacted from the Temporary Disability Insurance Fund for staffing costs of the administration of the temporary disability and caregiver insurance programs. The enacted budget assumes a cross training and staff sharing program between unemployment and these programs which began prior to the COVID-19 emergency. With additional federal support for unemployment administration and the large increase in the unemployment workload, staff has shifted to unemployment rendering the work sharing plan no longer necessary. *The Governor recommended $5,107 more than requested for additional current service adjustments.* **The Assembly concurred.**

Temporary Disability and Caregiver Insurance Administration Operations. The Department requested $2.8 million or $0.3 million more than enacted for the operations of the temporary disability and caregiver insurance programs. Spending for FY 2020 is consistent with the enacted budget but was $0.4 million more than the final appropriation. As a result of the spike in claims from the COVID-19 emergency and expanded access from an emergency regulation effective in early March 2020, the Department had to perform additional maintenance and upgrades to its technology for these programs. Consistent with the revised request, the increase over the enacted budget represents these technology costs which are expected to extend into FY 2022. *The Governor recommended funding as requested.* **The Assembly concurred.**

Workers' Compensation Staffing. The Department requested $5.1 million or $0.3 million less than enacted from workers' compensation restricted receipts for staffing costs of the workers' compensation program. For FY 2020, the Department spent $0.2 million less than the final $5.5 million appropriation. The request lowers the full-time equivalent position allocation for the program by approximately four positions equivalent to the requested decrease. *The Governor recommended $2,972 more than requested for additional current service adjustments.* **The Assembly concurred.**

Workers' Compensation Operations. The Department requested $5.2 million or $0.5 million less than enacted from restricted receipts for benefits and operations of the workers' compensation program. For FY 2020, the Department spent $3.7 million which was $3.0 million less than the final appropriation; however, $1.9 million of this underspending was a result of the Uninsured Protection Fund. The final appropriation was based on projected availability; however, the Department noted that there were effectively no claims

last year. The request provides $0.9 million for this fund in FY 2022. Excluding this, the request provides $0.6 million more than spent during FY 2020, mostly a result of operations at the Arrigan Center. These operations were effectively halted as a result of the pandemic for the last quarter of FY 2020. Adjusting FY 2020 Arrigan Center spending for four quarters matches the requested amount. *The Governor recommended funding as requested.* **The Assembly concurred.**

Police and Fire Relief Funds. The Department requested $3.8 million or $10,034 less than enacted from general revenues for the Police and Fire Relief funds, which pay benefits to surviving spouses of deceased police and firefighters and education benefits for spouses and children of deceased or disabled officers and firefighters, as well as disabled workers based on projected expenditures. The request provides $0.1 million more than FY 2020 actual spending. The request mostly reflects a decrease to expected pension payments as a result of lower annuity payments mostly in the Fire Relief Fund. *The Governor recommended funding as requested.* **The Assembly concurred.**

Workforce Regulation and Safety Staffing. The Department requested $3.3 million or $0.6 million more than enacted from general revenues for staffing costs of the workforce regulation and safety division, which includes the Workplace Fraud Unit. The request provides $61,152 more than spent in FY 2020. The Governor's recommendation for FY 2021 included 4.0 new positions and $0.4 million in funding to expand the Workplace Fraud Unit; they were not approved. The Department's request also excludes the positions but not the funding. The Department requested to fully fund the program's staff from general revenues for the last few fiscal years; tardy and interest funds have assisted with these costs in the past, including $0.4 million in FY 2020. *The Governor recommended $0.2 million less than requested reflecting funding for two of the four positions. He also included authorization for two new full-time equivalent positions. The recommendation assumes new revenues of $0.5 million from the addition of two staff; adjusting for personnel expenditures, net revenues would be $0.4 million.* **The Assembly concurred with the recommendation but did not assume new revenues would be generated from the additional staff. It also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $46,960 from general revenues for participants from the workforce regulation and safety program.**

Administrative Redesign. The Department requested $0.6 million or $0.1 million less than enacted from all sources for various contracted services related to redesigning its financial management functions. The request mostly shifts $0.1 million in costs from other funds to federal funds and eliminates $0.1 million in restricted receipt funding. The Department spent $0.8 million on this initiative in FY 2020. The Department noted that these services are now being used in income support which allows for federal funds to cover a greater burden of the costs. The costs for these contracts are allocated among several programs including Workforce Development Services, Unemployment, and the Governor's Workforce Board. *The Governor recommended funding as requested.* **The Assembly concurred.**

Employer Tax Division (35.0 FTE). The primary goal of the Department of Revenue's employer tax positions is to provide and account for the funding needed to pay Unemployment Insurance benefits to eligible jobless workers and Temporary Disability Insurance benefits to eligible workers idled by non-work-related injuries or illnesses. The Employer Tax Section processes all quarterly tax and wage reports and accompanying tax payments, submitted by Rhode Island employers. These payments include all required Employment Security, Job Development Fund, Reemployment Fund and Temporary Disability Insurance taxes. Governor Raimondo proposed transferring the division to the Department of Labor and Training in her FY 2020 budget recommendation; the Assembly did not concur. The division was last housed at the Department of Labor and Training in 1996 when it was transferred to Taxation.

The Governor recommended transferring 35.0 full-time equivalent positions from the Department of Revenue to the Department as well as $3.7 million from all sources, which includes $1.5 million from federal funds and $2.2 million from restricted receipts, to support the staffing and operations of the division.

The recommendation is $0.1 million more than requested by the Department of Revenue. The transfer is proposed to create efficiencies and align the fund source and responsibilities with its historical location in the Department. It should be noted that $1.1 million of the recommendation from restricted receipts is for temporary disability and temporary caregiver responsibilities; as such, this should be budgeted as other funds. **The Assembly concurred but shifted $1.1 million from restricted receipts to other funds.**

Inmate Post-Release Employment Services. The Department of Corrections' mission notes that local agencies, volunteers and community-based organizations should play a role in program development and service delivery. Further, the Department noted it is committed to making available programs and services that offer offenders the opportunity to improve their education, health, interpersonal and vocational skills, and acceptance of responsibility for their past criminal behavior. Opportunities for rehabilitation and community integration should be provided to an extent that is both feasible and responsible given resources and individual capabilities.

The Governor requested an amendment to provide $0.2 million to support 1.5 new full-time equivalent positions within the Department's current staffing authorization for an initiative to assist inmates with post-release employment services in collaboration with the Department of Corrections. The positions would help contract vendors and connect incarcerated individuals with post-release employment opportunities with the goal of improving the outcomes for the reentering population and reducing recidivism. **The Assembly concurred with the amended recommendation.**

Other Salaries and Benefits. The Department requested $9.9 million, or $1.5 million less than enacted from all sources for salaries and benefits for all other programs including central management, the Labor Relations Board, and workforce development services. From general revenues, the request is $0.1 million more than enacted but $1,262 less than FY 2020 spending. This is offset by $1.6 million less from federal funds, which aligns with FY 2020 spending of $8.5 million, which was $2.6 million less than the final appropriation. The Department noted that a significant number of employees from workforce development services were shifted to assist with unemployment in FY 2020. This is also reflected in the revised request, which reduces personnel costs by $3.5 million. This also carries into the FY 2022 request, albeit to a lesser degree, representing approximately half of the staff returning to workforce development services duties from unemployment. *The Governor recommended $1,305 more than requested for additional current service adjustments.* **The Assembly concurred. It also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $66,294 from general revenues for participants from the Labor Relations Board.**

Other Expenses. The Department requested $6.0 million or $8,767 more than enacted from all sources for all other expenses, including centralized services. The request includes $1,320 more from general revenues for operational costs of central management, the Labor Relations Board, and the workforce regulation and safety program to reflect minor adjustments to a number of costs. The request also includes adjustments for centralized services provided by the Department of Administration totaling an increase of $7,447, including $12 more from general revenues, $15,919 less from federal funds, $10,826 more from restricted receipts, and $12,528 more from other funds. Total charges are $37,048 more than actual FY 2020 charges and include $1.0 million from general revenues, $2.5 million from federal funds, $1.1 million from restricted receipts, and $1.3 million from other funds. *The Governor recommended funding as requested.*

The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $36,476 from general revenues in the Department's budget for information technology.**

Department of Revenue

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Office of Director	$ 1,945,426	$ 48,674,148	$ 1,817,273	$ 1,792,985
Office of Revenue Analysis	884,638	814,441	889,151	889,151
Lottery Division	434,567,292	434,666,384	434,386,053	434,215,853
Division of Municipal Finance	2,125,828	1,955,365	1,718,168	133,675,762
Taxation	35,481,031	35,034,806	34,155,389	35,049,885
Registry of Motor Vehicles	32,774,503	32,641,065	31,959,333	32,486,964
State Aid	198,153,911	198,038,409	200,629,121	200,629,121
Collections	790,223	639,636	828,769	828,769
Total	**$ 706,722,852**	**$ 752,464,254**	**$ 706,383,257**	**$ 839,568,490**
Expenditures by Category				
Salaries and Benefits	$ 59,573,688	$ 57,463,460	$ 58,708,527	$ 57,835,253
Contracted Services	9,290,931	7,808,107	10,602,274	10,227,274
Subtotal	**$ 68,864,619**	**$ 65,271,567**	**$ 69,310,801**	**$ 68,062,527**
Other State Operations	438,488,111	441,156,506	434,996,887	435,903,288
Aid to Local Units of Government	198,153,911	198,719,970	201,281,421	202,850,933
Assistance, Grants, and Benefits	954,983	47,054,983	533,517	132,491,111
Capital	228,530	228,530	228,530	228,530
Operating Transfers	32,698	32,698	32,101	32,101
Total	**$ 706,722,852**	**$ 752,464,254**	**$ 706,383,257**	**$ 839,568,490**
Sources of Funds				
General Revenue	$ 127,228,613	$ 126,522,076	$ 267,240,855	$ 267,868,120
Federal Aid	138,108,524	185,657,697	462,404	132,419,998
Restricted Receipts	5,559,629	4,411,680	4,138,945	4,909,519
Other	435,826,086	435,872,801	434,541,053	434,370,853
Total	**$ 706,722,852**	**$ 752,464,254**	**$ 706,383,257**	**$ 839,568,490**
FTE Authorization	**602.5**	**602.5**	**574.5**	**570.5**

Summary. The Department of Revenue requested expenditures of $715.3 million for FY 2022, including $273.6 million from general revenues, $2.0 million from federal funds, $3.7 million from restricted receipts, and $436.0 million from other sources, primarily lottery funds. The request is $8.5 million more than the enacted budget. This includes $146.4 million more from general revenues, $136.1 million less from federal funds, $1.9 million more from restricted receipts, and $0.1 million more from other sources, primarily lottery funds. The Department requested the enacted level of 602.5 full-time equivalent positions.

The Department also submitted a constrained request that totals $264.5 million from general revenues, which is $9.1 million less than the unconstrained request.

The Governor recommended $706.4 million from all sources, which is $8.9 million less than requested. Recommended general revenues are $267.2 million, $6.4 million less than requested. The recommendation includes 574.5 full-time equivalent postions, 28.0 positions fewer than enacted to reflect the transfer of the

Employer Tax unit to the Department of Labor and Training offset by three staff for commercial driver's license road testing and four for Adult Use Marijuana tax collections.

Subsequently, the Governor requested two amendments. The first requested to add $0.1 million and one more position for RIte Share compliance consistent with proposed legislation; the second adds $1.6 million from restricted receipts for disbursements of tax increment financing agreements with the Commerce Corporation. The Budget Office also identified $132.0 million of local aid funds from the American Rescue Plan Act for inclusion. **The Assembly did not concur with the RIte Share proposal, and concurred with the tax increment financing and American Rescue Plan funds. It provided $133.2 million more than originally recommmended, including $0.6 million more from general revenues. This includes $0.5 million in statewide savings from the voluntary retirement incentive based on the 18 individuals who participated during FY 2021. It authorized staffing of 570.5 full-time equivalent positions, excluding the 4.0 adult use marijuana positions.**

Centralized Services. The Department requested $5.4 million, of which $5.3 million is from general revenues for its share of centralized services provided by the Department of Administration. This is $1.3 million less than the enacted amount, including $1.2 million less from general revenues. The request is equal to the FY 2020 final appropriation, which was $428,463 less than actual expenses based on a billing error and accrual of FY 2020 expenses not accounted for which resulted in June being a double billed period. The Department reported agencies were instructed not to adjust the centralized service amounts in the requests; those adjustments were to be made by the Budget Office. Based on updated billings for facilities expenses for FY 2021, the Division of Motor Vehicles is estimated to be billed $1.7 million, or $5,164 more than the enacted amount from general revenues. The Division of Lottery is estimated to be billed $0.2 million, or $254 more from lottery funds. *The Governor recommended $9,945 less than requested to reflect the exclusion of resources previously paid from employer tax section resources which are assumed to be transferred to the Department of Labor and Training, consistent with the proposal included in Article 3 of 2021-H 6122.*

The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $1.2 million from general revenues in the Department of Revenue's budget. This includes $0.6 more for Division of Motor Vehicle facilities expenses and $0.5 million more for Division of Taxation information technology expenses.**

Director's Office

Staffing and Operations. The Department requested $1.3 million from general revenues for the Director's Office staffing and operations. The request is $15,568 more than enacted and includes funding for 7.3 full-time equivalent positions, one fewer than enacted to reflect shifting a Senior Legal Counsel to the Division of Taxation aligning the expense to where the cost is incurred. The partial position is primarily cost allocated to the Division of Lottery. The requested increase reflects an adjustment to medical benefit expenses offset by turnover and staff training savings.

The constrained request includes separate initiatives that span multiple functional areas. For the Director's Office, this is $39,712 less, including $35,712 of enhanced turnover, and $4,000 of travel savings from a digital professional development program. *The Governor recommended funding as requested.* **The Assembly included $24,288 in general revenue savings to reflect the Director's Office share of the statewide savings from the voluntary retirement incentive.**

Revenue Analysis

Staffing and Operations. The Department requested $0.9 million from general revenues for Office of Revenue Analysis staffing and operations, which is $4,513 more than enacted to fully fund salaries and benefits for the Office. The request restores turnover savings for 0.2 full-time equivalent positions, offset by $4,000 less for training expenses. The Office has had no vacancies as of the January 30, 2021 pay period.

The constrained request includes separate initiatives that span multiple functional areas. For the Office of Revenue Analysis, this is $16,898 less, including $11,098 of enhanced turnover, and $5,800 of travel savings from a digital professional development program. *The Governor recommended funding as requested.* **The Assembly concurred.**

Lottery Division

Commission Payments. The Department requested the enacted level of $409.2 million from Lottery funds for commission payments, which represents an updated estimate of payments. The appropriations act historically includes language authorizing the Lottery to pay winning prize funds and commission payments to the local casinos for the fiscal year. *The Governor recommended funding as requested.* **The Assembly concurred.**

Lottery Building Roof. The Department's request adds $170,200 from lottery funds for the Lottery building roof repair project in error. The project was completed and paid in FY 2020 and no funding should be requested. *The Governor's recommendation includes the inadvertent expense.* **The Assembly removed the funding.**

Lottery - Casino Staffing and Operations. The Department requested $6.2 million from lottery funds for casino staffing and operations. This is $48,165 more than enacted to reflect current service adjustments offset by turnover savings for its 54.0 full-time equivalent positions. The request increases turnover savings by $67,891, offset by $116,056 for current service adjustments, primarily benefit changes.

The constrained request includes separate initiatives that span multiple functional areas. For Casino staffing, this includes $83,056 of enhanced turnover. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Staffing and Operations. The Department's request includes $18.9 million from lottery funds, which is $65,121 more than enacted. This includes $6.4 million, or $4,463 more than the enacted amount, to support 52.8 positions primarily to reflect current service adjustments. The partial position reflects a cost allocation from the Director's Office. The enacted budget assumes $123,181 of personnel savings, including $19,128 of one-time workshare savings with the rest attributed to turnover. For all other expenditures, the Department requested $82,616 more than enacted for program expenses offset by $21,958 less for state fleet costs.

The constrained request includes separate initiatives that span multiple functional areas. For the Lottery, it represents savings of $520,206, including $130,206 of enhanced turnover, and $30,000 of travel savings from a digital professional development program, and $360,000 less for advertising and marketing to increase the end of year transfer to general revenues. *The Governor's recommendation includes the $360,000 reduction requested for marketing expenses to increase the general revenue transfer. The lottery transfer is estimated through the biannual consensus process based on experience and projected activity.* **The Assembly concurred. This assumes the Lottery will constrain personnel and operating costs from the current service levels to achieve the savings.**

Division of Municipal Finance

City of Central Falls Operations. The Department requested $260,223 from general revenues to reflect the actual FY 2021 payments by the state to Central Falls pensioners impacted by the city's bankruptcy. This is $20,392 less than previously estimated, consistent with Article 16 of 2019-H 5151, Substitute A, as amended. The state's liabilities decrease over time as the number of eligible recipients decreases. The appropriation is provided to the Division of Municipal Finance; however, consistent with Rhode Island General Law, Section 45-21-8, effective January 2020, the administration of the pension program was transferred to the Employees' Retirement System of Rhode Island. *The Governor concurred.* **The Assembly concurred.**

Staffing and Operations. The Division of Municipal Finance requested $1.4 million from general revenues, which is $33,997 more than enacted for its staffing and operations. The enacted budget includes $31,085 of one-time workshare savings. The staffing request includes $1.3 million, for the 10.0 authorized full-time equivalent positions assumed in the enacted budget; adjusted for one-time savings, this is $3,312 more than enacted, which represents current service adjustments offset by increased turnover. The turnover requested is equivalent to 0.8 full-time equivalent positions. The Division had averaged 2.2 vacancies as of the January 30, 2021 pay period.

The constrained request includes separate initiatives that span multiple functional areas. For the Division of Municipal Finance, this includes $92,309 of enhanced turnover savings. *The Governor recommended funding as requested.* **The Assembly concurred.**

Local Aid Administrative Fee. The Department provided revenue enhancements in lieu of spending reductions in order to achieve its budget target. The Public Service Corporation tax imposed under Rhode Island General Law, Chapter 44-13 allows for the use of up to 0.75 percent for administrative expenses; these funds are deposited as general revenues. The Division of Municipal Finance proposed to expand that assessment to include the Distressed Communities Fund, Payment in Lieu of Taxes program, and Motor Vehicle Excise Tax phase-out. Imposing the fee is estimated to yield an increase of $1.5 million to general revenues, which would be the amount withheld from local municipalities from programs intended to provide eligible communities with additional support. The request also appears to double count $99,699 of proceeds from the public service corporation tax already collected as general revenues. The amount of each program's reduction and associated revenues are noted among the Local Aid items, successively described where appropriate. *The Governor did not concur.* **The Assembly concurred.**

Local Aid

Motor Vehicles Excise Tax Program. The enacted budget includes $123.8 million, $11.2 million more than provided for under current law for FY 2021 to reflect the use of $86.0 million of one-time Municipal COVID Relief federal funds distributed to communities through the motor vehicle phase out tax formula. The Department requested $139.9 million for payments made to municipalities to phase out the Motor Vehicles Excise Tax. The request adds $16.1 million from the enacted estimate of fully funding the next year of the motor vehicle excise tax phase-out program. It is expected that updated data will alter this value. The 2010 Assembly enacted legislation mandating a $500 exemption for municipalities which the state reimburses subject to appropriation. The 2017 Assembly enacted Article 11 of 2017-H 5175 Substitute A, as amended, to phase-out the motor vehicle excise tax in a different way and provides for the reimbursement of revenues lost to local municipalities. The legislation fixed the prior $10.0 million reimbursement in statute as the base for reimbursements under the new program, and requires municipalities to maintain current calculation practices.

For FY 2022, the rate cap decreases by $5 to $30 per $1,000 assessed, the percentage of value assessed decreases from 80.0 percent to 75.0 percent, and the minimum exemption increases by $1,000 to $5,000. Under current law, cars older than 15 years old are exempt and the tax is eliminated as of FY 2024.

The administrative fee proposed in the constrained request reduces reimbursements to municipalities by $1.0 million to support staff in the Division of Municipal Finance. *The Governor recommended $139.7 million, $0.2 million less than requested to fully fund the excise tax phase-out for FY 2022. This includes $29.1 million to fund the next increment to reimburse communities for lost revenues.* **The Assembly concurred. A detailed description of the program and community data is included in the Special Reports section of this publication.**

Payment in Lieu of Taxes. The enacted budget includes $50.7 million, $4.6 million more than provided for under current law for FY 2021 to reflect the use of $31.5 million of one-time Municipal COVID Relief federal funds distributed to communities through the Payment in Lieu of Taxes program formula. The Department requested $47.8 million, to reflect its estimate of full funding for the Payment in Lieu of Taxes program, which reimburses cities and towns for property taxes which would have been due on real property owned by nonprofit educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law. Reimbursement is statutorily based on 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation.

The administrative fee proposed in the constrained request reduces reimbursements to municipalities by $0.4 million to support staff in the Division of Municipal Finance. *The Governor recommended $46.7 million, $1.7 million less than requested. The recommendation is equivalent to a 26.0 percent reimbursement and $1.8 million less than full funding based on updated data.* **The Assembly concurred. A detailed description of the program and community data is included in the Special Reports section of this publication.**

Distressed Communities. The enacted budget includes $13.8 million, including $11.3 million from Municipal COVID Relief federal funds distributed pursuant to the Distressed Communities Relief Fund formula. The Department requested $12.4 million from general revenues, $1.4 million less than enacted for the Distressed Communities Relief Fund to reflect the exclusion of that one-time funding. The program was established in 1990 to provide assistance to the communities with the highest property tax burdens relative to the wealth of the taxpayers. Section 45-13-12 of the Rhode Island General Laws establishes the following four indices to determine eligibility: percent of tax levy to full value of property, per capita income, percent of personal income to full value of property, and per capita full value of property. Effective FY 2006, any community falling into the lowest 20.0 percent or bottom eight rankings, for at least three of the four indices is eligible for assistance under the program. For FY 2022, eligible communities include Central Falls, Cranston, North Providence, Pawtucket, Providence, West Warwick and Woonsocket.

The administrative fee proposed in the constrained request reduces payments to municipalities by $92,883 to support staff in the Division of Municipal Finance. *The Governor recommended funding as requested.* **The Assembly concurred. A detailed description of the program and community data is included in the Special Reports section of this publication.**

Municipal COVID Relief Fund. The enacted budget provides $136.5 million from Coronavirus Relief funds to support local communities, including $25.0 million of additional resources above amounts expected after full funding through the Municipal COVID Relief Fund. The funding distributed $7.8 million based on the population of each municipality, with the remainder distributed based on statutory formulas for three general aid programs at an enhanced level of support. The request excludes this funding. *The Governor concurred.* **The Assembly concurred.**

Property Tax Revaluation Program. The Department requested $1.5 million, which is $0.4 million more than enacted from general revenues to reimburse communities conducting scheduled property revaluations or statistical updates in FY 2022. The request reflects anticipated expenses for maximum allowable reimbursements for communities scheduled to complete revaluations. Expenditures fluctuate annually on a triennial cycle, including an estimated $1.1 million for FY 2021, $1.5 million for FY 2022, as well as actual expenditures of $0.6 million in FY 2020.

The administrative fee proposed in the constrained request reduces payments to municipalities by $11,278 to support staff in the Division of Municipal Finance. *The Governor recommended funding as requested.* **The Assembly concurred.**

Car Rental/Surcharge - Warwick Share. The Department requested the enacted amount of $1.0 million from restricted receipts for sales taxes and rental vehicle surcharges collected and passed through to the City of Warwick for direct and indirect users of the T.F. Green State Airport. The 2002 Assembly enacted legislation to provide the sales and vehicle rental surcharge revenues generated through customer facility charges from rental car companies at the airport. The receipts are deposited into a restricted account for the City of Warwick. *The Governor recommended funding as requested.* **The Assembly concurred.**

Local Fiscal Recovery Fund. The American Rescue Plan Act provides $360.0 billion to assist states and local governments to cover expenditures incurred from, and provide government services impacted by, coronavirus related revenue losses until December 31, 2024. On May 10, 2021, the U.S. Department of the Treasury announced that the allocation to Rhode Island totals $1.8 billion from three sources, the State Fiscal Recovery Fund, Local Fiscal Recovery Fund and Coronavirus Capital Projects Fund. The Local Fiscal Recovery Fund provides for three distinct fund allocations: entitlement communities, non-entitlement communities, and counties. For local governments, this includes $536.8 million, disbursed in two tranches not less than one year apart totaling $268.4 million each. Entitlement communities will be provided $136.5 million of each tranche directly; these communities include Cranston, East Providence, Pawtucket, Providence, Warwick and Woonsocket. For those communities, only the county allocation will passed through the state budget.

The Governor's budget was submitted concurrently with the American Rescue Plan Act being enacted into law, as such it does not include this funding. Subsequently, the Budget Office identified $132.0 million from federal funds to include in the Department's budget to reflect the first tranche of the non-entitlement and county allocations of the Local Fiscal Recovery Fund. **The Assembly included the identified funding. A detailed description of the program and community data is included in the Special Reports section of this publication**

Division of Taxation

Adult Use Marijuana (4.0 FTE). Governor Raimondo twice proposed legislation to establish a legal adult use marijuana program. The regulation of all programs would be centralized within the new Office of Cannabis Regulation within the Department of Business Regulation with the assistance and cooperation of a variety of health, safety and taxation agencies. The Assembly did not adopt either proposal.

The Governor's budget includes Article 11 of 2021-H 6122 to establish the authorization and regulation of an age 21 and older adult use marijuana program, similar to the 2019 proposal. It broadens the authority of the Office of Cannabis Regulation within the Department of Business Regulation to regulate cannabis-related activities with the assistance and cooperation of a variety of health, safety and taxation agencies. In the Division of Taxation, the budget assumes the use of $0.8 million from restricted receipts, of which $0.3 million is for 4.0 full-time equivalent positions: two Revenue Agent I and two Tax Investigators. It also includes $0.4 million for contracted services and $75,000 for all other expenses. The budget also

includes language in Article 2 to exempt associated restricted accounts from the cost recovery required under current law. **The Assembly did not concur.**

Employer Tax Transfer (-35.0 FTE). The Department requested $3.6 million from all sources of funds to support 35.0 full-time equivalent positions and operations of the employer tax section. The request is $64,030 less than enacted, including $12,978 more from federal Unemployment Insurance offset by $37,524 and $39,484 less from Job Development and Temporary Disability Insurance funds, respectively. The primary goal of the Department of Revenue's employer tax positions is to provide and account for the funding needed to pay Unemployment Insurance benefits to eligible jobless workers, and Temporary Disability Insurance benefits to eligible workers idled by non-work-related injuries or illnesses. The Employer Tax Section processes all quarterly tax and wage reports and accompanying tax payments, submitted by Rhode Island employers. These payments include all required Employment Security, Job Development Fund, Reemployment Fund and Temporary Disability Insurance taxes.

The Governor recommended transferring the unit and all 35.0 full-time equivalent positions from the Department of Revenue to the Department of Labor and Training. The budget includes $3.7 million from all sources, which includes $1.5 million from federal funds and $2.2 million from restricted receipts to support the staffing and operations in that Department. The transfer is proposed to create efficiencies and align the fund source and responsibilities with its historical location in the Department. It should be noted that $1.0 million of the recommendation from restricted receipts is for temporary disability and temporary caregiver responsibilities; as such, this should be budgeted as other funds. **The Assembly concurred.**

Individual Mandate Staffing. The enacted budget includes $0.1 million from restricted receipts for the market stability and reinsurance initiative which imposes a shared responsibility payment penalty for individuals who do not have health insurance coverage, with certain exemptions, effective on January 1, 2020. The Department originally assumed this initiative would be supported by 3.0 new full-time equivalent positions; a Data Analyst I, a Business Analyst and a Legal Counsel. The 2020 Assembly did not increase the staffing authorization; the analyst and legal positions were filled as of the February 29, 2020 pay period utilizing existing vacancies. The Department excluded this from its request as these expenses only appear in the HealthSource RI budget, but the staffing authorization remains in the Department of Revenue. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Salaries and Benefits. The Department requested $21.3 million from all funds to support the Division's remaining 215.0 full-time equivalent positions. This is $1.3 million more than enacted from general revenues. The enacted budget includes $0.8 million of one-time workshare savings. Adjusted for those savings, the request is $0.4 million more than enacted, primarily to restore general revenue turnover savings.

The constrained request includes separate initiatives that span multiple functional areas. For the Division of Taxation, this includes $1.2 million of enhanced turnover savings and $170,184 of savings from a proposed overtime reduction. *The Governor recommended funding as requested.*

The Governor subsequently requested an amendment to add $0.1 million and 1.0 full-time equivalent position for RIte Share compliance consistent with proposed legislation of Article 15 of 2021-H 6122. **The Assembly did not concur with the RIte Share proposal and included $0.4 million in general revenue savings to reflect the Division's share of the statewide savings from the voluntary retirement incentive.**

Legal Services. The Department requested $0.1 million from general revenues for outside legal counsel to assist the division with ongoing litigation involving the appropriate method for calculating depreciation under the state's Public Service Corporation Tax under Rhode Island General Law, Section 44-13-13. The Public Service Corporation Tax applies to the tangible personal property of telegraph, cable,

telecommunications, and express corporations, used exclusively in conducting business for the corporation which is exempt from local taxation, but subject to taxation by the state. Tangible personal property includes lines, cables, ducts, pipes, machines and machinery, and equipment. The state passes the collections through to the local governments. The Department reported this amount was included as a maximum possible expense. *The Governor concurred.* **The Assembly concurred.**

Pawtucket Economic Redevelopment. The enacted budget includes the statutory mechanism to allow for taxes collected pursuant to the tax incentive financing statute under Rhode Island General Law, Chapter 45-33.4 to be appropriated to the Downtown Pawtucket Redevelopment Economic Activity Fund to finance development projects in the existing economic development district, in accordance with the law passed in 2019. *The Governor recommended $0.7 million to finance this development from the reallocated existing revenues within the district.*

The Governor subsequently requested an amendment to add an additional $1.6 million from restricted receipts for disbursements related tax increment financing agreements with the Commerce Corporation under Rhode Island General Law, Chapter 42-64.21. **The Assembly concurred with the amended recommendation.**

Contingency Contracts. The Department requested $1.8 million from general revenues for contingency contract payments for tax data review and collections of taxes, interest, penalties, or reductions to refunds claimed. The November 2020 Revenue Estimating Conference estimate assumes revenues of $1.8 million, $56,994 more than requested, offsetting this expense. The 2016 Assembly enacted 2016-H 7454 Substitute A, as amended, permitting the Division of Taxation to contract with third-party vendors for these activities. Contractors are statutorily prohibited from conducting field audits, and paid on a contingency fee basis, for services rendered as a percentage of the actual amount of revenues collected. The 2017 Assembly enacted legislation to allow the Division of Taxation to use a portion of the monies collected for support and maintenance of the Division's computer system, subject to the approval of the Director of the Office of Management and Budget. An expenditure credit was used as the mechanism to compensate the third-party vendors, but the state auditor's FY 2019 closing report reclassified the payments as direct expenses within the division's budget. *The Governor concurred.* **The Assembly concurred.**

Other Operations. The Department requested $3.3 million from all sources for all other Division of Taxation operations, which is $29,274 more than enacted from general revenues. The request includes $3.2 million from general revenues, and $0.1 million from other sources based on the activities funded. Expenditures include $1.4 million for information technology expenses, $0.8 million for printing and postage, $0.5 million for information technology support, $0.2 million each for travel, professional memberships and web portal licensing fees, $0.1 million for multistate tax auditing services and $0.3 million for all other expenses. Consistent with the enacted budget, the multistate tax auditing services request includes a 10.0 percent reduction provided by the vendor for the pandemic.

The constrained request includes separate initiatives that span multiple functional areas. For the Division of Taxation, this includes $95,286 of travel savings from a digital professional development program, of which $90,785 is from general revenues. *The Governor recommended funding as requested.* **The Assembly concurred.**

Sales Tax Permits. The Department provided revenue enhancements in lieu of spending reductions in order to achieve its budget target. The Division of Taxation proposed increasing the fee for sales tax permits from $10 to $50. The Division estimated this will generate $1.5 million assuming approximately 36,500 businesses pay the fee, though this number fluctuates over time. It reported that the increase would equate to revenues necessary to support current enforcement and compliance expenses. The Division reported the fee was last increased in 1993 when it was doubled from $5 to $10. *The Governor did not concur; instead the budget includes a proposal in Article 6 of 2021-H 6122 to repeal the current $10 fee. The budget*

assumes a general revenue loss of $0.3 million paid assuming approximately 33,000 retailers. **The Assembly concurred.**

Letters of Good Standing. The Department provided revenue enhancements in lieu of spending reductions in order to achieve its budget target. The Division of Taxation proposed increasing the fees for letters of good standing from $50 to $150. The Department estimated increased collections of $680,000 based on its annual handling of 6,800 applications. Letters of good standing are required for a variety of reasons to show the business is in compliance with its state tax obligations, or for claiming tax credits, business loans, to transfer major assets, or to dissolve its corporate status. The 2011 Assembly doubled the fee to $50. *The Governor did not concur.* **The Assembly concurred.**

Division of Motor Vehicles

License Plate Reissuance. The Department requested $4.9 million from general revenues to implement the license plate reissuance in accordance with Rhode Island General Law, Section 31-3-33, which requires that the state issue new fully reflective license plates no less than every ten years. This includes $3.3 million for new plates and $1.6 million for postage costs.

The Governor's FY 2020 budget recommendation repealed the reissuance requirement; however, the 2019 Assembly did not concur and enacted Article 7 of 2019-H 5151, Substitute A, as amended, which delayed the statutory license plate reissuance by five months from January 1, 2020 to June 1, 2020, and established a reporting requirement regarding progress toward meeting the required start date. A new plate design had not been approved by Governor Raimondo's office, which delayed the reissuance. The conferees of the November 2020 Revenue Estimating Conference adopted an estimate for fee revenues that assumes the reissuance begins during FY 2022.

The reissuance had been delayed six times previously, twice as recommended by Governor Chafee and four times by Governor Raimondo. The FY 2020 Assembly increased the fee per plate set from $6 to $8 to offset the cost for these replacements. As part of its constrained request, the Department reduced expenditures by $4.5 million to $0.4 million, which appears to fund one month of reissuance activities. *The Governor recommended funding consistent with the constrained request. The budget includes a proposal in Article 3 of 2021-H 6122 to further delay the reissuance until July 1, 2022. It excludes expenditures and delays $3.4 million in revenues by one year.* **The Assembly concurred.**

Real ID Staffing and Operations. The request includes $2.1 million from general revenues for staffing and operations related to the continuing implementation of federal Real ID requirements, which is $0.2 million less than enacted. The staffing request includes $1.8 million to fund 40.0 full-time equivalent positions. The request does not specifically assume any turnover savings; however, not all positions are filled. The request includes $0.2 million less for license printing. The initiative launched the first week of December 2018. The reductions reflect the operational needs as the initial compliance period wanes. Real ID is intended to provide a more secure verification process, with stronger anti-counterfeit measures. Prior to the coronavirus pandemic, the deadline for compliance was October 2020. The CARES Act extended the implementation date by one year to October 1, 2021, after which citizens will not be permitted access to secure federal sites, including federally regulated airports, without compliant credentials.

Testimony provided at the November 2020 Revenue Estimating Conference notes that approximately 500,000 credentials are not scheduled to be renewed prior to the deadline. The Department anticipated 55 percent of those to renew early. It reported that 232,021 Real ID credentials had been issued, of which 34,531 renewed early, resulting in $863,275 of new revenues. The November consensus estimates assume $1.0 million for FY 2021, and $2.5 million for FY 2022. As originally proposed, Governor Raimondo recommended increasing certain credentialing fees for early renewals to generate revenues sufficient to offset the program's expenses.

As part of its constrained request, the Department reduced its request by $1.1 million of enhanced turnover savings. The Real ID deadline takes effect at the end of the first quarter of FY 2022. *The Governor recommended funding as requested.* **The Assembly concurred. On April 27, 2021, the Department of Homeland Security extended the Real ID deadline to May 3, 2023.**

Rhode Island Motor Vehicle System. The Department requested $3.7 million for contractual support for the Rhode Island Motor Vehicle System. The request includes $1.8 million from general revenues, $20,000 less than enacted, and $1.7 million less than enacted from restricted receipts. Governor Raimondo's FY 2021 recommendation double counted the level of restricted support, which was erroneously included in the enacted budget. The request corrects the amount for ongoing maintenance and operations support for the Rhode Island Motor Vehicle System, known as RIMS.

The general revenue reduction reflects a lower level of contracted personnel costs than assumed in the enacted budget. Revenues from the $2.50 surcharge are deposited separately with $1.50 deposited in the Information Technology Investment Fund through FY 2022 consistent with the 2018 Appropriations Act. The remaining $1 is deposited as restricted receipts for use by the Division. The entire fee will be available to the division beginning July 1, 2022. This is assumed to generate $1.6 million of new revenues for the division for FY 2023. *The Governor recommended funding as requested.* **The Assembly concurred.**

Federal CDL Grant. The Department requested $0.5 million more than enacted from new federal commercial driver's license grant proceeds. This includes $0.2 million each for staffing expenses and information technology expenses. The Federal Motor Carriers Safety Administration grant is to facilitate the rapid recording and transmission of information between states regarding violations for states to take action against unsafe drivers who could pose a danger to the general public. This also allows states to ensure that each commercial driver has only one driver's license, and a complete and accurate driver's record. This includes reviewing error reports from the federal commercial driver's license information system to identify Rhode Island violations, withdrawals rejected by the system, and notifications sent from other jurisdictions. The programming expenses are required to implement new standards, business processes, data integrity checks, and reporting structures to increase the capability to prevent a commercial driver's license from being obtained fraudulently. *The Governor recommended funding as requested.* **The Assembly concurred.**

CDL Road Test Transfer (3.0 FTE). As part of its original FY 2021 request, the Department requested $0.1 million from general revenues to transfer the operations of the state's Commercial Driver's License testing from the Community College of Rhode Island to the Division of Motor Vehicles. The Governor concurred, but the Assembly did not. The Department's FY 2021 revised and FY 2022 request do not include the proposal.

The Community College of Rhode Island, Division of Workforce Partnerships administers the preparation classes, as well as the final road test. Applicants must register for the road test and provide the appropriate class of vehicle for the test and all necessary documentation. Failure to comply with these provisions results in loss of the $100 testing fee; reregistering is an additional $100. The current staff are part-time, not regularly scheduled and cannot independently verify the necessary documentation. After a successful test, the individual must separately go to the registry to process the new license.

Transferring these responsibilities to the Division allows testers to confirm the documentation status, including producing any missing document at regular cost to the individual. Upon a successful test, the Division can process the license on site. As part of its constrained request, the Department excluded this funding. *The Governor recommended $0.1 million from general revenues and included language in Article 3 of 2021-H 6122 to effectuate the transfer. The budget assumes $0.1 million of new general revenues previously collected as restricted receipts.* **The Assembly concurred.**

Other Salaries and Benefits. The Department requested $17.0 million from general revenues for the Division's remaining 170.5 full-time equivalent positions. The request is $0.7 million more than the enacted budget, including $0.8 million more from general revenues offset by $0.1 million less from federal child support enforcement funds, which is no longer an eligible use to support staff expenses for blocking licenses. That position is now supported by general revenues. The request restores approximately $250,000 of turnover savings, and adds $0.5 million for current service adjustments.

The constrained request includes separate initiatives that span multiple functional areas. For the Division of Motor Vehicles, this includes $53,407 of enhanced turnover savings, and $205,543 of savings from overtime reductions. *The Governor recommended funding as requested.* **The Assembly included $0.1 million in general revenue savings to reflect the Division's share of the statewide savings from the voluntary retirement incentive.**

Other Operations. The Department requested $5.8 million for all other expenses for the Division of Motor Vehicles, nearly all from general revenues. The request is $77,939 more from general revenues and includes the enacted amount of $14,513 from restricted receipts. The Department made adjustments to several expenditures to reflect prior spending. The increased general revenue request includes $61,103 more for security services and $26,452 more for postage and printing, offset by $14,960 for information technology expenses.

The constrained request includes separate initiatives that span multiple functional areas. For the Division of Motor Vehicles, this includes $500 of travel savings from a digital professional development program. *The Governor recommended $32,101 less than requested, to reflect the exclusion of funding requested for the Community College of Rhode Island to administer Commercial Driver's License road testing, consistent with the proposal to transfer those tests to the division.* **The Assembly concurred.**

Collection Unit

Staffing and Operations. The Department requested $0.8 million, $45,567 more from general revenues for staffing and operations expenses for the Division of Collections, which assumes it continues to operate beyond the current sunset date. The enacted budget includes $0.7 million to support 8.0 full-time equivalent positions. The staffing request restores $50,567 of turnover savings, including $21,642 of workshare savings in the enacted budget assumed to be one-time savings. This is offset by $5,000 less for training expenses. The Division was established by 2018-H 7200 Substitute A, as amended, which also included a reporting requirement and provides a sunset date of June 30, 2021. The reporting requirement was fulfilled.

The constrained request includes separate initiatives that span multiple functional areas. For the Division of Collections, this is $87,740 less, including $84,740 of enhanced turnover, and $3,000 of travel savings from a digital professional development program. *The Governor recommended $7,021 less than requested, for staffing costs, and proposed legislation to repeal the sunset provision.* **The Assembly extended the sunset by two years to June 30, 2023, and concurred with the remainder of the recommendation.**

Revenue Collections. The Department provided revenue enhancements in lieu of spending reductions in order to achieve its budget target. The Collections Unit proposed to eliminate the sunset clause. It anticipates a change in the behavior of debtors and their attorneys once the unit is permanently established. It presumes it will collect $1.0 million in FY 2022 if the unit is permitted to continue its operations. *The Governor concurred with the proposal to repeal the sunset provision, and includes legislation in Article 3 of 2021-H 6122 to effectuate it. The budget assumes $1.4 million in new revenues. Accounting for $0.8 million of operating expenditures, net revenues would be $0.5 million.* **The Assembly concurred with the revenues and extended the sunset by two years to June 30, 2023.**

Legislature

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
General Assembly	$ 6,373,767	$ 7,146,893	$ 6,600,786	$ 6,600,786
Fiscal Advisory Staff	2,011,174	2,017,831	2,127,855	2,127,855
Legislative Council	4,921,429	4,937,061	5,135,234	4,896,599
Joint Comm. on Legislative Affairs	26,810,667	26,889,899	27,580,471	27,163,235
Office of the Auditor General	5,991,680	6,010,462	5,941,415	5,824,712
Special Legislative Commissions	13,900	13,900	13,900	13,900
Total	**$ 46,122,617**	**$ 47,016,046**	**$ 47,399,661**	**$ 46,627,087**
Expenditures by Category				
Salaries and Benefits	$ 38,756,599	$ 38,887,606	$ 40,008,911	$ 39,236,337
Contracted Services	700,100	700,100	806,600	806,600
Subtotal	**$ 39,456,699**	**$ 39,587,706**	**$ 40,815,511**	**$ 40,042,937**
Other State Operations	3,726,918	4,489,340	3,769,150	3,769,150
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,300,000	2,300,000	2,300,000	2,300,000
Capital	639,000	639,000	515,000	515,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 46,122,617**	**$ 47,016,046**	**$ 47,399,661**	**$ 46,627,087**
Sources of Funds				
General Revenue	$ 44,283,435	$ 44,408,645	$ 45,617,236	$ 44,844,662
Federal Aid	-	762,422	-	-
Restricted Receipts	1,839,182	1,844,979	1,782,425	1,782,425
Other	-	-	-	-
Total	**$ 46,122,617**	**$ 47,016,046**	**$ 47,399,661**	**$ 46,627,087**
FTE Authorization	**298.5**	**298.5**	**298.5**	**298.5**

Summary. The Legislature estimated FY 2022 expenditures of $47.5 million and 298.5 full-time equivalent positions. This includes $45.7 million from general revenues and $1.8 million from restricted receipts. *The Governor recommended $81,626 less than requested including $57,138 less from general revenues though according to the Budget Office, the intent was to recommend funding at the requested level.* **The Assembly concurred and also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $0.8 million in the Legislature's budget based on the 18 individuals who took the incentive during FY 2021.**

Office of the Lieutenant Governor

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 1,043,619	$ 907,306	$ 1,071,092	$ 1,071,092
Contracted Services	32,535	32,535	48,000	48,000
Subtotal	**$ 1,076,154**	**$ 939,841**	**$ 1,119,092**	**$ 1,119,092**
Other State Operations	68,327	68,327	66,278	79,319
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	750	750	750	750
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 1,145,231**	**$ 1,008,918**	**$ 1,186,120**	**$ 1,199,161**
Sources of Funds				
General Revenue	$ 1,145,231	$ 1,008,918	$ 1,186,120	$ 1,199,161
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	**$ 1,145,231**	**$ 1,008,918**	**$ 1,186,120**	**$ 1,199,161**
FTE Authorization	**8.0**	**8.0**	**8.0**	**8.0**

Summary. The Office of the Lieutenant Governor requested total expenditures of $1.2 million from general revenues for FY 2022 which is $26,899 more than enacted. The request includes 8.0 full-time equivalent positions, consistent with the enacted authorization. The Office also submitted a constrained request that is $0.2 million less than the unconstrained request. The proposal to achieve the reduction is noted among the items below where appropriate. *The Governor recommended $1.2 million from general revenues, which is $40,889 more than enacted and the authorized 8.0 full-time equivalent positions.* **The Assembly included $13,041 more from general revenues.**

Legal Services. The Office requested $34,010 from general revenues for outside legal services which is $1,475 more than enacted. The Office has a $4,000 monthly retainer for general legal services and indicated that it intended to request total funding of $48,000. The revised request was also meant to be $48,000, but similarly understated the intended amount. *The Governor recommended funding of $48,000 from general revenues, which is $15,465 more than enacted, consistent with the intent of the request.* **The Assembly concurred.**

Salaries and Benefits. The Office requested $1.1 million from general revenues for staffing expenses, which is $27,473 more than enacted and fully funds all 8.0 full-time equivalent positions. The enacted budget assumes $17,791 of savings based on three individuals from the Office opting to participate in the WorkShare program which ended in September 2020. Adjusted for this, the request is $9,682 more than the enacted budget and reflects current service adjustments.

The Office also submitted a constrained request which would reduce staffing costs by $0.2 million. The Office would need to maintain more than one vacancy for the entire fiscal year to achieve this proposal.

The Governor recommended funding as requested and did not include the constrained budget proposal. **The Assembly concurred.**

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The FY 2022 request of $25,964 from general revenues, $2,049 less than enacted which is closer to FY 2020 actual costs. This is consistent with the Office's FY 2021 revised request.

The Governor recommended funding as requested. The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and included $13,041 more from general revenues for information technology.**

Other Operations. Consistent with the enacted budget and the revised request, the Office requested $41,064 for all other expenses. These expenses include office supplies, computer equipment, and out of state travel. *The Governor recommended funding as requested.* **The Assembly concurred.**

Office of the Secretary of State

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Administration	$ 4,013,532	$ 4,024,048	$ 3,605,403	$ 3,633,858
Corporations	2,470,702	2,477,245	2,539,285	2,539,285
Elections and Civics	6,683,723	8,738,411	3,877,371	3,877,371
Office of Public Information	511,575	512,560	446,918	546,918
State Archives	702,913	704,126	691,102	691,102
State Library	716,227	717,998	768,685	768,685
Total	**$ 15,098,672**	**$ 17,174,388**	**$ 11,928,764**	**$ 12,057,219**
Expenditures by Category				
Salaries and Benefits	$ 6,822,496	$ 6,845,178	$ 6,861,085	$ 6,861,085
Contracted Services	436,837	1,336,837	1,181,791	1,181,791
Subtotal	**$ 7,259,333**	**$ 8,182,015**	**$ 8,042,876**	**$ 8,042,876**
Other State Operations	7,483,839	8,193,873	3,385,438	3,513,893
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	163,000	466,000	243,000	243,000
Capital	152,500	292,500	217,450	217,450
Capital Debt Service	-	-	-	-
Operating Transfers	40,000	40,000	40,000	40,000
Total	**$ 15,098,672**	**$ 17,174,388**	**$ 11,928,764**	**$ 12,057,219**
Sources of Funds				
General Revenue	$ 12,289,333	$ 12,310,802	$ 9,561,067	$ 9,775,071
Federal Aid	2,266,929	3,687,774	1,810,000	1,810,000
Restricted Receipts	542,410	1,175,812	557,697	472,148
Other	-	-	-	-
Total	**$ 15,098,672**	**$ 17,174,388**	**$ 11,928,764**	**$ 12,057,219**
FTE Authorization	**59.0**	**59.0**	**59.0**	**59.0**

Summary. The Office of the Secretary of State requested FY 2022 expenditures of $12.4 million, which is $2.7 million less than the FY 2021 enacted budget. The request includes $2.2 million less from general revenues, $0.5 million less from federal funds, and $0.1 million less from restricted receipts. The request includes 59.0 full-time equivalent positions which is consistent with the enacted authorization. The Office did not submit a constrained request. *The Governor recommended $11.9 million from all sources, including $9.6 million from general revenues. This is $0.4 million less from all sources than requested, including $0.5 million less from general revenues.* **The Assembly provided $0.2 million more from general revenues.**

March 2021 Special Election. The Office's request excluded $1.0 million from general revenues to conduct a predominantly mail ballot special election on March 2, 2021. The funding represents the estimated costs of printing and postage to conduct this type of election. The enacted budget added a total of $1.5 million from general revenues to fund a mail ballot centric special election for general obligation

bond referenda in 2021; this includes $1.0 million for the Office of the Secretary of State and $0.5 million for the Board of Elections. *The Governor's budget also excluded this funding.* **The Assembly concurred.**

Other Election Expenses. The Office requested $1.5 million from general revenues for the expenses of the elections and civics division in FY 2022, an off year in the election cycle. The request is $3.2 million less from all sources, excluding the special election in March discussed earlier. By source, the request is $1.3 million less from general revenues and $4.5 million less from federal funds awarded through the CARES Act to conduct elections. The reduction to federal funding removes all funding from this grant, which was only eligible for federal election expenses in 2020. The reduction to general revenues brings expenses more in line with the last off year for elections, FY 2018. The requested amount is $0.1 million less than that year, which included additional legal and printing expenses not reflected in the current request. *The Governor recommended funding as requested.* **The Assembly concurred.**

Help America Vote Act Election Security Grant. Consistent with the revised request, the Office requested $1.8 million, or $1.4 million more than enacted, from the federal Help America Vote Act Election Security Grant. The Secretary of State, in conjunction with the Board of Elections, received $3.0 million from the grant in FY 2019. Another $3.2 million was awarded for FY 2021. Funding supports the upgrade of the central voter registration system, the implementation of cybersecurity and data recovery best practices, e-poll book resources, election administration grants for cities and towns, risk limiting audits, election day incident management software, mail ballot opening and scanning equipment, and polling place operational improvements.

Guidance was issued from the Election Assistance Commission indicating the funding can be flexibly used to respond to the pandemic; however, the Commission noted that funding is specifically for federal elections and therefore unable to be used in lieu of general revenues for the March 2021 special election. Through FY 2020, the Office spent $2.3 million of the total $6.2 million. As both the FY 2021 revised request and FY 2022 request include $1.8 million, a balance of $0.2 million would be available for FY 2023. *The Governor recommended funding as requested.* **The Assembly concurred.**

Salaries and Benefits. The Office requested $7.1 million, or $285,188 more than enacted from all sources to staff 58.0 full-time equivalent positions in the Office in FY 2022. The request includes $0.4 million more from general revenues offset by $0.1 million less from restricted receipts. The 2020 Assembly provided funding in the FY 2021 enacted budget to reflect actual staffing costs through the first quarter, when the Office had only 1.0 full-time equivalent position vacant. The request shifts a total of 3.0 positions from restricted receipts as well as the Records Center fund, discussed later, to general revenues. As of the pay period ending January 16, 2021, the Office had 3.0 positions vacant; 2.0 positions more than assumed in the enacted budget indicating there will likely be savings beyond the request. Subsequent to the budget submission, the Office noted that the fund shifts were done in error. *The Governor's recommendation corrects the error in the request and includes $38,589 more than enacted mostly from general revenues to eliminate the turnover savings in the enacted budget.*

The Governor subsequently requested an amendment shifting $85,549 for personnel expenditures from the Historical Records Trust to general revenues based on estimated receipts for the Historical Records Trust. **The Assembly concurred with the Governor's amended recommendation.**

Technology Projects. The Office requested $0.5 million, or $0.2 million less than enacted, from general revenues for various technology projects. This reflects an unspecified reduction to projects under the eGov information technology initiative. For the second fiscal year, this area of spending is requested to be decreased in order to maintain staffing. The FY 2020 enacted budget included $0.8 million for these projects; the Office's revised request for that year was also $0.4 million less. Additionally, the Office had not provided information about the status of specific projects in the last two years, but noted that projects under the eGov umbrella include the redesign of the lobby tracker application, the open meeting user

interface, and the Boards and Commissions database and webpage. Annual general revenue spending for this work averaged $0.5 million from FY 2018 through FY 2020. *The Governor recommended $0.1 million less than requested which reflects removing funding for database upgrades. This project is funded from Information Technology Investment funds included in the Department of Administration's budget.* **The Assembly concurred.**

State Archives Expenses. The Office requested $0.4 million, or $10,474 more than enacted, from all sources for the operation of the state archives. In the FY 2020 final budget, the Assembly authorized the Office to enter into a lease for a new archives location not to exceed 10 years at a cost of $2.8 million. The previous leased location on Westminster Street in Providence had to be vacated so work could be done for the next tenant. The new location at 33 Broad Street in Providence is 11,234 square feet and includes more exhibition space, meeting space, and research space. The increase reflects minor adjustments to costs associated with the new location, consistent with the revised request. *The Governor recommended $31,500 less than requested which reflects aligning expenditures for expanding storage capacity and digitizing files at levels closer to historical spending but is still $2,500 more than spent in FY 2018 through FY 2020.* **The Assembly concurred.**

Records Center. The Office requested $0.8 million, or $0.3 million less than enacted, from other funds for the Records Center. The decrease is almost entirely from staffing. The enacted budget reflects funding approximately four full-time equivalent positions; the request decreases this to approximately two positions. Subsequent to the budget submission, the Office noted that these changes were done in error. Records Center employees are housed at the State Archives facility. The Records Center is an internal service program that does not appear in the Appropriations Act. Its expenses are budgeted in user agencies that pay a portion of their operating costs for record storage and retrieval.

The Governor corrected the shift in personnel included in the request. The recommendation is $26,611 less than enacted, which reflects removing one-time expenditures related to moving locations including furniture. While it was the State Archives that moved buildings, one-third of the expenditures were from the Records Center budget. **The Assembly concurred.**

State House Tour Program. Consistent with the enacted budget, the Office requested $40,000 from general revenues for tour offerings and to enhance the visitor experience at the Rhode Island State House. The Office uses the tour program as a means to increase knowledge among children and adults of Rhode Island history and how government works. Funding supports both the tour guides as well as activities hosted by the State Library, such as the Spooky State House program. *The Governor recommended funding as requested.* **The Assembly concurred.**

State House Visitor Center. Consistent with the enacted budget, the Office requested $25,000 from restricted receipts to fund the State House Visitor Center and Gift Shop which opened in December 2013. Staffing is provided by unpaid interns from Johnson and Wales University and merchandise sales are used to fund the restricted receipt account. Expenditures were $7,479 in FY 2020. *The Governor recommended funding as requested.* **The Assembly concurred.**

State Grants. Consistent with the enacted budget, the Office requested $143,000 for state grants to support the Rhode Island Historical Society and Newport Historical Society. The funding is required in accordance with Rhode Island General Laws, Sections 29-2-1 and 29-2-2, which provides $125,000 to the Rhode Island Historical Society and $18,000 to the Newport Historical Society for the purpose of caring for, preserving, and cataloguing the property of the state. *The Governor recommended funding as requested.* **The Assembly concurred.**

250th Commission. The United States is prepared to celebrate its 250th year of founding in 2026. The 2021 Assembly passed 2021-H 6002 creating the 250th Commission on May 27, 2021, which will be dedicated

to preparing commemorative celebrations. This Commission is made up of 30 members including department leaders and members of the public. *The Governor's budget did not include this expense.* **The Assembly provided $100,000 from general revenues to support planning, advertising and event costs.**

Other Operations. The Office requested $1.0 million, or $80,663 less than enacted, mostly from general revenues for other operations, including centralized services provided through the Department of Administration. The request provides $0.1 million more than actual FY 2020 spending, mostly reflecting the addition of funding to digitize works at the state library as well as preserving various documents in coordination with the Northeast Document Conservation Center. Regarding centralized services, the request is $19,232 less than enacted reflecting $25,852 less from general revenues offset by $6,620 more from restricted receipts. The request exceeds FY 2020 actual charges by $2,536.

The Governor recommended $78,186 less from general revenues than requested. These reductions mostly reflect removing one-time expenditures budgeted in FY 2021 such as restoring copies of a historical law book, expanding digital storage space, and moving expenses. This also includes $15,000 less for legal services to reflect historical spending.

The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $28,455 from general revenues in the Office's budget for information technology.**

Office of the General Treasurer

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
General Treasurer	$ 3,550,307	$ 3,659,550	$ 3,626,824	$ 3,536,444
Unclaimed Property	25,763,925	31,168,675	25,202,766	28,902,766
Employees' Retirement System	13,052,673	13,076,659	13,598,974	13,598,974
Crime Victim Compensation	2,150,337	2,126,892	1,781,679	1,781,679
Subtotal	**$ 44,517,242**	**$ 50,031,776**	**$ 44,210,243**	**$ 47,819,863**
Expenditures by Category				
Salaries and Benefits	$ 11,349,465	$ 11,388,999	$ 11,574,046	$ 11,497,411
Contracted Services	5,456,594	5,456,594	6,149,450	6,149,450
Subtotal	**$ 16,806,059**	**$ 16,845,593**	**$ 17,723,496**	**$ 17,646,861**
Other State Operations	25,558,149	30,958,149	24,838,329	28,524,584
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,020,109	2,095,109	1,566,993	1,566,993
Capital	132,925	132,925	81,425	81,425
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 44,517,242**	**$ 50,031,776**	**$ 44,210,243**	**$ 47,819,863**
Sources of Funds				
General Revenue	$ 2,986,194	$ 3,428,826	$ 3,318,690	$ 3,228,310
Federal Aid	1,011,042	1,012,076	730,909	730,909
Restricted Receipts	39,879,582	44,848,782	39,514,747	43,214,747
Other	640,424	742,092	645,897	645,897
Total	**$ 44,517,242**	**$ 50,031,776**	**$ 44,210,243**	**$ 47,819,863**
FTE Authorization	**89.0**	**89.0**	**89.0**	**89.0**

Summary. The Office of the General Treasurer requested $44.1 million, which is $0.4 million less than enacted. This includes $0.6 million more from general revenues. The Office requested 89.0 full-time equivalent positions, consistent with the authorized level. The Office did not submit a constrained request. *The Governor recommended $0.1 million more than requested, including $0.2 million less from general revenues for the Crime Victim Compensation program and recommended all other expenditures as requested.* **The Assembly added $3.7 million from restricted receipts to reflect the May Revenue Estimating Conference adopted unclaimed property transfer to the state, reduced general revenues by $0.1 million to reflect distributed savings from the voluntary retirement incentive program and centralized services billings, and concurred with the remainder of the recommendation.**

Crime Victim Compensation. The Office requested $1.7 million for the crime victim compensation program, which is $0.5 million less than enacted. This includes $0.5 million more from general revenues offset by $0.7 million less from available restricted receipts and $0.3 million less from federal reimbursements.

Historically, restricted receipts and federal funds were sufficient to support claims and administrative costs, but because at the same time receipts have been declining, the average claim amount and the number of claims has been increasing. The program pays claims from restricted receipts from fees collected by the state courts. Federal funds come from the Victims of Violent Crimes program administered by the United States Department of Justice and are drawn down on a reimbursement basis after awards are paid or administrative expenses are incurred. The grant award is 60.0 percent of the court receipts disbursed for claims from the previous federal period. Receipts have been declining since FY 2013; as restricted receipts decrease, so do the federal reimbursements. At the same time receipts have been declining, the average claim amount and the number of claims has been increasing. Between FY 2015 and FY 2018, annual claims increased from 100 to 160 and the average claim grew by 90.6 percent from $1,725 to $3,288. This increase appears to be related to the 2016 legislation that increased the maximum relocation award from $2,500 to $5,000; testimony at the time was that expansion would have no state fiscal impact.

The Treasurer's Office implemented some policy changes about how relocation claims are handled beginning in June 2018, including limiting the amount of time the award is good for and limiting the amount of rent to be reimbursed to market rates. Relocation expenses did decline in FY 2019 as well as the average relocation claim suggesting that the policy changes have been somewhat successful. However, the issue of misaligned expenditures with revenues does persist, and the Office has indicated that the COVID-19 emergency and resulting court closures and also decreased receipts.

The Governor recommended $0.1 million more from all sources than requested including $0.2 million less from general revenues and $0.3 million more from restricted receipts. Of the additional restricted receipts, $0.1 million are from the portion of court fees that the Court retains to support the Justice Assistance program. The Governor recommended an additional $0.1 million from general revenues in the Judiciary's budget to backfill movement of the restricted receipts from the Courts. The other $0.2 million from restricted receipts appears to be there to offset the reduction to requested general revenues but there are no projections that this funding is available. **The Assembly concurred with the recommendation for FY 2022 but added $435,000 from general revenues in lieu of restricted receipts for FY 2021 based on projected court receipts, which have been affected by court closures.**

Retirement System Computer System. The FY 2022 budget request for $3.4 million from Retirement System restricted receipts for its recently replaced computer system is $0.5 million more than enacted. The System went live in FY 2017. The annual service agreement is $1.7 million. The request also includes $0.4 million for potential change orders for system enhancements and web redesign and $1.3 million for system upgrades. The additional funding will be used to upgrade the employer portal with a new user interface. *The Governor recommended funding as requested.* **The Assembly concurred.**

Retirement System Personnel. The Office requested $7.1 million to fund most of the Retirement System's 43.0 full-time equivalent positions, which is $0.2 million more than enacted for adjustments consistent with Budget Office planning values. The request assumes turnover equivalent to approximately one position. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Retirement System Expenses. The Office requested $3.0 million from Retirement System restricted receipts for all other expenses for the Retirement System including Board legal counsel, actuarial services, postage and printing associated with distribution of the System newsletter, and rent for the building on Service Avenue. The request is $0.1 million less than enacted and includes $0.1 million less for potential studies requested by the General Assembly. The $0.3 million requested is $0.1 million less than spent in FY 2020 but $0.1 million more than spent in FY 2019. Rhode Island General Law, Section 36-10-39 provides the Assembly the authority to request studies of the System's actuaries at the expense of the System. This expense fluctuates from year to year. *The Governor recommended funding as requested.* **The Assembly concurred.**

Unclaimed Property. The Office requested $22.8 million for unclaimed property, which is $0.7 million less than enacted. This includes $9.5 million for the transfer from unclaimed property to the state, $0.8 million less than enacted. Transfers of unclaimed property to the state are shown as expenditures in the Office's operating budget. The Office requested $14.0 million for payment of unpaid property claims, which is $1.1 million more than enacted. The request also includes $1.0 million less in the amount of revenues set aside for future claims liability. Although this represents the agency's estimate, the transfer is adopted by the Revenue Estimating Conference that meets in November and May and expenditures reflect that. The November 2020 Conference adopted a transfer of $11.3 million for FY 2022. *The Governor recommended funding as requested.* **The Assembly added $3.7 million to reflect the estimate of the May Revenue Estimating Conference. This reflects a transfer to the state General Fund estimated to be $14.2 million for FY 2022 and $13.0 million in claims paid.**

Unclaimed Property Auditors. The request includes $0.9 million for auditors. Auditors for the program identify accumulated unclaimed property at various businesses which is then remitted as revenues to the program and are reimbursed a portion of the revenue recovered. This is $0.1 million more than enacted and reflects hiring a fourth audit firm to supplement the current auditors with the goal of returning more unclaimed property to owners. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Salaries and Benefits. The Office requested $4.0 million for all other salaries and benefits for the Office's other 42.0 full-time equivalent positions. This is $22,068 more than enacted and includes $45,091 more from general revenues. The request restores the $9,751 of one-time savings from all sources in the enacted budget based on two individuals from the Office opting to participate in the state's workshare program which ended in September 2020. Requested turnover savings are equivalent to approximately two vacant positions similar to the assumptions in the enacted budget. *The Governor recommended funding as requested.* **The Assembly distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $0.1 million in the Office's budget based on the four individuals who participated during FY 2021.**

Other Operations. The Office requested $1.9 million for all other expenses, which includes a total of $0.8 million related to the Unclaimed Property program. This is $18,964 less than enacted including $34,537 more from general revenues. Of the general revenue increase, $25,000 represents a new contract for information technology support including identifying and mitigating risks related to cybersecurity, server/system support, application database support and a help desk, consistent with the FY 2021 revised request. The Office reported that several projects were identified during FY 2020 and the Division of Information Technology suggested that contracting would be more efficient than using Division staff. Although the $25,000 is requested from general revenues, the Office plans to allocate much of the cost to the Retirement System based on the nature of work.

The request also includes $0.4 million from all sources for centralized facilities management and information technology services including $0.2 million from general revenues. The request is $78,310 less than enacted for facilities management services and $7,916 more than enacted for information technology services and more closely reflects FY 2020 spending. The FY 2022 request is $27,502 or 7.8 percent more than spent in FY 2020 for all centralized services.

The Governor recommended funding as requested. The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and removed $13,745 from general revenues in the Office of the General Treasurer's budget. This includes $13,678 more for facilities offset by $27,423 less for information technology.**

Rhode Island Board of Elections

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 2,129,284	$ 1,634,300	$ 1,461,731	$ 1,461,731
Contracted Services	377,300	377,300	213,550	213,550
Subtotal	**$ 2,506,584**	**$ 2,011,600**	**$ 1,675,281**	**$ 1,675,281**
Other State Operations	1,458,337	1,458,337	916,056	968,487
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	8,000	8,000	28,000	28,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 3,972,921**	**$ 3,477,937**	**$ 2,619,337**	**$ 2,671,768**
Sources of Funds				
General Revenue	$ 3,972,921	$ 3,477,937	$ 2,619,337	$ 2,671,768
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	**$ 3,972,921**	**$ 3,477,937**	**$ 2,619,337**	**$ 2,671,768**
FTE Authorization	**13.0**	**13.0**	**13.0**	**13.0**

Summary. The Board of Elections requested $3.0 million from general revenues, $1.0 million less than the enacted budget. The Board requested the enacted authorization of 13.0 full-time equivalent positions. The Board did not submit a constrained request. *The Governor recommended $0.3 million less from general revenues than requested and 13.0 full-time equivalent positions, consistent with the enacted budget and the request.* **The Assembly added $52,431 from general revenues to reflect updated billings for centralized services provided by the Department of Administration.**

March 2021 Special Election. The Board's request excludes the $0.5 million from general revenues in the enacted budget to conduct a predominantly mail ballot special election on March 2, 2021. The enacted budget added a total of $1.5 million from general revenues to fund a mail ballot centric special election for general obligation bond referenda in 2021; this includes $1.0 million for the Office of the Secretary of State and $0.5 million for the Board of Elections. *The Governor excluded funding as requested.* **The Assembly concurred.**

Other Election Expenses. The Board requested $0.2 million, or $0.1 million less than enacted for other election expenses. There are no elections currently planned to be held in FY 2022; however, the Board maintains funding in the event of special elections. The request includes $55,000 for epoll book maintenance and $120,000 for voting machine delivery, printing, postage, and other miscellaneous expenses. Excluding the funding for epoll books, which must be maintained each year, the request is $0.1 million more than actual spending on these items in FY 2018, the last election off year. There are likely additional savings available. *The Governor recommended $0.1 million less than requested which is based on historical experience in non-election years.* **The Assembly concurred.**

Other Seasonal Staff. The Board requested $261,989, or $368,627 less than enacted, from general revenues for seasonal staff. In a change from FY 2018, the previous election off year, this maintains $0.2 million in funding for seasonal staff. The Board indicates a special election would require hiring seasonal employees. The Board uses a variety of seasonal staff to help conduct elections, including voting machine technicians, mail ballot processors, and pre-election preparation. No election is currently planned for FY 2022 and funding is likely overstated. *The Governor did not recommend funding for seasonal staff, consistent with prior practice.* **The Assembly concurred.**

Salaries and Benefits. The Board requested $1.5 million, or $49,929 less than enacted, from general revenues for other salaries and benefits to fund 13.0 full-time equivalent positions during FY 2022. The enacted budget includes no turnover. As of the pay period ending January 16, 2021, the Board had 1.0 vacancy; the Board has maintained 1.0 vacancy since the beginning of FY 2021. The request appears to include turnover savings for half of one position, which would allow the Board to fill its current vacancy halfway through the year. It should be noted that the revised request reflects no turnover savings for the vacancy. *The Governor recommended $8,008 less than requested to correct an overstatement of medical benefits included in the request.* **The Assembly concurred.**

Other Operations. The Board requested $1.0 million, or $23,969 more than enacted, for other operations including centralized services provided through the Department of Administration. The Board moved to a new location during FY 2020 and FY 2021 represents the first full fiscal year of occupancy. The request includes $20,000 more for equipment purchases to furnish its new location to account for any missed items as the Board was working on the election during its move. This funding is offset by $21,370 in other operational costs, mostly telecommunications services. Additionally, the request increases charges for information technology centralized services by $25,339, which brings the request $12,995 under actual FY 2020 charges. *The Governor recommended funding as requested.*

The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and included $52,431 from general revenues in the Board's budget for information technology.**

Rhode Island Ethics Commission

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 1,580,649	$ 1,586,390	$ 1,605,211	$ 1,533,112
Contracted Services	62,275	62,275	62,275	62,275
Subtotal	**$ 1,642,924**	**$ 1,648,665**	**$ 1,667,486**	**$ 1,595,387**
Other State Operations	248,451	248,451	252,521	263,138
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	8,826	8,826	8,826	8,826
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 1,900,201**	**$ 1,905,942**	**$ 1,928,833**	**$ 1,867,351**
Sources of Funds				
General Revenue	$ 1,900,201	$ 1,905,942	$ 1,928,833	$ 1,867,351
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	**$ 1,900,201**	**$ 1,905,942**	**$ 1,928,833**	**$ 1,867,351**
FTE Authorization	**12.0**	**12.0**	**12.0**	**12.0**

Summary. The Rhode Island Ethics Commission requested $1.9 million from general revenues, which is $28,632 more than enacted, and the authorized level of 12.0 full-time equivalent positions. The Commission also submitted a constrained request totaling $1.6 million, $0.3 million less than the unconstrained request. *The Governor recommended $1.9 million from general revenues and the enacted level of staffing, consistent with the unconstrained request.* **The Assembly provided $61,482 less from general revenues to reflect savings from the voluntary retirement incentive program and changes to centralized services.**

Salaries and Benefits. The Commission requested $1.6 million from general revenues for salary and benefit expenses, which is $24,562 more than enacted to fully fund the authorized level of 12.0 full-time equivalent positions. It should be noted that the enacted budget includes savings of $11,906 from two individuals participating in the workshare program which ended in September 2020. Adjusting for this, the request is $12,656 more than enacted and consistent with Budget Office planning values. As of the pay period ending January 2, 2021, all positions are filled.

The Commission's constrained request includes personnel savings of $0.3 million. These savings would be achieved by eliminating funding for two administrative staff positions and an investigator position for the entire fiscal year, which are all currently filled. *The Governor recommended funding consistent with the unconstrained request.*

The Assembly concurred and also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $72,099

from general revenues in the Commission's budget based on one individual who participated during FY 2021.

Other Operations. The Commission requested $0.3 million from general revenues for all other expenses, $4,070 more than enacted. The request restores $4,629 of statewide operating savings assumed in the enacted budget; the Commission annually underspends its final appropriation and achieved the savings in FY 2020. The request also includes $42,212 from general revenues for centralized information technology services provided by the Department of Administration, which is $708 less than the enacted budget, reflecting the Commission's estimate of expenses.

The Commission's constrained request reduces funding for contracted legal service by $15,000. *The Governor recommended funding as requested and does not include the constrained reduction.*

The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $10,617 from general revenues in the Commission's budget for information technology.**

Office of the Governor

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 5,886,458	$ 5,907,928	$ 6,188,223	$ 6,119,375
Contracted Services	500	500	500	500
Subtotal	**$ 5,886,958**	**$ 5,908,428**	**$ 6,188,723**	**$ 6,119,875**
Other State Operations	404,957	404,957	373,729	416,651
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	150,000	150,000	150,000	150,000
Capital	17,100	17,100	17,100	17,100
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 6,459,015**	**$ 6,480,485**	**$ 6,729,552**	**$ 6,703,626**
Sources of Funds				
General Revenue	$ 6,459,015	$ 6,480,485	$ 6,729,552	$ 6,703,626
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	**$ 6,459,015**	**$ 6,480,485**	**$ 6,729,552**	**$ 6,703,626**
FTE Authorization	**45.0**	**45.0**	**45.0**	**45.0**

Summary. The Office of the Governor requested FY 2022 expenditures of $6.7 million from general revenues and staffing of 45.0 full-time equivalent positions. This is $0.3 million more than enacted, including $0.3 million more for staffing expenses and $31,228 less for centralized services. The Office did not submit a constrained budget. *The Governor recommended funding and staffing authorization as requested.* **The Assembly provided $25,926 less from general revenues to reflect savings from the voluntary retirement incentive program and changes to centralized services.**

Salaries and Benefits. The Office of the Governor requested $6.2 million from general revenues for salary and benefit expenses for its 45.0 authorized full-time equivalent positions. The request is $0.3 million more than enacted from general revenues; however, the enacted budget includes savings of $21,142 based on four individuals from the Office opting to participate in the workshare program, which ended in September 2020. Adjusting for this, the request restores turnover equivalent to 2.1 full-time positions based on an average salary cost of $98,872. As of the pay period ending January 2, 2021, the Office had 37.6 filled positions; the request would fund approximately 40 positions. *The Governor recommended funding as requested.* **The Assembly concurred and also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $68,848 from general revenues in the Office's budget based on one individual who participated during FY 2021.**

Contingency Fund. The Office of the Governor requested the enacted amount of $150,000 from general revenues for the contingency fund. Average expenditures for the last five fiscal years have totaled $150,256. The funds may be used for expenditures in any state department or agency where funding is insufficient, or where such requirements are due to unforeseen conditions or are non-recurring items of an

unusual nature. It should be noted that since FY 2017, the fund has been regularly used to support YearUp interns. YearUp is a one-year apprenticeship program for urban young adults ages 18 to 24 to learn marketable job skills through apprenticeships and coursework. As this is a known and reoccurring expense, funding for interns should be requested as part of the Office's regular operating budget rather than expensed to the fund. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations. The Office requested FY 2022 expenditures of $0.4 million from general revenues for all other operations. This is $31,228 less than the enacted budget for centralized information technology expenses and consistent with its revised request. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. It is not clear what the centralized services request is based on, as it is approximately $10,000 more than actual FY 2020 expenses. *The Governor recommended funding as requested.*

The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $42,922 from general revenues in the Office's budget for information technology.**

Rhode Island Commission for Human Rights

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 1,531,548	$ 1,536,712	$ 1,607,300	$ 1,564,892
Contracted Services	8,800	8,800	7,900	7,900
Subtotal	**$ 1,540,348**	**$ 1,545,512**	**$ 1,615,200**	**$ 1,572,792**
Other State Operations	329,024	329,024	329,590	335,307
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	900	900
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 1,869,372**	**$ 1,874,536**	**$ 1,945,690**	**$ 1,908,999**
Sources of Funds				
General Revenue	$ 1,348,206	$ 1,352,181	$ 1,523,272	$ 1,486,581
Federal Aid	521,166	522,355	422,418	422,418
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	**$ 1,869,372**	**$ 1,874,536**	**$ 1,945,690**	**$ 1,908,999**
FTE Authorization	**14.5**	**14.5**	**14.0**	**14.0**

Summary. The Commission for Human Rights requested expenditures of $1.9 million for FY 2022, which is $51,842 more than enacted, including $150,590 more from general revenues. The request includes 14.0 full-time equivalent positions, 0.5 positions less than the enacted authorization.

The Commission also submitted a constrained request that is $0.2 million less than the unconstrained request to be achieved through the elimination of 2.4 full-time equivalent positions. *The Governor recommended $24,476 more from general revenues than requested and included the requested 14.0 full-time equivalent positions.* **The Assembly provided $36,691 less from general revenues to reflect savings from the voluntary retirement incentive program and changes to centralized services.**

Federal Receipts. The enacted budget assumes available federal receipts to be spent in FY 2021 will be $521,166. The Commission's request includes expenses totaling $422,418, which is $98,748 less than enacted. The Commission estimated fewer federal receipts from the Department of Housing and Urban Development based on a reduced case load for FY 2021. The revised request includes expenses totaling $494,483, which is $26,683 less than the enacted budget. These receipts have steadily been increasing since 2011 when receipts received totaled $177,721. Accounting for the revised request, the projected surplus at the end of FY 2022 would be $172,327, mostly from the Department of Housing and Urban Development receipts. The Commission spent $534,716 in FY 2020.

The Commission has had a carry-forward balance for the last five fiscal years. The Housing and Urban Development funds have specific restrictions on what may be spent with those funds, where expenditures must directly concern the advancement of these cases. However, the Equal Employment Opportunity funds do not have these restrictions, which makes expenditures from these funds more flexible. The

Commission's revised request reflects exhausting almost all of its carry-forward funding from the Equal Employment Opportunity funds to supplement a reduction in available funding from the Housing and Urban Development. The Commission's FY 2022 request reflects shifting nearly all of its rent costs to general revenues to make up for the reduction in federal receipts. *The Governor recommended funding as requested.* **The Assembly concurred.**

Salaries and Benefits. The Commission requested $1.6 million from all sources for the salaries and benefits to fully fund 14.0 positions. The request is $75,752 more than enacted, including $85,468 more from general revenues, which reflects salary increases, current service adjustments and corrects an error in the enacted budget. The reduction of $9,716 from federal funds accounts for the Commission expecting fewer federal reimbursements. The request reflects reducing its positions by 0.5 full-time positions which reflects a vacancy reduction on one position that has been vacant since 2009.

The Commission's constrained request includes $203,338 less from general revenues achieved by eliminating funding for 2.4 full-time equivalent positions. The Commission reports that the proposed reduction would severely affect its ability to enforce antidiscrimination laws and estimates that federal funds would decrease by $188,127 annually; that reduction is not show in the constrained request. *The Governor recommended funding consistent with the Commission's unconstrained request including elimination of the vacant 0.5 position.* **The Assembly concurred and also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $42,408 from general revenues in the Commission's budget based on the two individuals who participated during FY 2021.**

Other Operations. The Commission requested $0.3 million from all sources for all other expenses. This is $23,910 less than enacted, including $65,122 more from general revenues and mostly reflects the Commission shifting rent costs from federal funds to general revenues and corrects an error contained in the enacted budget. The Commission estimated lower than historical federal receipts based on a reduced case load which impacts federal expenditures for rent, an eligible use of reimbursements. Subsequent to the request submission, the Commission indicated that two of its printers need to be replaced, both of which are over nine years old. *The Governor recommended $24,476 more than requested from general revenues to purchase two new printers.*

The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $5,717 from general revenues in the Commission's budget for information technology.**

Public Utilities Commission

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 7,062,082	$ 7,156,336	$ 7,825,609	$ 7,825,609
Contracted Services	2,609,421	2,609,421	2,927,836	2,927,836
Subtotal	**$ 9,671,503**	**$ 9,765,757**	**$ 10,753,445**	**$ 10,753,445**
Other State Operations	1,666,890	1,666,890	1,302,901	1,302,901
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	410,000	410,000	410,000	410,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 11,748,393**	**$ 11,842,647**	**$ 12,466,346**	**$ 12,466,346**
Sources of Funds				
General Revenue	$ -	$ -	$ -	$ -
Federal Aid	175,174	245,166	540,253	540,253
Restricted Receipts	11,573,219	11,597,481	11,926,093	11,926,093
Other	-	-	-	-
Total	**$ 11,748,393**	**$ 11,842,647**	**$ 12,466,346**	**$ 12,466,346**
FTE Authorization	**52.0**	**52.0**	**54.0**	**54.0**

Summary. The Public Utilities Commission requested FY 2022 expenditures of $12.6 million, which is $0.9 million more than enacted from all sources including $0.2 million more from federal funds and $0.7 million more from restricted receipts. Restricted receipts are generated from billing the regulated utilities for the expenses of both the Division of Public Utilities and Carriers and the Public Utilities Commission, the quasi-judicial tribunal with jurisdiction, powers, and duties to implement and enforce utility standards. The Commission requested 57.0 full-time equivalent positions, 5.0 more than the authorized level. *The Governor recommended three fewer positions and $0.2 million less than requested.* **The Assembly concurred.**

Staffing. The Commission requested $8.0 million from all sources for salaries and benefits for 57.0 full-time equivalent positions, which is $0.9 million more than enacted. The request assumes 13.0 positions assigned to the Public Utilities Commission and 44.0 positions for the Division of Public Utilities and Carriers. This is 5.0 positions more than the authorized level including a new Public Utilities Analyst III position to work for the Commission and the rest for the Division. As of the January 16, 2021 pay period, there were 3.0 vacancies all within the Division. *The Governor recommended adding two pipeline inspector positions for a total of 54.0 full-time equivalent positions.* **The Assembly concurred.**

Pipeline Safety Inspector Positions (3.0 FTE). The request includes $363,984 from federal funds and restricted receipts assessed to the regulated utilities and authorization for 3.0 new full-time pipeline safety inspector positions to start at the beginning of FY 2022. These positions would be responsible for inspecting natural gas pipeline facilities including inspecting and observing critical values, regulator stations, master meters, relief valves, press recorders, odorizers and rectifiers, consistent with state and federal safety statutes. The Commission requested to fill these positions to make sure enough staff are trained and conduct

the inspections properly. It can take up to five years for an inspector to become fully trained and each inspector must have 85 inspection days a year to remain qualified. The last fully trained and certified inspector resigned in 2017 and the Commission has been struggling to find, train, and retain qualified candidates since. The Commission reported that there are currently three engineers and one supervisor responsible for this task, none of which are fully certified. *The Governor recommended $244,288 for two of the three new inspector positions.* **The Assembly concurred.**

Engineering Specialists II (1.0 FTE). The request includes $108,268 from restricted receipts assessed to the regulated utilities and authorization for 1.0 new full-time engineering specialist to start at the beginning of FY 2022. According to the Commission, these positions are necessary to manage the engineering integrity of residential gas systems and to monitor the expanding distribution of energy throughout the state. The Commission also requested this position in its FY 2021 revised budget request consistent with the Governor's FY 2021 budget recommendation that was not adopted by the Assembly. The enacted budget assumed four engineering positions, three of which are filled as of the January 16, 2021 pay period. *The Governor did not recommend this proposal.* **The Assembly concurred.**

Public Utilities Analyst III (1.0 FTE). The request includes $87,196 from restricted receipts assessed to the regulated utilities and authorization for 1.0 new full-time Public Utilities Analyst III position to start at the beginning of FY 2022, to work with the Commission. The position would be responsible for monitoring power sector transformation initiatives that result in additional cost recovery mechanisms impacting consumer rates and monitoring expenditures of ratepayer dollars. This is the same position the Commission requested in its FY 2021 revised budget request but approximately $15,000 less; it appears the position was downgraded but the title remains the same. The Commission included this position consistent with the Governor's FY 2021 budget recommendation; however the Assembly did not concur. The Commission unsuccessfully requested the same position in its FY 2020 budget request. *The Governor did not recommend this proposal.* **The Assembly concurred.**

Other Salaries and Benefits. The request includes $7.4 million from all sources for all other salary and benefit expenses for the remaining 52.0 positions. This is $0.4 million more than enacted and reflects restoring turnover included in the enacted budget and restoring $76,217 from one-time savings achieved by twelve individuals participating in the workshare program in FY 2021. The request inadvertently excludes estimated current service adjustments. The enacted budget includes $0.2 million in turnover savings, which is equivalent to 1.9 full-time equivalent positions. In FY 2020, the Commission averaged 48.1 filled positions. As of the pay period ending January 16, 2021 the Division had 3.0 vacant positions. *The Governor recommended $138,515 more than requested to account for the current service adjustments excluded in the request.* **The Assembly concurred.**

Dual Party Phone Relay Service. The Commission requested $318,415 or $51,585 less than enacted to manage the Dual Party Phone Relay Service. The enacted budget assumes total costs of operating this service is $370,000 which was estimated based on the most expensive invoices that occurred in FY 2020. The Commission indicated invoices for relay services are lower than initially estimated. Rhode Island General Law, Section 39-1-42 establishes that the Commission must provide "an appropriate funding mechanism to recover the costs of providing this service from each residence and business telephone access line or trunk in the state." Prior to January 2020, the Dual Party Phone Relay Service was an escrow account which did not typically appear in agency operating budgets. As part of the FY 2019 audited closing, the State Controller and Auditor General reclassified a number of escrow accounts as restricted receipts. This reflects reclassifying the Dual Party Phone Relay Service escrow account to a restricted receipt account.

The Commission is required to remit $50,000 annually to the Department of Human Services and $80,000 annually to the Rhode Island Commission on the Deaf and Hard of Hearing for telephone equipment and to continue the emergency and public communication access program. Additional expenditures include

monthly recurring charges for relay management and captioning services. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rate Case Reserve Account. Consistent with the enacted budget, the Commission requested $2.0 million from restricted receipts for expenses incurred for hearings and investigations of rate case applications and other filings. Expenditures are for materials, external legal counsel, official stenographers, engineers, accountants, economists, and expert witnesses, which are billed back to the utility company up to $750,000 per state proceeding and $250,000 for federal proceedings. *The Governor recommended funding as requested.* **The Assembly concurred.**

Transportation Network Company Regulatory Oversight. The Commission requested $54,029 from restricted receipts for the regulation of transportation network companies, which is consistent with the enacted budget. Rhode Island General Law, Section 39-14.2-5 allows the Commission to regulate transportation network companies, such as Lyft and Uber, and establishes the application and annual renewal fees to operate in the state. Expenditures include $9,100 to travel to conferences regarding the best way to regulate Uber and Lyft, $9,679 for additional office supplies, $30,000 to purchase a vehicle and $5,250 for all other expenditures. The fees collected in FY 2018 went unused and in FY 2019 and FY 2020 the Department spent less than $2,000 for cellphones and cellphone service. Previous requests indicate funds were supposed to purchase a vehicle but expenditures did not occur because of a change in leadership. *The Governor recommended funding as requested.* **The Assembly concurred.**

Energy Facility Siting Board. Consistent with the enacted budget, the Commission included $0.2 million from restricted receipts to support the work of the Energy Facility Siting Board for FY 2022, which is approximately $150,000 more than spent in FY 2019. The Energy Facility Siting Board regulates the issuance of licenses to construct major energy facilities. All expenditures related to the investigation are billed back to the applicants. Funding is used for expert witnesses, stenographers, print advertising notices and advisory opinions. *The Governor recommended funding as requested.* **The Assembly concurred.**

Electronic Business Portal. The Commission requested $250,000 from restricted receipts for its electronic business portal, which is consistent with the enacted budget. This request includes a docket management and e-filing capabilities for licensing. The total estimated cost of this project is $1.0 million. This project was included in the FY 2020 and FY 2021 enacted budgets; however, the project was delayed and is expected to be completed in FY 2022.

The requested funding is to acquire an in-house task scheduler for employees to track dockets and create time frames to complete their tasks. Additionally, the Commission wants to implement a "list serve" which is a service where the public can add themselves to follow specific dockets by adding their email to the service list of a docket. The Commission reported that these upgrades will relieve staff time by reducing document filings and streamlining docket management responsibilities. *The Governor recommended funding as requested.* **The Assembly concurred. A detailed description of the project is included in the Capital Budget section of this publication.**

Other Operations. The Commission requested $1.7 million from all sources for all other operations, which is $6,011 more than the enacted budget. The increase reflects the estimated cost of centralized services. The request includes $0.4 million for professional consultants, including stenographers, legal and financial consultants, and Comp Base Inc., a database administrator for published decisions and hearings. It also includes $0.3 million for building maintenance, $0.3 million for travel and trainings, office supplies, utilities, and printing, $0.1 million for computers, and $0.1 million for legal research subscriptions and registrations, and access to regional conferences and utility associations. *The Governor recommended funding as requested.* **The Assembly concurred.**

Executive Office of Health and Human Services

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Central Management	$ 181,426,383	$ 216,633,467	$ 186,177,000	$ 188,886,668
Medical Assistance	2,802,217,407	2,770,197,000	2,849,687,147	3,006,875,790
Total	**$ 2,983,643,790**	**$ 2,986,830,467**	**$ 3,035,864,147**	**$ 3,195,762,458**
Expenditures by Category				
Salaries and Benefits	$ 32,016,001	$ 31,694,529	$ 31,870,614	$ 31,493,984
Contracted Services	106,851,262	134,844,713	111,365,086	108,055,509
Subtotal	**$ 138,867,263**	**$ 166,539,242**	**$ 143,235,700**	**$ 139,549,493**
Other State Operations	9,504,416	9,867,938	7,621,610	8,120,237
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,821,099,531	2,796,250,707	2,875,956,390	3,039,042,281
Capital	972,580	972,580	800,447	800,447
Capital Debt Service	-	-	-	-
Operating Transfers	13,200,000	13,200,000	8,250,000	8,250,000
Total	**$ 2,983,643,790**	**$ 2,986,830,467**	**$ 3,035,864,147**	**$ 3,195,762,458**
Sources of Funds				
General Revenue	$ 974,945,186	922,210,492	$ 1,023,836,423	1,100,190,655
Federal Aid	1,969,238,746	2,024,987,717	1,970,428,988	2,054,881,356
Restricted Receipts	39,459,858	39,632,258	41,598,736	40,690,447
Other	-	-	-	-
Total	**$ 2,983,643,790**	**$ 2,986,830,467**	**$ 3,035,864,147**	**$ 3,195,762,458**
FTE Authorization	**192.0**	**192.0**	**190.0**	**190.0**

Summary. The Executive Office requested $2,819.5 million from all sources, including $1,105.6 million from general revenues, $1,674.2 million from federal funds and $39.6 million from restricted receipts and a staffing level of 193.0 positions in its current services request. The request is $164.2 million less than enacted, including $130.7 million more from general revenues, $295.0 million less from federal funds and $0.2 million more from restricted receipts. It should be noted that the enacted budget includes one-time savings of $0.2 million from all sources, of which $0.1 million is from general revenues based on 21 individuals from the Executive Office opting to participate in the workshare program not reflected in the request. Adjusted for this, the request is $130.6 million more than enacted from general revenues.

The Executive Office's constrained request lowers medical assistance expenditures by $273.4 million from all sources, including $170.3 million from general revenues and $96.8 million from federal funds. It also lowers administrative program expenses by $9.2 million, including $2.9 million from general revenues.

The Families First Coronavirus Response Act temporarily increases a state's Medicaid match rate by 6.2 percent for services provided from January 1, 2020 until the end of the public health emergency, which was at least through the third quarter of FY 2021. At the time the budget was adopted, the assumed rate was 60.03 percent. The FY 2021 enacted budget assumes general revenue savings of $108.3 million across all of the state's health and human service agencies, including $92.1 million taken in the caseload estimate for

those three quarters. The public health emergency has been extended through the end of FY 2021, which would be additional general revenue savings of at least $30 million in the Executive Office's budget for that final quarter. The Biden Administration announced plans to continue renewing it through at least the end of calendar year 2021. For state budget purposes, that means at least half of FY 2022.

The Governor recommended expenditures of $3,035.9 million from all sources, including $1,023.8 million from general revenues. This is $52.2 million more than enacted and $216.4 million more than requested from all sources. It is $48.9 million more than enacted and $81.0 million less than requested from general revenues. This includes general revenue savings of $46.7 million from the enhanced Medicaid match for two quarters in FY 2022. The Governor included 190.0 full-time equivalent positions, 2.0 less than enacted and 3.0 fewer than requested.

The recommended budget includes 11 proposals affecting the Medicaid program with one, Long Term Services and Supports Resiliency and Rebalancing, incorporating several rate increases some of which were not funded; he subsequently requested an amendment to correct this. The rebalancing proposal also funded the transfer of patients from Eleanor Slater Hospital to less restrictive community settings as part of the hospital reorganization project at the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. On June 6, 2021, the Governor requested an amendment rescinding the hospital reorganization proposal and reduced funding in the Executive Office's budget related to patient transfers.

The Assembly provided $3,195.8 from all sources, including $1,100.2 million from general revenues, $2,054.9 million from federal funds and $40.7 million from restricted receipts. The Assembly concurred with the amendments and included 190.0 positions. The Assembly also provided $39.0 million from general revenues in FY 2022 in the event the public health emergency ends before October 1, 2021 requiring a higher state match earlier than expected. This information is not likely to be final until August.

COVID Related Programs. The CARES Act adopted in response to the crisis provided $1,250.0 million to Rhode Island for related expenditures incurred between March 1, 2020 and December 30, 2020, including responding directly to the emergency as well as second order effects. The administration used a portion of these funds to support eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus as well as new programs targeting reform, including long term care services and supports. There were also separate programs that provided funding directly from the federal government to Rhode Island health care providers, including hospitals, federally qualified health centers, nursing homes and primarily care providers that totaled over $310 million.

The FY 2021 enacted budget includes $163.9 million across state agencies for hospitals, congregate care settings and other primary care providers. The table shows federal funds awarded to the community providers included in the Executive Office's budget as well as the Department of Administration for the Hospital Assistance Partnership program; a description of each program follows. The expenses are excluded from the November caseload conference estimate and the October agency budget submission since passage of the budget occurred in December.

<u>Hospital Assistance Partnership Program</u>. The state established this program to provide financial assistance to hospitals with the intent of maintaining a responsive hospital system. Funding provided from Coronavirus Relief funds includes $95.5 million for Phase 1 in FY 2020 and $125.0 million for Phase 2 in FY 2021. Phase 1 included a proportional distribution based on hospitals' lost revenue and additional COVID-19 expenses, minus any total CARES Act funding directly received by the hospital. It was also conditional on acknowledgement of program goals and commitment to take action and progress. Funding included: $39.2 million to the Care New England Network, $21.1 million to Miriam Hospital, $15.8 million to the CharterCare network, $9.6 million to South County Hospital, $6.1 million to Landmark Medical Center and $3.6 million to Emma Pendleton Bradley Hospital.

Phase 2 will provide additional funding to address operating losses and with remaining resources will fund strategic activities that impact the hospital system. This may include: (1) the establishment or expansion of telehealth services, (2) the continued implementation of emergency preparedness and infection control strategies, (3) the re-engagement of patients in preventative healthcare services that reduce the disease burden and strain on the healthcare system during this public health emergency, as well as the disproportionate impact of COVID-19 on high-risk populations and (4) efforts to establish the infrastructure required to participate in the Hospital Care Transitions Initiative, a separate program aimed at transferring patients to home-based care as an alternative to nursing facility care during the public health emergency. *The Governor excluded funding for FY 2022.* **The Assembly concurred.**

Program	Department	FY 2021 Enacted	FY 2022 Gov. Rec.	FY 2022 Enacted
Hospital Assistance Partnership Program	DOA	$ 125,000,000	$ -	$ -
Workforce Stabilization Fund	EOHHS	4,000,000	-	-
LTSS Resiliency Fund - Nursing Facility Transformation		9,000,000	-	-
LTSS Resiliency Fund - Nursing Home Supports		4,684,000	-	-
LTSS Resiliency Fund - Home & Community Based Services		5,900,000	-	-
Community Based Providers		3,000,000	-	-
Early Intervention and Children's Services Provider Relief		5,000,000	-	-
Pediatric Primary Care Rate & Immunizations		6,100,000	-	-
Primary Care Providers - Focused Technical Assistance		1,100,000	-	-
COVID Related Expenses		111,743	2,790,130	-
Total		**$ 163,895,743**	**$ 2,790,130**	**$ -**

Workforce Stabilization Fund. Workforce stabilization funding was awarded in four phases. Payments totaling $16.3 million were made from April through July for Phase 1 through Phase 3 for payments to frontline workers. The fourth phase in FY 2021 includes $4.0 million from Coronavirus Relief funds to provide payroll support for frontline workers in congregate care settings earning under $25 per hour. This includes those who work with seniors, people with developmental disabilities, individuals with mental health and substance abuse disorders, and young people in Department of Children, Youth and Families' congregate care facilities. *The Governor excluded funding for FY 2022.* **The Assembly concurred.**

LTSS Resiliency Fund - Nursing Facility Transformation Program. The FY 2021 enacted budget includes $9.0 million for a Nursing Facility Transformation Program as part of an overall $25.0 million LTSS (Long Term Services and Supports) Resiliency Fund supported by Coronavirus Relief funds. The funding went to ten nursing facilities: eight received $1.0 million and two received $0.5 million. The funds can be used to reduce the number of licensed nursing home beds to let the facility diversify the use of vacant beds and build capacity to provide services to more specialized populations. *The Governor excluded funding for FY 2022.* **The Assembly concurred.**

LTSS Resiliency Fund - Nursing Home Supports. The FY 2021 enacted budget includes the $4.7 million for a Nursing Home Supports Program distributed by the Executive Office as part of the Resiliency Fund. An $800 per bed payment was made to nursing facilities for approximately 5,700 beds. *The Governor excluded funding for FY 2022.* **The Assembly concurred.**

LTSS Resiliency Fund - Home & Community Based Services. The Executive Office distributed $5.9 million through a Home and Community Based Services Investments Program as part of the Resiliency Fund in FY 2021. It awarded funding in three separate phases to expand access to community based

services, supporting home health care workers, and provide behavioral healthcare training. *The Governor excluded funding for FY 2022.* **The Assembly concurred.**

Community Based Providers. Payments totaling $3.0 million from Coronavirus Relief funds were made to community based agencies providing services to adults with developmental disabilities. Funding through the Executive Office's budget was awarded to 40 agencies for payments to be made to direct support staff who make less than $20 an hour. This includes a one-time total payment of $1,200 for staff working 30 hours or more. For staff working between 15 and 21 hours, the payment is $540 and $750 between 22 and 29 hours a week. It should be noted that these are one-time grants and all other funding for the community based agencies is in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. *The Governor excluded funding for FY 2022.* **The Assembly concurred.**

Early Intervention and Children's Services Provider Relief. Payments totaling $5.0 million from Coronavirus Relief funds were made to early intervention and children's service provider agencies that offer home based therapeutic services, personal assistance services and supports, applied behavior analysis, child and adolescent intensive treatment services, social groups for children with autism and CEDARR Family Centers. The one-time grants made to 22 providers offset revenue losses that resulted from an interruption of services related to the pandemic in FY 2021. *The Governor excluded funding for FY 2022.* **The Assembly concurred.**

Pediatric Primary Care Rate & Immunizations. Payments totaling $6.1 million from Coronavirus Relief funds were made to support pediatric primary care providers in FY 2021. There was $3.1 million for financial relief payments to pediatric primary care providers meant to provide immediate cash flow to make up for lost revenue due to the COVID-19 emergency. Grant payments were made to practices that provide primary care to children based on the number of children served by the practice and are contingent on provider efforts to bring children up to date with immunizations, lead screening, and the full range of well-child care. The remaining $3.0 million supports 42 pediatric and family medicine practices that are involved in the incentive based model working to ensure that Medicaid covered children have access to essential primary care services. *The Governor excluded funding for FY 2022.* **The Assembly concurred.**

Primary Care Providers - Focused Technical Assistance. The initiative provides $1.1 million from Coronavirus Relief funds to provide technical assistance to health care providers in FY 2021. This includes the use of telemedicine services, financial and infrastructure support, with a focus on primary care providers and community health teams, to address the health care needs of those vulnerable populations and make sure that providers can continue to meet critical health care needs during the pandemic. *The Governor excluded funding for FY 2022.* **The Assembly concurred.**

COVID Related Expenses. The enacted budget includes $0.1 million from federal funds to support staff time responding directly to the COVID-19 emergency, consistent with updated federal guidance. *The Governor recommended $2.8 million more than enacted from federal funds in FY 2022 for staff time and contracted services to assist the Department of Health with pandemic related activities. He subsequently requested an amendment to exclude it, including all funding without a specific grant source.* **The Assembly concurred.**

Note to Reader. There is a separate Medicaid report in the Special Reports section of this publication with more extensive detail on Medicaid spending, benefits, programs, rules and comparisons.

Federal Poverty Guidelines. The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Executive Office of Health and Human Services. The 2021 guidelines are shown in the following table.

Percent of Federal Poverty Level Based on Annual Income									
Family Size	**100%**	**125%**	**133%**	**138%**	**150%**	**185%**	**200%**	**225%**	**250%**
1	$ 12,880	$ 16,100	$ 13,579	$ 17,774	$ 19,320	$ 23,828	$ 25,760	$ 28,980	$ 32,200
2	17,420	21,775	18,208	24,040	26,130	32,227	34,840	39,195	43,550
3	21,960	27,450	22,836	30,305	32,940	40,626	43,920	49,410	54,900
4	26,500	33,125	27,465	36,570	39,750	49,025	53,000	59,625	66,250
5	31,040	38,800	32,093	42,835	46,560	57,424	62,080	69,840	77,600
6	35,580	44,475	36,721	49,100	53,370	65,823	71,160	80,055	88,950
7	40,120	50,150	41,350	55,366	60,180	74,222	80,240	90,270	100,300
8	44,660	55,825	45,978	61,631	66,990	82,621	89,320	100,485	111,650

For families with more than 8 members, add $4,540 for each additional member for the 100 percent calculation.

Medicaid Annual Report. The Executive Office is required to submit an annual report by March 15 of each year that includes a comprehensive overview of the Medicaid program. Starting with the reports being submitted by March 15, 2020 for FY 2019 expenditures. The 2019 Assembly updated the information provided in the report to include the following: expenditures by mandatory population receiving mandatory services and, reported separately, optional services, optional populations receiving mandatory services and, reported separately, optional services for each state agency receiving Medicaid funds. The report is also required to include expenditures, outcomes and utilization rates by populations served, including families with children, persons with disabilities, children in foster care, children receiving adoption assistance, adults ages 19 to 64, and elderly and disabled individuals. It also includes expenditures, outcomes and utilization rates by each state department or other municipal or public entity receiving Medicaid reimbursement.

As of January 2021, the Executive Office had not submitted its FY 2019 annual spending report that was due by March 15, 2020; it was submitted on May 6, 2021. The FY 2020 report was due by March 15, 2021. As part of the $1.8 million request to fund financial and actuarial services provided by Milliman, the Executive Office included $276,000 from all sources, of which $138,000 is from general revenues, for the consultant to complete the report. It is unclear why the report is not an activity done by the state staff in the Medicaid finance unit.

The Executive Office's request assumes the elimination of the statutory requirement and its constrained request reduces expenses accordingly. *The Governor included legislation to change the date that the Executive Office must submit its annual Medicaid expenditure report from March 15 to September 15. The recommended budget includes the savings from the delay.* **The Assembly authorized this in Section 8 of Article 12 of 2021-H 6122, Substitute A, as amended.**

Caseload Estimating Conference. The medical and caseload estimating conference, as outlined in Rhode Island General Law, Chapter 35-17 meets at least twice a year, November and May, to provide for a more stable and accurate method of financial planning and budgeting. The conference estimators take testimony from the Executive Office for medical assistance expenses, including long-term care, managed care programs, hospitals, pharmacy and other medical services. The Department of Human Services provides testimony for Rhode Island Works, Supplemental Security Income program, general public assistance, and child care. The separate agencies report a preliminary estimate in testimony, which forms the basis for the caseload estimate adopted by the State Budget Officer and House and Senate Fiscal Advisors.

The estimates are based only on current law and practice. The November Caseload Estimating Conference adopted estimate is the starting point for the Governor's revised and budget year recommendations. Any changes made in the Governor's budgets for either medical assistance or cash assistance to the estimate must represent a status or policy change not contemplated in the current law estimate. Any expenditure revisions in the May estimate are incorporated into the final appropriation adjusting for any changes made by the Assembly.

The Governor included Section 5 of Article 3 to add expenses for the community based system for adults with developmental disabilities to the semi-annual medical assistance and public assistance caseload conference, effective on July 1, 2022. He subsequently requested two amendments that corrected a drafting error which created a reporting gap and made the change effective July 1, 2021, or the November 2021 caseload estimate. **The Assembly concurred and included Sections 6 and 8 of Article 12 and added that the Executive Office of Health and Human Services will directly assist the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals with the monthly reporting requirements and preparation for the caseload estimating conferences.**

Medical Assistance

The Caseload Estimating Conference met on November 2, 2020 and based on current law set the FY 2022 medical assistance expenditures at $2,689.3 million, including $1,009.3 million from general revenues, which is $14.5 million less than enacted from all sources, including $69.3 million more from general revenues.

Medical Assistance	FY 2019 Spent	FY 2020 Spent	FY 2021 Final	FY 2022 Gov. Rec.	FY 2022 May CEC	FY 2022 Enacted
Hospitals						
Regular Payments	$ 51.2	$ 46.1	$ 54.2	$ 42.1	$ 54.6	$ 72.6
DSH Payments	138.5	142.1	142.3	142.5	142.5	142.5
Total	$ 189.7	$ 188.1	$ 196.5	$ 184.6	$ 197.1	$ 215.1
Long Term Care						
Nursing and Hospice Care	$ 316.6	$ 352.0	$ 327.6	$ 354.0	$ 351.0	$ 348.7
Home and Community Care	70.2	78.4	89.0	92.6	91.0	102.7
Total	$ 386.8	$ 430.4	$ 416.6	$ 446.5	$ 442.0	$ 451.5
Managed Care						
RIte Care	$ 647.3	$ 681.1	$ 772.7	$ 784.5	$ 815.4	$ 816.7
RIte Share	2.7	2.6	2.0	2.7	2.0	2.0
Fee For Service	59.5	64.0	28.1	33.8	34.8	34.8
Total	$ 709.5	$ 747.7	$ 802.8	$ 821.0	$ 852.2	$ 853.5
Rhody Health Partners	$ 241.2	$ 256.4	$ 288.8	$ 294.1	$ 296.0	$ 298.8
Medicaid Expansion	$ 491.1	$ 477.6	$ 665.9	$ 693.9	$ 745.4	$ 746.2
Rhody Health Options	$ 202.9	$ 132.6	$ 127.4	$ 155.6	$ 141.6	$ 144.8
Pharmacy	$ (2.3)	$ (2.6)	$ (0.1)	$ (0.8)	$ 0.1	$ 0.1
Pharmacy Part D Clawback	$ 72.0	$ 65.0	$ 58.1	$ 70.6	$ 69.1	$ 69.1
Other Medical Services	$ 124.9	$ 132.4	$ 134.3	$ 139.8	$ 143.4	$ 144.1
Federal Funds	$ 1,461.3	$ 1,496.5	$ 1,784.6	$ 1,810.1	$ 1,875.9	$ 1,897.6
General Revenues	945.6	885.6	895.7	985.1	1,001.4	1,016.2
Restricted Receipts	8.9	10.2	10.0	10.0	9.5	9.5
Total	**$ 2,415.8**	**$ 2,392.3**	**$ 2,690.3**	**$ 2,805.1**	**$ 2,886.9**	**$ 2,923.3**

$ in millions

The previous table itemizes medical assistance expenditures in FY 2019 and FY 2020, adopted by the caseload estimators and recommended by the Governor and enacted by the Assembly. Each category is discussed separately. *The Governor recommended $2,805.1 million, including $985.1 million from general revenues.* **The Assembly provided $2,923.3 million, including $1,016.2 million from general revenues, $1,897.6 million from federal funds and $9.5 million from restricted receipts. This is $118.2 million more from all sources than recommended, including $31.2 million more from general revenues, $87.5 million more from federal funds and $0.5 million less from restricted receipts. It is $36.4 million more than the May caseload estimate, including $14.8 million more from general revenues and $21.6 million more from federal funds to reflect budget initiatives.**

Budget Proposals

The Executive Office's request includes 16 proposals that impact the medical assistance program for savings of $264.2 million, including $167.4 million from general revenues; each is shown separately in the pages that follow. *The Governor recommended $2,805.1 million, including $985.1 million from general revenues; he proposed $23.8 million in savings from specific initiatives, including $10.1 million from general revenues. He added $70.9 million, including $32.6 million from general revenues, to account for the delay in the scheduled reduction to hospital uncompensated care payments.*

The Assembly included updates for the May caseload conference estimate and some of the Governor's proposals as described in the items that follow and in the separate program descriptions. The Assembly added $118.1 million, including $31.2 million from general revenues to the Governor's recommended budget. The table that follows shows the Executive Office's request, the Governor's recommendation and the Assembly action.

Proposal	EOHHS Request		Governor's Recommendation		Assembly
	Gen. Rev.	Total	Gen. Rev.	Total	
Hospital Rates Reduction	$ (31,361,446)	$ (95,015,632)	$ -	$ -	No
Upper Payment Limit Reimbursement Elimination	(2,207,769)	(4,852,239)	(2,158,639)	(4,763,105)	No
Graduate Medical Education Payment Elimination	(1,000,000)	(2,178,175)	(1,000,000)	(2,178,175)	No
Nursing Home Rate Reduction	(11,421,324)	(25,173,736)	-	-	No
LTSS Resiliency and Rebalancing	(117,332)	(159,808)	(4,517,202)	(9,169,319)	Yes*
Eligibility Changes	(31,409,999)	(76,100,000)	-	-	No
Premium Tax Rate	(79,350,750)	(26,172,326)	-	-	No
Managed Care Reserve	(1,316,524)	(3,995,037)	(1,244,185)	(3,952,244)	No
OHIC Cost Trends	-	-	150,000	330,980	No
Federally Qualified Health Centers Rates	(2,367,102)	(6,900,918)	-	-	No
RIte Share	-	-	(729,128)	(2,700,001)	No
Adult Dental Benefit Elimination	(2,240,234)	(6,578,540)	-	-	No
Housing Stabilization	-	-	660,000	1,450,000	Yes
Pharmacy Co-Payments	(3,492,532)	(15,165,802)	-	-	No
Perinatal Doula Services	119,939	295,928	119,939	295,928	Yes*
Inpatient Co-Payment	(24,918)	(136,858)	-	-	No
Program Integrity	(682,500)	(1,500,000)	(700,938)	(1,546,641)	Yes
Third Party Liability	(509,293)	(510,279)	(575,791)	(1,270,500)	Yes
Community Health Workers	(25,309)	(92,714)	(115,082)	(340,313)	Yes*
Total	**$ (167,407,093)**	**$ (264,236,136)**	**$ (10,111,026)**	**$ (23,843,390)**	

**Values were changed in the FY 2022 enacted budget*

Hospital Rates Reduction. The Executive Office proposed savings of $95.0 million from all sources, including $31.4 million from general revenues, from an eight percent reduction in inpatient and outpatient hospital rates. These savings affect direct payments to hospitals by the state and payments made through the managed care plans and requires a statutory change and a change under the Medicaid waiver. The FY 2014 through FY 2016 budgets froze the outpatient and inpatient rates for hospitals. Rates were increased in FY 2011 and reduced by legislative action in the FY 2012 and FY 2013 budgets. The Governor's FY 2018, FY 2019 and FY 2021 recommended budgets froze the rates, but the Assembly did not concur and restored the savings.

The Governor proposed a rate freeze in the FY 2020 budget but the proposal was not accepted by the Assembly, which instead restored the rate freeze and provided another 4.5 percent increase. The Assembly also eliminated the inpatient upper payment limit reimbursement and repurposed those general revenues for the rate increase leveraging Medicaid funds at a higher Medicaid match rate when taking into

consideration the amount of hospital spending for the expansion population. *The Governor did not recommend this proposal.* **The Assembly concurred.**

Upper Payment Limit Reimbursement Elimination. The Executive Office proposed savings of $4.9 million, including $2.2 million from general revenues from eliminating the outpatient upper payment limit reimbursement. *The Governor recommended Section 3 of Article 12 to eliminate the payment and included savings of $4.8 million, of which $2.2 million is from general revenues, to reflect the payment included in the conference estimate.* **The Assembly did not concur. It provided $7.9 million for that payment and included Section 3 of Article 12 to reinstate the inpatient upper payment limit reimbursement for which it added $18.5 million from all sources, including $6.1 million from general revenues.**

Graduate Medical Education Payment Elimination. The Executive Office proposed savings of $2.2 million, including $1.0 million from general revenues from eliminating this payment. *The Governor recommended Section 7 of Article 12 to eliminate the payment and included the savings.* **The Assembly included Section 4 of Article 12 to remove the public law reference for the program; however, it provided $2.0 million for graduate medical education payments. It added language in Article 1 that allocates $1.0 million for level one trauma centers and $1.0 million for hospitals with Neonatal Intensive Care Unit level of care services.**

Nursing Home Rate Reduction. The Executive Office's budget includes savings of $25.2 million, of which $11.4 million is from general revenues, from reducing nursing home rates by five percent. This includes savings of $22.2 million from all sources, including $10.0 million from general revenues in the fee-for-service program. The rate freeze would lower revenues for nursing homes, which would lower taxes paid by $1.1 million, through the 5.5 percent assessment on a facility's gross revenues for net savings of $8.9 million. The rate freeze also applied to expenses in the Rhody Health Options program for savings of $1.2 million, including $0.6 million from general revenues and loss of revenue totaling $24,310. *The Governor did not recommend this proposal.* **The Assembly concurred.**

LTSS Resiliency and Rebalancing. The Executive Office proposed savings of $0.2 million, including $0.1 million from general revenues from several proposals that impact long term care services and supports, described separately. *The Governor recommended savings of $9.2 million, including $4.5 million from general revenues. This includes savings of $19.5 million from a reduction in nursing home census and $10.4 million more for rate increases. There is no provision for increased utilization of home care services. Subsequently, the Governor requested an amendment to add $13.9 million, including $5.9 million from general revenues, for which funding was not included for several proposals, including the proposal to transfer patients from Eleanor Slater Hospital to other settings. On June 6, he requested an amendment to rescind the proposal to transfer the patients.*

After the May caseload conference convened and, based on updated information from the Executive Office of Health and Human Services, the Office of Management and Budget reported that the overall proposal would not produce $9.2 million in savings and would actually cost $1.0 million, including $0.4 million from general revenues, compared to the May caseload estimate. This includes reducing the savings assumed for reduced nursing home utilization and increasing expenses for home and community care utilization. **The Assembly concurred with the amendments and restored a portion of the utilization savings.**

<u>Nursing Home Rates</u>. The Executive Office proposed increasing the portion of the nursing home rates that impacts a patient's acuity for behavioral health care by 10 percent and added $1.3 million, including $0.6 million from general revenues for this change. *The Governor included Section 4 of Article 12 and added $1.1 million, including $0.5 million from general revenues for the increase.*

The Governor also included Section 8 to increase the acuity rates paid for ventilated patients and a separate per diem rate increase for these patients, but did not include funding for either proposal. He also increased

rates for those with behavioral healthcare issues. This change is linked to the proposal to reorganize Eleanor Slater Hospital and transfer patients to less restrictive settings, when possible. He subsequently requested an amendment to add $2.1 million, including $0.9 million from general revenues, for the acuity adjustment and $4.1 million, including $1.8 million from general revenues, for the increase to the daily rates.

On June 6, 2021, the Governor requested an amendment to rescind his proposal related to funding for the transfers. He retained $3.4 million to fund the enhanced rate for patients on ventilators and those with behavioral health issues. **The Assembly concurred with the amended recommendation and included Section 9 of Article 12 to adjust the payments.**

Home Care Rates. The Executive Office proposed increasing certain home care rates for acuity, implementing a new rate adjustment for behavioral health care and adjusting for different shifts worked by home care staff. The request adds $1.7 million, including $0.8 million from general revenues for this change.

The Governor included Section 4 of Article 12 and added $1.5 million, including $0.7 million from general revenues to increase rates. The section adds a $1.56 hourly rate increase for certified nursing assistants and homemakers who complete a 30-hour behavioral healthcare training program offered by Rhode Island College or a similar program approved by the Executive Office of Health and Human Services. To get this rate increase, the employer must have at least 30 percent of its direct care workers certified through this training program. The change is effective January 1, 2022 and the rate must also be passed through in its entirety to the certified nursing assistants and homemakers. **The Assembly concurred and included Section 6 of Article 12.**

Assisted Living and Shared Living. The Executive Office proposed increasing rates paid to assisted living facilities. The current $69 a day rate would be increased to $78 for basic care, to $98 for enhanced and $121 for intensive and highly specialized services. This adds $1.5 million, including $0.7 million from general revenues to the home and community care program. The Executive Office did not propose any change to shared living rates.

The Governor included Section 8 of Article 12 and added $2.5 million, including $1.1 million from general revenues to increase the assisted living facility rates. He also included a ten percent increase to shared living rates and added $0.3 million, including $0.1 million from general revenues. The Governor also proposed to enhance rates paid to assisted living facilities and eliminated the community living program that is tied to this rate, and shifted a portion of the expense to the Medicaid program. He added $0.7 million from Medicaid funds but inadvertently excluded the state match. He subsequently requested an amendment to add $0.6 million from general revenues correcting that error to bring total funding to $1.3 million. **The Assembly concurred and included Sections 1 and 7 of Article 12.**

Nursing Home Utilization. To offset the rate increases requested, the Executive Office assumed savings of $4.7 million, including $2.2 million from general revenues from lower utilization based on increasing rates and accessibility of assisted living and home care services. This is based on an assumption that there will be about 19,000 fewer nursing home days from individuals remaining in or transferring to alternative settings.

The Governor included savings from the expected census reduction of $19.6 million, of which $8.9 million is general revenues. He also included a separate reduction of $1.1 million, of which $0.5 million is from general revenues, from lowering all other acuity adjustments to offset the increase to behavioral health care. The Governor requested an amendment to further reduce the acuity rates so that any increases are offset by a like amount in other rates.

After the May caseload conference convened and, based on updated information from the Executive Office of Health and Human Services, the Office of Management and Budget reported that the savings would only be $13.9 million, including $5.9 million from general revenues, which is $5.7 million lower than assumed in the Governor's recommendation. **The Assembly concurred with rate changes but assumed the savings from reduced utilization will take longer to appear in the expenses. Compared to the May estimate, it reduced nursing home expenses by $7.0 million, including $3.0 million from general revenues.**

Maintenance of Need Allowance. Individuals eligible for home and community based services may have to pay a portion of the care and can retain $1,093 a month or 100 percent of the federal poverty level plus $20. The payment is made to the home care provider and the state pays the remainder of the cost. *The Governor included Section 8 of Article 12 to increase the monthly income amount an individual can retain to $2,383, or 300 percent of the Supplemental Security Income to be consistent with other state programs. The Governor's recommended budget adds $5.4 million, including $2.4 million from general revenues to account for this change because the state will now pay the difference.*

It should be noted that this initiative affects adults with developmental disabilities who also have this financial arrangement that is included in the recommended increase. The Governor requested an amendment to shift $2.7 million, including $1.1 million from general revenues, to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' budget. **The Assembly concurred with the amended recommendation and included the change in Section 9 of Article 12.**

Eligibility Changes. The state has chosen to provide medical benefits to optional populations through its Medicaid waiver. This includes coverage through the RIte Care program for children and their parents, individuals who are not eligible for disability through the Supplemental Security Income program because income is too high or individuals with high medical bills who are otherwise not eligible for Medicaid. The Executive Office proposed savings of $76.1 million, of which $31.4 million is from general revenues, from making three changes to eligibility impacting RIte Care parents and individuals receiving services under two other optional programs; each is discussed separately. *The Governor did not recommend these proposals.* **The Assembly concurred.**

Optional Population - SSI-Like. The state provides Medicaid benefits to an individual who has applied for federal disability through the Supplemental Security Income program and has been approved based on income and disability. The individuals would be enrolled in the Rhody Health Partners managed care program. A person who has been denied federal disability for not meeting the disability definition or because of income limits, can apply through the Executive Office's Office of Medical Review for an optional state program that provides the same benefits. This program is commonly referred to as "SSI-like" and currently has an enrollment of approximately 10,000 individuals.

The Executive Office proposed eliminating this program and included savings of $44.0 million, of which $20.0 million is from general revenues. The request does not acknowledge savings from staff assigned to do the reviews and approvals or denials. *The Governor did not recommend this proposal.* **The Assembly concurred.**

Optional Population - Medically Needy. As noted above, the state provides Medicaid benefits to an individual who has applied for and approved for a federal disability and provides benefits primarily the Rhody Health Partners program. An individual who is not disabled and has an income around $17,800 can also have Medicaid benefits through the expansion program. The state provides another optional path for Medicaid eligibility if someone does not fit either one of these criteria and has high medical bills. This population is referred to as "medically needy" and the Executive Office proposed eliminating this optional population that has around 900 enrollees, for savings of $7.0 million, including $3.2 million from general revenues. *The Governor did not recommend this proposal.* **The Assembly concurred.**

Optional Population - RIte Care Parents. The state provides medical benefits to parents with children who have a family income at or below 138 percent of poverty or $36,570 for a family of four. The Executive Office proposed lowering that to 116 percent, or $30,740 for that same family of four, for savings of $33.0 million, including $15.0 million from general revenues. This change would remove approximately 7,400 parents. *The Governor did not recommend this proposal.* **The Assembly concurred.**

Medicaid CNOM Programs. The enacted budget includes $13.0 million, including $5.1 million from general revenues, for programs in the health and human service agencies that, because of approval through the Medicaid waiver, the state is able to leverage federal funds for them. This includes the home care, adult day, home modification, personal care attendant and transportation programs through the Department of Human Services. It also includes residential programs in the Department of Children, Youth and Families and early intervention services in the Executive Office's budget.

The agencies requested $13.1 million, including $6.0 million from general revenues, for FY 2022. If the eligibility changes discussed in prior items are accepted the state will no longer be able to claim Medicaid for these services. The services were previously state only and the state must maintain its optional population in order to continue to receive the federal funds. To account for that change, the Executive Office increased its medical assistance expenses by $5.9 million from general revenues. *The Governor did not recommend this proposal.* **The Assembly concurred.**

Premium Tax Rate to 6.0 Percent. The Executive Office proposed general revenue savings of $79.4 million in the medical assistance program from increasing the 2.0 percent tax charged to health plans to 6.0 percent. The cost is paid from state and federal funds and there would be a corresponding increase in expenses in the medical assistance program to account for the added cost to the managed care plans. These expenses would be offset by an overall revenue increase because this revenue is also collected from commercial insurers. The November Revenue Estimating Conference estimated $58.5 million in FY 2022 for the tax and collections would total $176.4 million or $117.9 million above the conference estimate. *The Governor did not include this proposal.* **The Assembly concurred.**

Managed Care - Reserve. The Executive Office entered into five-year contracts with Neighborhood Health Plan of Rhode Island, United Healthcare and Tufts Health Plan of Rhode Island in April 2017 to provide managed care services to families, disabled and non-disabled adults through the RIte Care and Rhody Health Partners programs. As part of the new contracts, the state agreed to the plans retaining 1.5 percent of administrative and medical premiums to mitigate risk. This agreement is part of the calculation that determines if the plans are "actuarially sound" and has been reviewed and approved by the Centers for Medicare and Medicaid Services. The Executive Office proposed savings of $4.0 million, including $1.3 million from general revenues from reducing the rate to 1.25 percent. There is a loss of revenue from this proposal totaling $0.4 million for net state savings of $3.6 million. *The Governor recommended savings of $4.0 million, of which $1.2 million is general revenues, and included Section 8 of Article 12 to authorize this change.* **The Assembly did not concur and maintained the contract rates.**

Federally Qualified Health Center Rates. The Executive Office proposed savings of $6.9 million, of which $2.4 million is from general revenues from reducing rates paid to the federally qualified health centers by five percent. The November caseload conference estimates payments totaling $138.0 million, including $47.3 million paid to the health centers through the managed care plans. *The Governor did not include this proposal. He did include Section 2 of Article 12 for a technical correction to how the centers are reimbursed through Medicaid.* **The Assembly concurred with the technical correction.**

Adult Dental Benefit Elimination. The Executive Office proposed savings of $6.6 million, including $2.2 million from general revenues, from eliminating the dental benefit provided to adults through the fee-for-service reimbursement system. The savings are based on Medicaid claims activity. This proposal would

impact the approximately 170,000 Medicaid beneficiaries above the age of 21 who would no longer have access to dental benefits. *The Governor did not include this proposal.* **The Assembly concurred.**

Pharmacy Co-Payment (2.0 FTE). The Executive Office proposed savings of $15.2 million, including $3.5 million from general revenues from instituting pharmacy co-payments for non-elderly, non-disabled adults, including parents enrolled in RIte Care. The savings are offset by $0.3 million added for 2.0 new full-time equivalent positions. There is also an offsetting revenue loss of $0.3 million from this proposal that is not included in the constrained request.

The 2007 Assembly passed Article 17 of 2007-H 5300, Substitute A, as amended, to institute a $1/$3 pharmaceutical co-payment for individuals in the fee-for-service Medicaid program who are not eligible for Medicare Part D. During FY 2007, the Department of Human Services, the state Medicaid agency at that time, changed its regulations to reflect the co-payment; however, a court ruling determined that a change to state law was required. The Governor proposed and the Assembly approved the change to allow this. Despite having the approval, the Department did not implement the co-payments; currently, the state does not charge a co-payment for prescription drugs for individuals in the fee-for-service program. Individuals enrolled in the managed care plans, including RIte Care, Rhody Health Partners and the expansion population, also do not have any co-payments for medical services. *The Governor did not include this proposal. He did include Section 2 of Article 12 to rescind the co-payments that were never implemented.* **The Assembly concurred.**

Perinatal Doula Services. The Executive Office requested $0.3 million from all sources, including $0.1 million from general revenues to provide perinatal doula services through the medical assistance program. The services provide support to women during pregnancy, childbirth and the first few postpartum weeks. Currently, the Medicaid program does not cover these services. The services are provided in other states including Minnesota, which pays $411 for six visits and Oregon which pays $350 for four visits and other costs related to the services. The proposal assumes an $850 payment would be made for perinatal doula services for ten percent of the estimated 5,000 annual births covered through Medicaid, totaling $0.4 million. It also assumes the cost is offset by $0.1 million in hospital savings, for a net cost of $0.3 million.

The Governor's budget includes $0.3 million from all sources, including $0.1 million from general revenues, for these services consistent with the assumptions in the request. The authorization to request the services be matched by Medicaid is included in Section 8 of Article 12. The recommendation assumes that the expense is offset by savings of $0.2 million for a net cost of $0.1 million. **The Assembly provided $0.5 million, including $0.2 million from general revenues, for the services. It assumed any savings will be realized after the first year. The reimbursement is included in Section 9 of Article 12.**

Inpatient Co-Payment. The Executive Office proposed savings of $136,858, including $24,918 from instituting a $3 co-payment for an inpatient hospitalization. This would apply to non-disabled adults and assumes that a co-payment would be made on about 45,000 hospitalizations. *The Governor did not recommend the proposal.* **The Assembly concurred.**

Program Integrity (1.0 FTE). The Executive Office proposed savings of $1.5 million, including $0.7 million from general revenues, from increasing the review and monitoring of personal care and homemaker services through the Electronic Visit Verification System. The savings assume that three percent of the $50 million spent on these services are not payments that should be made by the Medicaid program. The savings are offset by administrative expenses of $0.2 million for a new position. *The Governor recommended savings of $1.5 million, including $0.7 million from general revenues, and one new position.* **The Assembly concurred.**

Third Party Liability. The Executive Office requested savings of $0.5 million from a proposal to increase the collections made through recoveries when there is another insurer that should pay the medical bills.

The savings are offset by administrative expenses of $0.1 million for contracted services. The savings are primarily from general revenues which is an error; there should also be Medicaid savings. *The Governor included savings of $1.3 million, including $0.6 million from general revenues from increasing collections.* **The Assembly concurred.**

Community Health Workers/Care Management. The Executive Office proposed savings of $92,714, including $25,309 from general revenues, from reducing the care management portion of the managed care rates to eliminate a duplication of services between the accountable entities and the managed care plans.

The Executive Office proposed to provide funding for community health workers but assumed there will be savings to the Medicaid program but did not identify the cost. Community health workers are certified through the Department of Health and training and certification is provided including through the Community Health Worker Association of Rhode Island as part of Rhode Island College's Institute for Education in Healthcare.

The Governor recommended savings of $0.3 million, including $0.1 million from general revenues from this proposal to seek Medicaid approval to pay for community health workers. He included Section 8 of Article 12 to do so. The budget adds $2.7 million, including $0.9 million from general revenues, for reimbursements to start October 1, 2021. Annualized, the expense is $3.6 million, including $1.2 million from general revenues. It also assumes savings of $3.0 million from a decrease in inpatient hospital expenses, which annualizes to $5.4 million, $1.8 million from general revenues. **The Assembly concurred with the proposal to add coverage for these services, but assumed the savings would not be immediately realized and restored $3.0 million from all sources, including $1.3 million from general revenues.**

Hospitals

The November Caseload Estimating Conference estimate includes hospital expenses totaling $120.6 million, $54.9 million from general revenues. It includes $49.0 million for direct medical services and $71.6 million for uncompensated care payments to community hospitals. *The Governor included $184.6 million of which $83.1 million is from general revenues.*

The Assembly provided $215.1 million, including $94.8 million from general revenues, and $120.4 million from federal funds. This is $18.0 million less than the May caseload estimate and $30.6 million more than the Governor's recommendation. The Assembly did not concur with the Governor's proposals to eliminate supplemental hospital payments and included $2.0 million for graduate medical education payments, including $1.0 million for level one trauma centers and $1.0 million for hospitals with neonatal intensive care unit level of care services. It also included an outpatient and inpatient upper payment limit reimbursement.

The following table shows the request, the Governor's recommendation and the Assembly action.

Hospitals				
Proposals	**Gen. Rev.**	**All Funds**	**Governor**	**Assembly**
Hospital Rates Reduction	$ (2,334,085)	$ (5,144,556)	No	No
Outpatient Upper Payment Limit Reimbursements	(2,207,769)	(4,852,239)	Yes*	No
Graduate Medical Education	(1,000,000)	(2,178,175)	Yes	No
Eligiblity Changes	(2,705,038)	(5,945,139)	No	No
Total	**$ (5,541,854)**	**$ (12,174,970)**		

**Values were changed from the request*

Hospitals. The November Caseload Estimating Conference estimate includes FY 2022 expenditures at $49.0 million, including $22.0 million from general revenues. The estimate is $6.9 million less than enacted, including $0.5 million from general revenues. The estimate includes a 2.75 percent increase for inpatient rates and 2.6 percent for outpatient rates and does not assume an increase in utilization for either one. The estimate also includes the $4.6 million upper payment limit reimbursement payment made to the community hospitals and $2.2 million for graduate medical education activities.

The Executive Office proposed savings of $12.2 million from all sources, including $8.2 million from general revenues, from a hospital rate freeze and elimination of the outpatient upper payment limit reimbursement and graduate medical assistance payment, each discussed separately. The following table shows the request, the Governor's recommendation and Assembly action. *The Governor recommended $42.1 million, including $17.6 million from general revenues. This is $6.9 million less than the conference estimate, including $3.2 million from general revenues. The change to hospitals represents savings from eliminating the outpatient upper payment limit reimbursements.*

The Assembly included $72.6 million, of which $29.4 million is from general revenues and $43.3 million is from federal funds. The Assembly did not concur with the Governor's proposals to eliminate supplemental hospital payments. It included a total of $2.0 million from general revenues, for graduate medical education payments, including $1.0 million to hospitals with level one trauma centers and $1.0 million to hospitals with neonatal intensive care unit level of care services. The Assembly included inpatient and outpatient upper payment limit reimbursements.

Disproportionate Share Payments to Hospitals. The November caseload estimate includes $71.6 million for the disproportionate share payments for uncompensated care costs to the state's community hospitals. This includes $32.9 million from general revenues and matching federal funds.

The conference estimate reflects federal changes made under the Affordable Care Act that reduces the individual state allotment for uncompensated care payments based on the number of uninsured individuals. Congress has delayed the phase down until December 11, 2020 and the estimate assumes a lower amount matched by general revenues. Recent action taken further delays the phase down until December 11, 2023. Rhode Island's calculation for the uncompensated care payments includes the costs incurred treating uninsured individuals and the Medicaid "shortfall" which represents the difference between payments made by the state for its Medicaid recipients (including managed care enrollees and fee-for-service patients) and what the hospital's costs are for that treatment. Each hospital has its own set of costs for each procedure so there may be different charges for the same procedures among hospitals; however, the state pays the same rate for the same services for Medicaid eligible individuals, regardless of the hospital.

It should be noted that, as originally authorized, the enhanced Medicaid match rate did not apply to this payment. States receive a federal allotment that is capped and matched by state funds so this is a fixed amount of federal funds regardless of the Medicaid match rate.

The Governor recommended $142.5 million from all sources, including $65.4 million from general revenues, reflecting another delay in the federal reduction. He included Article 14 to make a payment for FY 2022 up to $142.3 million, but subsequently requested an amendment to correct this. The American Rescue Plan Act, which became law the same day the Governor submitted his budget, allows states to get the match savings without reducing the payment to the hospitals. There would be $8.7 million in general revenue savings for FY 2022.

The Assembly included Section 3 of Article 12 for the state to make an FY 2022 payment of $142.5 million. For FY 2021, the Assembly shifted $9.3 million from general revenues to federal funds to recognize at least one year of available savings from the enhanced match until further guidance is issued on the applicable years.

Community Hospitals Payments	FY 2021 Enacted	FY 2022 Nov. CEC	FY 2022 Gov. Rec.	FY 2022 May CEC	FY 2022 Enacted
State	$ 66,952,637	$ 32,855,159	$ 65,418,986	$ 65,418,986	$ 65,418,986
Federal	75,348,398	38,709,117	77,074,994	77,074,994	77,074,994
Subtotal	$ 142,301,035	$ 71,564,276	$ 142,493,980	$ 142,493,980	$ 142,493,980
Upper Payment Limit Reimbursements					
State	$ 2,578,288	$ 2,144,558	$ -	$ 2,629,573	$ 8,581,670
Federal	5,342,494	2,707,681	-	5,291,210	17,598,061
Subtotal	$ 7,920,782	$ 4,852,239	$ -	$ 7,920,783	$ 26,179,731
Graduate Medical Education					
State	$ 1,000,000	$ 1,000,000	$ -	$ 1,000,000	$ 2,000,000
Federal	1,200,000	1,200,000	-	1,216,312	-
Subtotal	$ 2,200,000	$ 2,200,000	$ -	$ 2,216,312	$ 2,000,000
Total	**$ 150,221,817**	**$ 76,416,515**	**$ 142,493,980**	**$ 150,414,763**	**$ 168,673,711**

Upper Payment Limit Reimbursements. The November caseload estimate includes $4.6 million from all sources, of which $2.2 million is from general revenues, to make the outpatient upper payment limit reimbursements to the state's community hospitals. This is $3.3 million less than enacted, including $0.4 million less from general revenues, for the payment being made for FY 2021.

The November caseload estimate includes $4.6 million from all sources, of which $1.5 million is general revenues, to make the inpatient and outpatient upper payment limit reimbursements to the state's community hospitals for FY 2021 but the enacted budget corrects for an error in the Executive Office's testimony and includes an updated payment totaling $7.9 million, including $2.6 million from general revenues. There was also an error in the testimony for the FY 2022 budget.

Hospitals currently receive quarterly inpatient and outpatient supplemental upper payment limit based payments. The reimbursement provides adjustments to increase resources to community hospitals by paying a rate that is equal to what Medicaid would pay for the same services. Under current federal regulations, states have great flexibility in setting the Medicaid rates that they pay to nursing homes, hospitals and other providers. The regulations establish that states may pay facilities a total amount up to the level that Medicare would pay for the same services, group facilities together in calculating this upper payment limit, and pay some facilities more than others. This has allowed states to recognize that some public facilities have higher operating costs due to patient populations that are sicker and more likely to have no health care coverage at all.

The constrained request eliminates this payment. *The Governor included Section 3 of Article 12 to eliminate the payment.* **The Assembly restored funding for the outpatient payment totaling $7.9 million consistent with the May caseload conference estimate. It included Section 3 of Article 12 to reinstate the inpatient upper payment limit reimbursement and added $18.5 million, including $6.1 million from general revenues.**

Graduate Medical Education. The enacted budget includes $2.2 million, including $1.0 million from general revenues for graduate medical education at the state's community hospitals consistent with the November caseload estimate.

The constrained request eliminates this payment. *The Governor recommended savings of $2.2 million from eliminating the payment and included Section 7 of Article 12.* **The Assembly included Section 4 of Article 12 to remove the public law reference for the program; however, it included a total of $2.0 million from general revenues, including $1.0 million to hospitals with level one trauma center and $1.0 million to hospitals with neonatal intensive care unit level of services.**

Hospital License Fee. The Assembly included Section 3 of Article 5 of 2019-H 5151 Substitute A, as amended, to set the FY 2021 hospital license fee at 5.0 percent based on 2018 revenues for all hospitals,

including the state-run Eleanor Slater Hospital, except for South County Hospital and Westerly Hospital which will pay a lower 3.15 percent fee. Collections total $161.5 million, including $155.9 million from the community hospitals and $5.7 million from the state payment made on behalf of Eleanor Slater Hospital.

The Governor included Section 5 of Article 6 to set the FY 2022 fee to 6.0 percent and included $178.2 million in revenues, of which $177.9 million is from the community hospitals. He also proposed to increase the rate to 6.0 percent for FY 2021. **The Assembly included Section 4 of Article 6 for a 5.725 percent fee using 2020 revenues for revenue totaling $170.2 million, including $169.9 million from the community hospitals and $0.4 million for the state payment for Eleanor Slater Hospital.**

FY 2022 Hospital License Fee	FY 2021 Enacted	FY 2022 Gov. Rec.	Change to Enacted	FY 2022 Enacted	Change to Governor
Revenues					
Base Year	*2018*	*2020*		*2020*	
Tax Rate	*5.0%*	*6.0%*		*5.725%*	
Community Hospital License Fee	$ 160,026,974	$ 180,247,500	$ 20,220,526	$ 175,085,569	$ (5,161,931)
Washington County Hospitals Waiver	(4,175,921)	(2,366,207)	1,809,714	(5,190,423)	(2,824,216)
Subtotal Licensing fee	**$ 155,851,053**	**$ 177,881,293**	**$ 22,030,240**	**$ 169,895,146**	**$ (7,986,147)**
Slater License Fee	5,690,418	368,577	(5,321,841)	351,684	(16,893)
Total	**$ 161,541,471**	**$ 178,249,870**	**$ 16,708,399**	**$ 170,246,830**	**$ (8,003,040)**

Long Term Care

The November Caseload Estimating Conference estimate includes long term care expenses at $459.5 million, of which $208.2 million is from general revenues. This includes $373.5 million for nursing facilities and hospice care and $86.0 million for home and community care. This is $11.5 million more than enacted and includes increases for updated costs for hospice care in a nursing home, an increase in number of individuals receiving nursing home care in the fee-for-service system and a scheduled annual rate increase.

Long term care fee-for-service costs total $459.5 million and combined with the $151.7 million in Rhody Health Options totals $611.2 million, including $241.3 million from general revenues.

The constrained budget includes savings of $26.7 million from all sources, including $12.5 million from general revenues.

The Governor recommended $13.1 million less than the estimate from all sources, including $6.1 million less from general revenues, from changes proposed to the long term care program. The Governor requested an amendment to add $6.7 million, including $2.9 million from general revenues, to properly reflect the cost of rate changes.

The Governor also requested an amendment to allow the Executive Office to change the Medicaid state plan and use the New England Consumer Price Index released each March, based on February data, for the annual rate increases for home care and hospice instead of the current May release. This ensures that the rates used in the May Caseload Estimating Conference estimate reflect the most accurate published data.

The Assembly included $451.5 million, including $190.7 million from general revenues for long term care. This is $4.9 million more than recommended, including $2.1 million more from general revenues and $2.8 million more than the May caseload estimate. Combined with Rhody Health Options, the Assembly provided $602.1 million, of which $254.2 million is from general revenues, for long term care services. The Assembly concurred with the amendment to clarify the index data which in included in Section 9 of Article 12.

The following table shows the request, the Governor's recommendation and the Assembly action.

Long Term Care				
Proposals	**Gen. Rev.**	**All Funds**	**Governor**	**Assembly**
Nursing Home Rate Reduction	$ (10,050,765)	$ (22,152,888)	No	No
LTSS Resiliency and Rebalancing	(405,512)	(839,791)	Yes*	Yes*
Insurer Premium Tax	(400,592)	-	No	No
Eligibility Change	(1,679,416)	(3,691,024)	No	No
Total	**$ (12,536,285)**	**$ (26,683,703)**		

**Values were changed from the request or recommended budget*

Nursing Facilities and Hospice Care. The Caseload Estimating Conference estimate includes FY 2022 expenditures of $373.5 million, of which $169.3 million is from general revenues for the state's 84 nursing facilities. The estimate is $10.2 million more than enacted and includes a 3.0 percent increase in both nursing home and hospice rates and does not assume an increase in utilization.

The Governor recommended $19.5 million less for nursing homes which assumes a reduction in the census resulting from the long term care resiliency proposal to expand alternative community settings such as assisted living and increasing home care services. This includes $8.9 million less from general revenues. **The Assembly included $348.7 million, of which $147.3 million is from general revenues. This is $5.2 million less than recommended, including $2.2 million less from general revenues to reflect the May caseload estimate and the Assembly actions on budget proposals, primarily the rebalancing proposal noted earlier.**

The Assembly adopted minimum nursing home staffing levels in 2021-H 5012, Substitute A, which also provided for three rate increases above the annual October adjustment: 0.5 percent on October 1, 2021; 1.0 percent on October 1, 2022 and 1.5 percent on October 1, 2023. The Assembly included $1.5 million, of which $0.7 million is from general revenues, for the first scheduled increase. The Assembly also included $0.2 million in Rhody Health Options.

Home and Community Care. The November Caseload Estimating Conference estimate includes $86.0 million for home and community care expenses, including $39.0 million from general revenues for FY 2022. This is $1.3 million more than enacted and includes caseload and cost inflators consistent with the Executive Office's testimony at the caseload conference.

The Governor recommended $6.5 million more, of which $2.7 million is from general revenues, for the long term care resiliency proposal that raises rates to direct care workers. This includes the shift differential for nights and weekends and the increase for direct care workers who complete the new behavioral certification process.

As previously noted, after the May caseload conference convened and, based on updated information from the Executive Office of Health and Human Services, the Office of Management and Budget reported updated values to the different proposals in the long term care rebalancing proposal. Included in this is $5.3 million in additional funding for home and community care services that was excluded from the Governor's recommendation previously noted. **The Assembly provided $102.7 million, of which $43.4 million is from general revenues. This is $10.2 million more than recommended including $4.3 million more from general revenues and $11.7 million more than the May caseload estimate to reflect the updated value of the rebalancing proposal.**

Managed Care

The Caseload Estimating Conference estimate includes managed care expenses of $806.3 million of which $347.9 million is from general revenues. The estimate includes RIte Care expenses of $770.5 million, RIte Share of $2.0 million and fee-for-service expenses of $33.8 million; a discussion of each follows.

The November estimate is $11.1 million less than enacted and consistent with the Executive Office's testimony. This includes a projected decrease in enrollment and increase in the monthly cost per person. The Executive Office proposed savings of $77.1 million from all sources, including $49.7 million from general revenues in its constrained budget for the managed care program.

The Governor recommended $821.0 million, including $333.7 million from general revenues; the program changes are shown in the previous table. This is $14.7 million more than the caseload estimate which adjusts for the delay in redeterminations from the enhanced Medicaid rate for the first two quarters in FY 2022. **The Assembly provided $853.5 million, including $344.3 million from general revenues and $487.3 million from federal funds. This is $1.3 million more than the May caseload estimate and $32.6 million more than recommended, including $10.7 million more from general revenues.**

As previously noted, the Assembly accepted the proposals to reimburse community health workers and perinatal doula services and adjusted the value of those recommendations. The Assembly did not concur with two RIte Care-related proposals.

The following table shows the request, the Governor's recommendation and the Assembly action.

Managed Care				
Proposals	**Gen. Rev.**	**All Funds**	**Governor**	**Assembly**
Hospital Rates Reduction	$ (18,103,147)	$ (39,901,139)	No	No
Adult Dental Benefit Elimination	(730,284)	(1,605,020)	No	No
Pharmacy Co-payment	(2,532,558)	(5,566,062)	No	No
Inpatient Co-payment	(14,396)	(31,640)	No	No
Perinatal Doula Services	115,796	254,497	Yes*	Yes*
Community Health Workers	(32,131)	(70,618)	Yes*	Yes*
RIte Share	[(589,128)]	[(1,300,001)]	Added	No
OHIC Trend Costs	[150,000]	[330,980]	Added	No
Federally Qualified Health Centers Rates	(1,657,198)	(3,642,193)	No	No
Insurer Premium Tax	(18,368,848)	-	No	No
Managed Care Reserve	(141,188)	(1,411,880)	Yes*	No
Eligibility Changes	(8,205,000)	(25,100,000)	No	No
Total	**$ (49,668,954)**	**$ (77,074,055)**		

**Values were changed from the request or recommended budget*

RIte Care. The Caseload Estimating Conference estimated RIte Care expenditures at $770.5 million including $331.3 million from general revenues and revisions to the caseload enrollment and demographics that influence program costs. The estimate assumes lower than anticipated enrollment and makes adjustments to the monthly capitated rates.

The Governor's budget assumes savings in the managed care program of $2.7 million from all sources, including $0.7 million from general revenues, from increasing enrollment in the RIte Share and Medicaid expansion programs, discussed separately. The recommendation includes savings $1.3 million in RIte Care, of which $0.6 million is from general revenues.

The Governor proposed Section 8 of Article 15 to require all entities offering, administering, insuring, or self-insuring health insurance coverage to annually pay up to $1 per covered life, excluding lives insured by government-provided or government-employer sponsored insurance, including the managed care plans. Funding will support the annual Health Care Cost Growth Target used as the benchmark to measure health care spending in the state. The Governor included $0.3 million, of which $0.2 million is from general revenues, to increase the monthly capitated payments to managed care plans to reflect this.

The Assembly provided $816.7 million, including $329.4 million from general revenues, for projected enrollment and updated costs. This is $1.3 million more than the May conference estimate and $32.3 million more than recommended. The Assembly did not concur with the proposal to fund the annual benchmark target and reduced funding accordingly. It also did not concur with the RIte Share program changes but did include new reporting requirements.

RIte Share. The Caseload Estimating Conference estimate includes RIte Share expenditures of $2.0 million, including $0.9 million from general revenues. This is $1.0 million more than enacted including $0.5 million more from general revenues. The Executive Office's request does not reflect the caseload estimate.

The RIte Share program allows families who are eligible for medical assistance to remain on their employer based health insurance plan. The state pays the health care premiums and co-payments of RIte Share eligible participants if the coverage is similar to the cost and services offered through RIte Care.

The 2019 Assembly included Section 7 of Article 13 for the Executive Office to submit a plan by October 1, 2019 to increase enrollment in RIte Share by identifying Medicaid eligible individuals who have access to employer sponsored health insurance. After the plan has been submitted, the following information is to be included in the monthly medical assistance report starting January 1, 2020: the number of individuals with access to third party insurance, the number of plans that meet the cost effectiveness criteria, and the enrollment in RIte Share. As previously noted, savings were taken in the RIte Care program based on the ability to identify those with employer sponsored insurance and increase the enrollment in the premium assistance program to levels that were attained prior to the implementation of the Unified Health Infrastructure Project. The January monthly report does not contain the detailed information.

The Governor included Sections 9 and 10 of Article 15 to significantly change the way the RIte Share program operates by having for-profit employers with at least 50 workers, submit employee-specific information to the Executive Office and Division of Taxation so a determination can be made if a Medicaid eligible individual has access to employer-sponsored health insurance. On a quarterly basis, an employer would also report which workers are no longer employed. An employer would submit data and enrollment reports for its workers and whether or not they are enrolled in the employer sponsored insurance. The employer would have to notify the Executive Office when a new employee is offered insurance during an open enrollment period. The employer also would have to participate in an employer education and outreach campaign, and could not offer any financial incentives for an employee to turn down the offer of insurance. As the program currently operates, the RIte Share Unit's three employees do the outreach and collect the information.

The Governor's budget assumes increased enrollment in RIte Share from program changes that identify Medicaid beneficiaries with access to employer sponsored insurance and adds $0.7 million, including $0.4 million from general revenues. As noted, there is $1.3 million from all sources offsetting savings shown in RIte Care.

The Assembly provided $2.0 million, including $0.8 million from general revenues, consistent with the May caseload estimate. The Assembly did not concur with the RIte Share program changes but did include Section 5 of Article 12 to require the Executive Office of Health and Human Services to

report employer sponsored insurance plans that meet the cost effectiveness criteria for RIte Share. This information is to be used for screening for Medicaid enrollment to encourage RIte Share participation. By October 1, 2021, the report shall include any employers with 300 or more employees. By January 1, 2022, the report shall include employers with 100 or more employees. That report shall be provided the chairpersons of the house and senate finance committees as well as the house fiscal advisor, the senate fiscal advisor, and the state budget officer.

Fee-Based Managed Care. The Caseload Estimating Conference estimate includes fee-based managed care expenditures of $33.8 million from all sources, of which $15.6 million is from general revenues. The expenses are for additional services provided to those in the contracted managed care system. The Executive Office's request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommended funding consistent with the conference estimate.* **The Assembly provided $34.8 million, including $14.0 million from general revenues consistent with the May caseload estimate.**

Rhody Health Partners

Rhody Health Partners. The Caseload Estimating Conference estimate includes expenditures of $294.3 million from all sources, including $134.2 million from general revenues for the Rhody Health Partners managed care program for adults with disabilities in FY 2022. The estimate is $8.7 million more than enacted and includes a 3.5 percent increase in the monthly cost per enrollee offset by a reduction in the number of enrollees.

The Executive Office proposed savings of $24.8 million in its constrained budget, of which $19.1 million is from general revenues and includes several savings proposals.

The Governor recommended $0.8 million more than the conference estimate, including $0.4 million less from general revenues. **The Assembly provided $298.8 million, including $127.1 million from general revenues and $171.7 million from federal funds. This is $2.8 million more than the May caseload estimate and $4.7 million more than recommended, including $2.9 million more from general revenues based on updated costs and enrollment.**

The following table shows the request, the Governor's recommendation and the Assembly action.

Rhody Health Partners				
Proposals	**Gen. Rev.**	**All Funds**	**Governor**	**Assembly**
Hospital Rates Reduction	$ (7,051,521)	$ (15,542,255)	No	No
LTSS Resiliency and Rebalancing	41,684	91,613	No	No
Community Health Workers	11,576	25,441	Yes*	Yes*
Insurer Premium Tax	(7,772,949)	-	No	No
Managed Care Reserve	(359,249)	(789,558)	Yes	No
Eligibility Changes	(3,928,850)	(8,634,836)	No	No
Total	**$ (19,059,309)**	**$ (24,849,595)**		

**Values were changed from the request or recommended budget*

Medicaid Expansion

The November caseload estimate includes $642.0 million to provide Medicaid coverage to adults between ages 19 to 64, without dependent children, with incomes at or below 138 percent of poverty. This includes updated enrollment of approximately 90,000 enrollees. The estimate also includes $68.6 million from general revenues for the state match, $0.1 million more than included in the enacted budget. This includes

a 3.5 percent increase in monthly capitated payments and a reduction to the number of individuals enrolled in the program.

The Executive Office's request includes proposals totaling $75.1 million, of which $55.1 million is from general revenues and includes several savings proposals.

The Governor recommended $51.9 million more than the caseload estimate, adjusting for the delay in redeterminations from the enhanced Medicaid rate for the first two quarters in FY 2022. The Governor lowered the caseload estimate by $3.2 million from all sources, including $0.9 million from general revenues, some of the requested proposals.

The Assembly provided $746.2 million, including $80.0 million from general revenues and $666.2 million from federal funds. This is $0.8 million more than the May caseload estimate and $52.4 million less than recommended based on updated costs and enrollment.

The following table shows the request, the Governor's recommendation and the Assembly action.

Medicaid Expansion				
Proposals	**Gen. Rev.**	**All Funds**	**Governor**	**Assembly**
Hospital Rates Reduction	$ (3,321,218)	$ (33,212,177)	No	No
Adult Dental Benefit Elimination	(212,113)	(2,121,132)	No	No
Pharmacy Co-Payment	(959,974)	(9,599,740)	No	No
Inpatient Co-Payment	(10,522)	(105,218)	No	No
LTSS Resiliency and Rebalancing	5,197	51,968	Yes	Yes*
Perinatal Doula Services	4,143	41,431	Yes	Yes*
RIte Share	[(4,754)]	[(47,537)]	Added	No
Community Health Worker	(4,754)	(47,537)	Yes	Yes*
Federally Qualified Health Centers Rates	(217,695)	(2,176,948)	No	No
Insurer Premium Tax	(49,576,645)	(26,172,326)	No	No
Managed Care Reserve	(816,087)	(1,793,598)	Yes	No
Total	**$ (55,109,668)**	**$ (75,135,277)**		

**Values were changed from the request or recommended budget*

Rhody Health Options

The state has a managed care contract with Neighborhood Health Plan of Rhode Island to managed acute care and long-term care services for individuals eligible for both Medicare and Medicaid. The caseload conference estimate includes $151.7 million from all sources, including $68.8 million from general revenues for the Rhody Health Options program.

The estimate is $19.1 million more than enacted and includes a 3.5 percent increase in the monthly cost per enrollee and an increase in the number of individuals enrolled in the program. As discussed in the long-term care program section, spending on the elderly, including those eligible for Medicare and Medicaid is estimated to be $611.2 million in the fee-for-service and Rhody Health Options programs.

The Executive Office's request includes several proposals totaling $20.8 million, of which $12.7 million is from general revenues and includes several savings proposals.

The Governor increased the caseload conference estimate by $3.9 million, including $1.6 million from general revenues from the long term care resiliency proposal. **The Assembly provided $144.8 million, including $61.3 million from general revenues which is $3.2 million more than the May caseload estimate and $10.8 million less than the Governor's recommendation. This includes $3.0 million for**

the increase for home care services as part of the long term care resiliency proposal and $0.2 million for the first scheduled nursing home rate increase, previously discussed.

The following table shows the request, the Governor's recommendation and the Assembly action.

Rhody Health Options				
Proposals	**Gen. Rev.**	**All Funds**	**Governor**	**Assembly**
Hospital Rates Reduction	$ (551,475)	$ (1,215,506)	No	No
Nursing Home Rate Reduction	(1,370,559)	(3,020,848)	No	No
LTSS Resiliency and Rebalancing	241,299	536,402	Yes*	Yes*
Insurer Premium Tax	(3,231,716)	-	No	No
Eligibility Changes	(7,800,094)	(17,143,064)	No	No
Total	**$ (12,712,545)**	**$ (20,843,016)**		

**Values were changed from the request or recommended budget*

Pharmacy

The Caseload Estimating Conference estimate includes pharmacy expenses of $75.0 million; this includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. The Executive Office's FY 2022 request does not reflect the adopted estimate.

Fee-for-Service. The Caseload Estimating Conference estimate includes savings of $0.8 million for FY 2022 pharmacy expenses, which reflects fee-for-service pharmacy costs offset by federal rebates; this is consistent with the enacted budget. Elderly and disabled individuals who are not enrolled in Rhody Health receive this fee-for-service pharmacy benefit. The caseload estimate separates the actual pharmacy costs for fee-for-service clients and the state's payment for the Medicare Part D clawback, discussed separately.

The Executive Office's request includes a proposal to change eligibility affecting pharmacy expenses by $0.8 million, including $0.4 from general revenues. *The Governor recommended funding consistent with the conference estimate.* **The Assembly included $0.1 million consistent with the May caseload estimate.**

The following table shows the request, the Governor's recommendation and the Assembly action.

Pharmacy				
Proposal	**Gen. Rev.**	**All Funds**	**Governor**	**Assembly**
Eligibility Changes	$ (373,567)	$ (821,027)	No	No
Total	**$ (373,567)**	**$ (821,027)**		

Medicare Drug Benefit - Part D Clawback. The Caseload Estimating Conference estimate includes the state payment for the Medicare Part D clawback provision at $75.8 million, which is $10.0 million more than enacted. It should be noted that the FY 2021 enacted budget includes $9.0 million in program savings from the enhanced Medicaid rate available during the public health emergency. The Executive Office's request is consistent with the enacted budget and does not reflect the adopted estimate.

The plan provides coverage with a series of deductibles and co-payments based on the recipient's income level. For individuals enrolled in Medicaid as well as Medicare, commonly referred to as dual eligibles, the state paid a portion of their drug costs matched by the federal participation rate. The state no longer directly pays for the drug costs; however, the state does pay a portion of the savings to the federal government, or a clawback, which has been calculated based on a nationwide formula. The dual eligibles do not pay any annual deductible but do pay a $1 co-payment for generic drugs or $3 co-payment for brand names.

The Governor recommended $70.6 million, which is $5.2 million less than the conference estimate reflecting the enhanced Medicaid rate for two quarters of FY 2022. **The Assembly included $69.1 million consistent with the May caseload estimate.**

Other Medical Services

The Caseload Estimating Conference estimate includes expenditures for other medical services at $140.0 million, which includes $51.1 million from general revenues, $78.9 million from federal funds and $10.0 million from restricted receipts. The estimate is $1.5 million more than the enacted budget.

Medicare Premium. Payments include the federal Medicare premiums made on behalf of qualified Medicare recipients so that they are able to retain the federal benefit and not be solely reliant on Medicaid for medical coverage that totals $81.1 million from all sources, or $7.5 million more than enacted; this payment is 56 percent of other medical services expenses. Other payments include rehabilitation services including physical and occupational therapy, dialysis, physician and optometry services, behavioral health care services, durable medical equipment and transportation services. Those payments increase by $4.8 million to reflect projected spending. This includes $4.1 million for transportation expenses and reflects a full year of the new contract for non-emergency transportation services.

Home Stabilization. The caseload estimate includes $1.1 million, of which $0.7 million is from general revenues, for the home stabilization program. Services include navigating housing opportunities, and transitioning into and maintaining housing to prevent eviction. A person is eligible to receive the benefit for a maximum of two years which does not have to be consecutive. The monthly payment, made to a certified provider, is $145.84 for anticipated monthly enrollment of 625 individuals.

Children's Health Account. The $10.0 million from restricted receipts provides direct general revenue savings for the children's health account; this is consistent with the enacted budget. Every insurance provider that delivers certain services to children with special health care needs receives an assessment equivalent to the amount paid by the Executive Office of Health and Human Services for those services, not to exceed $12,500 per service per child per year. Expenses are paid from this account that would otherwise require general revenues. The payments from insurance providers are assessments deposited in children's health restricted receipt account. Assessments cover program expenses in three categories: comprehensive, evaluation, diagnosis, assessment, referral and re-evaluation services; home health services; and child and adolescent intensive treatment services. Each category has a number of specific services within it.

The Executive Office's request proposes savings affecting other medical services totaling $20.7 million, of which $9.7 million is from general revenues includes several savings proposals. The following table shows the request, the Governor's recommendation and the Assembly action.

The Governor recommended savings of $1.4 million, including $0.6 million from general revenues from changes to the caseload conference. For the home stabilization program, the Governor recommended a rate increase that brings the monthly payment to $331 and added $1.5 million, including $0.7 million from general revenues. As previously noted, the Governor requested an amendment to add funding for the long term care rebalancing and resiliency proposal which includes $3.2 million, of which $1.3 million is general revenues, to increase rates to expand access to mental health rehabilitation services which appears in the other medical services program.

The Assembly included $144.1 million, including $58.9 million from general revenues which is $4.3 million less than recommended and $0.7 million more than the May caseload conference estimate to reflect the savings proposals and increase to the rehabilitation rates.

The following table shows the request, the Governor's recommendation and the Assembly action.

Other Medical Services				
Proposals	**Gen. Rev.**	**All Funds**	**Governor**	**Assembly**
Third Party Liability	$ (509,293)	$ (510,279)	Yes*	Yes
Home Stabilization	(1,297,837)	(2,852,388)	Yes	Yes
Adult Dental Benefit Elimination	(682,500)	(1,500,000)	No	No
Program Integrity	(492,209)	(1,081,777)	Yes	Yes
Federally Qualified Health Centers Rates	(6,718,034)	(14,764,910)	No	No
Eligibility Changes	-	-	No	No
Total	**$ (9,699,873)**	**$ (20,709,354)**		

**Values were changed from the request*

Program Administration

Unified Health Infrastructure Project. Unified Health Infrastructure Project costs are requested at $89.3 million from all sources, including $25.9 million from general revenues and $57.5 million from federal funds for FY 2022. This is $12.2 million more than enacted and $9.5 million more from general revenues. The Executive Office requested $55.9 million from all sources, including $12.0 million from general revenues in its FY 2022 budget request. This is $4.7 million more than enacted, including $2.0 million more from general revenues and $2.7 million more from federal funds. This includes funding for HealthSource RI to operate the contact center, discussed separately.

The FY 2022 request includes $51.8 million for contracted services and $3.6 million for staffing expenses. The request for contracted services is $5.3 million more than enacted which includes $16.0 million for development and implementation support.

Unified Health Infrastructure Project/Contact Center	General Revenues	Federal Funds	Deloitte Settlement Funds	Other Restricted/IT Fund & HealthSource RI	Total
FY 2016 through FY 2020	**$ 43,229,481**	**$ 257,588,573**	**$ 49,262,860**	**$ 10,408,287**	**$ 360,489,201**
FY 2021 Final					
EOHHS	$ 10,846,507	$ 41,138,119	$ 166,125	$ -	$ 52,150,751
DHS	5,125,459	11,189,024	-	-	16,314,483
HealthSource RI/Contact Center	456,651	-	-	4,593,022	5,049,673
Total	**$ 16,428,617**	**$ 52,327,143**	**$ 166,125**	**$ 4,593,022**	**$ 73,514,907**
FY 2022 Request					
EOHHS	$ 11,949,932	$ 43,686,861	$ -	$ -	$ 55,636,793
DHS	13,338,177	14,423,474	-	-	27,761,651
HealthSource RI/Contact Center	526,160	-	-	5,123,101	5,649,261
Total	**$ 25,814,269**	**$ 58,110,335**	**$ -**	**$ 5,123,101**	**$ 89,047,705**
FY 2022 Recommendation					
EOHHS	$ 11,349,918	$ 40,305,969	$ -	$ -	$ 51,655,887
DHS	12,396,645	13,754,584	-	-	26,151,229
HealthSource RI/Contact Center	364,110	-	-	5,009,996	5,374,106
Total	**$ 24,110,673**	**$ 54,060,553**	**$ -**	**$ 5,009,996**	**$ 83,181,222**
FY 2022 Enacted					
EOHHS	$ 11,321,996	$ 40,221,985	$ -	$ -	$ 51,543,981
DHS	12,396,645	13,754,584	-	-	26,151,229
HealthSource RI/Contact Center	364,110	-	-	5,009,996	5,374,106
Total	**$ 24,082,751**	**$ 53,976,569**	**$ -**	**$ 5,009,996**	**$ 83,069,316**
FY 2016 through FY 2022 Enacted	***$ 83,740,849***	***$ 363,892,285***	***$ 49,428,985***	***$ 20,011,305***	***$ 517,073,424***

The request includes $24.7 million for Deloitte, $7.8 million for KPMG, $3.9 million for Faulkner Consulting, $3.4 million for Knowledge Services, $1.0 million for CSG Government Solutions and $9.4

million for Automated Health Solutions to operate the contact center. The request also includes $1.1 million in other expenses of which $0.3 million is from general revenues.

The state has been approved for a project plan that totals $681.7 million through federal fiscal year 2022. This includes $519.7 million from federal funds and $162.0 million from general revenues for design, development and implementation that totals $398.6 million and $283.1 million for maintenance and operations.

The constrained budget reduces project expenses by $3.3 million, including $0.4 million from general revenues but does not specify how the reduction will be met. *The Governor reduced expenses by $4.0 million, including $0.6 million less from general revenues, and included the savings in the constrained request. He included $0.3 million, of which $0.1 million is from general revenues, for system changes related to the RIte Share initiative.* **The Assembly concurred with the exception of the RIte Share initiative and reduced funding accordingly. The state entered into a three-year contract with Deloitte on June 28, 2021. The contract term is July 1, 2021 through June 30, 2024 and will cost a total of $99.4 million, including $41.2 million from general revenues.**

HealthSource RI/Contact Center. The Executive Office requested $9.4 million from all sources, including $2.6 million from general revenues to support open enrollment and other activities through HealthSource RI for the contact center operated by Automated Health Systems. This is $55,564 less than enacted, including $0.3 million more from general revenues, to adjust for anticipated expenses to support the contact center.

For HealthSource RI administrative activities, the request includes $1.0 million, or $0.2 million more than enacted from Medicaid funds to match operational activities, previously supported by federal grants, with the state using its existing general revenues and restricted receipts through the assessments. Funding for HealthSource RI is in the Department of Administration's budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

Technology Projects

Health Information Technology (Data Ecosystem). The Executive Office requested $5.9 million from all sources, including $1.6 million from general revenues for health information technology projects. This is $0.1 million more than enacted including $1.3 million more from general revenues.

The request includes $1.2 million for new projects resulting from the development of a strategic Health Information Technology roadmap including $0.8 million from general revenues; those projects have not been identified. The request also funds information technology projects that include $1.8 million for IMAT Solutions for system upgrades and $0.1 million for an adult immunization registry. It also includes $0.9 million for a vital records project, $1.1 million to the Rhode Island Quality Institute for information dashboards and other projects, $0.1 million for a contract program manager and $0.7 million for other projects. The request also includes $0.9 million for the Department of Health to implement an electronic death reporting system.

The constrained request reduces expenses by $4.3 million, including $2.1 million from general revenues from limiting the new projects. *The Governor recommended $1.8 million less than requested, including $1.1 million less from general revenues, from limiting new projects.* **The Assembly concurred.**

CurrentCare. The Executive Office requested $6.9 million from all sources, including $1.1 million from general revenues, to make the payment for the state's share for medical assistance recipients in CurrentCare, the state's electronic health information exchange. This electronic network gives medical professionals access to their patients' health information and is operated by the Rhode Island Quality Institute. The

request is $2.5 million more than enacted including $0.7 million more from general revenues to increase the capacity and system functions.

Enrollment is approximately 600,000 individuals, which includes 100,000 of the 300,000 individuals enrolled in Medicaid. The monthly payment is $1 per member/per month for each enrollee. The state pays about $0.2 million per month for its state employees and commercial insurers pay the Rhode Island Quality Institute directly. The Executive Office's portion for its enrollees totals $1.2 million, of which $0.1 million is from general revenues. The remainder of the request funds system operations.

The constrained request reduces funding by $0.2 million less than requested, including $0.7 million from general revenues from limiting the projects included in the request. *The Governor recommended $13,506 more than enacted.* **The Assembly concurred.**

HealthFacts RI/All Payer Claims Database. The Executive Office requested $3.2 million to support the state's All Payer Claims Database, known as HealthFacts RI. The request is $0.3 million more than enacted, including $0.2 million more from general revenues. This is $0.3 million more than the revised request to support the website that allows data collected from health insurance payment systems to be used to analyze healthcare use, quality, and spending, and identify opportunities for improvement. The website is operated by the Department of Health, which requests $450,000 from restricted receipts in its request.

The request includes $3.0 million for services provided by OnPoint Health for data enhancements and analytic functions and Freedman Healthcare for analytics and reporting activities in addition to the $0.4 million and other operating expenses. The Executive Office has two staff assigned to the project. The Department of Health's budget also supports the OnPoint Health contract. *The Governor recommended $0.2 million more than enacted and $0.2 million less than requested. This includes $0.1 million more than enacted from general revenues for additional analytical support.* **The Assembly concurred.**

Health Spending Transparency and Containment Project. In August 2018, the Cost Trend Steering Committee was created to advise the Rhode Island Health Care Cost Trend Project which is in partnership with the Executive Office and the Office of the Health Insurance Commissioner. The project has been funded by a grant from the Peterson Foundation through Brown University which ends in August 2021. The Executive Office's request does not include any funding for the project.

The Governor proposed Section 8 of Article 15 to require all entities offering, administering, insuring, or self-insuring health insurance coverage to annually pay up to $1 per covered life, excluding lives insured by government-provided or government-employer sponsored insurance. The assessed amount for each fiscal year will be established with payments due by September, beginning in 2021. It also establishes a restricted receipt account for the Executive Office to support data analysis of healthcare claims to attempt to determine factors which drive healthcare spending in order to make policy recommendations which are intended to reduce health care costs. At the maximum allowable fee, the assessment would generate $0.7 million annually. The recommended budget includes $0.5 million from restricted receipts to support the annual Health Care Cost Growth Target. **The Assembly did not concur.**

Medicaid Management Information System Reprocurement. The Executive Office requested $1.3 million, including $47,887 from general revenues, for a contractor to assist with reprocuring the Medicaid Management Information System. The revised request includes $1.4 million, $0.1 million from general revenues for the same purpose. *The Governor recommended funding as requested.* **The Assembly concurred.**

Medicaid Management Information System Other Expenses. The Executive Office requested $23.8 million from all sources, including $5.4 million from general revenues, related to all other Medicaid Management Information System expenses. This is $1.5 million more than enacted, including $0.4 million

less from general revenues. The Executive Office increased spending to be consistent with FY 2020 and FY 2021 revised expenses; however, the request includes $0.8 million more than enacted from federal funds for the adult co-pay initiative not included in the FY 2021 enacted budget. *The Governor recommended $0.6 million less than requested, including $535 less from general revenues. This appears to correct for the overstatement of need in the request.* **The Assembly concurred.**

Health System Transformation Project. The Executive Office requested $44.7 million from federal funds and restricted receipts for the Health System Transformation project, which is $14.4 million less than enacted. This includes $16.8 million for the Accountable Entities initiative, or $10.1 million less than enacted, and $10.8 million for the Real Jobs Healthcare Workforce initiative.

The request also includes $20.0 million in administrative and management costs, $3.4 million less than enacted. As noted, this includes $5.4 million for its investment in Real Jobs Healthcare Workforce initiative in coordination with the three state institutions of higher education, University of Rhode Island, Rhode Island College and the Community College of Rhode Island, and $5.4 million at the Department of Labor and Training. The request also includes $1.7 million for contracted evaluation, actuarial, customer satisfaction survey and other oversight services through Ballitt Health Purchasing, Milliman, HCH Enterprises, National Opinion Research Center and Faulkner Consulting. The request also includes $0.2 million for the Commission on the Deaf and Hard of Hearing for program support. *The Governor recommended funding as requested.* **The Assembly concurred.**

Prescription Drug Monitoring Program. The Executive Office requested $0.6 million for a Prescription Drug Monitoring Program through the implementation of advanced planning document. This is $1.8 million less than enacted, including $10,820 more from general revenues. The request includes $0.6 million from federal funds and $14,322 from general revenues for the state match. The request includes $0.2 million for contracted financial services and $0.4 million for staffing and other administrative expenses. This includes $0.4 million to partially fund ten positions in the Department of Health and one for the Executive Office.

The Rhode Island Prescription Drug Monitoring Program is the system that collects data on all controlled substance prescriptions and stores the data in a centralized registry. The information is used to improve patient care, identify risky prescribing practices, and help prevent drug diversion. All practitioners that hold a Rhode Island Controlled Substance Registration must register with the program and are required to check it prior to prescribing an opioid for the first time, and at least every three months for continuous opioid prescriptions. The Department of Health also uses the system to evaluate compliance with Rhode Island's Safe Opioid Prescribing Guidelines and to support drug overdose prevention program efforts. *The Governor recommended funding as requested.* **The Assembly concurred.**

Electronic Health Records. The Executive Office requested $0.5 million from federal funds to support the electronic health records initiative in FY 2022; this is $2.2 million less than enacted. In July 2011, the Department of Health began the Electronic Health Records Incentive program where eligible medical providers and acute care hospitals with at least 30 percent and 10 percent of Medicaid patients in the prior calendar year, respectively, may be eligible for these incentive payments to adopt and upgrade certified health records technology. All incentive payments to providers and hospitals are paid with federal funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

Electronic Visit Verification. The Executive Office requested $1.0 million, including $0.3 million from general revenues for Sandata to operate the electronic visit verification system. This is $0.7 million more than enacted including $0.1 million more from general revenues. The enacted budget includes $325,718, of which $126,630 is from general revenues, for the five-year, $2.4 million contract with Sandata, which expired on January 31, 2021, that provides enhanced fraud, waste and abuse and improper payment surveillance detection capability. The enacted budget includes $76,858 that was reappropriated by the

Governor in August 2020. The contract was extended until January 1, 2023. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Programs

Pay for Success. For FY 2020, Governor Raimondo recommended $0.5 million from general revenues to fund a Pay for Success program which is a model that seeks to use public-private partnerships and outcome based payment models to improve services. The direct grant recipients would be the Rhode Island Coalition for the Homeless and a group known as Social Finance.

Descriptions of the program assumed general revenues to be held in escrow to secure participation of providers to enhance services to certain populations, with those funds payable to those providers upon confirmation of savings. The general revenues were to be applied in coordination with a Department of Justice grant provided to the Rhode Island Coalition for the Homeless. After securing the grant, a partner was to be charged with soliciting from private investors for the project. The total estimated budget for the project required state investments of up to $6.2 million over the course of multiple fiscal years.

The Assembly did not concur with the proposal. The Executive Office's request does not contemplate such a proposal. *The Governor's recommendation does not include any funding.*

The Assembly included $6.0 million from general revenues to capitalize a restricted receipt fund authorized consistent with legislation in Article 14. The legislation authorizes a five-year pilot program whereby the Executive Office contracts with non-profit investors and service providers to provide permanent supportive housing and additional wraparound services to a cohort of 125 individuals experiencing homelessness. The Assembly authorized FY 2022 expenditures up to $1.5 million from that restricted receipt account if certain contracted metrics are achieved.

Adult Use Marijuana. Governor Raimondo twice proposed legislation to establish a legal adult use marijuana program. The regulation of all programs would be centralized within the new Office of Cannabis Regulation within the Department of Business Regulation with the assistance and cooperation of a variety of health, safety and taxation agencies. The Assembly did not adopt either proposal.

The Governor's budget includes Article 11 of 2021-H 6122 to establish the authorization and regulation of an age 21 and older adult use marijuana program, similar to the 2019 proposal. It broadens the authority of the Office of Cannabis Regulation within the Department of Business Regulation to regulate cannabis-related activities with the assistance and cooperation of a variety of health, safety and taxation agencies. The Governor included $1.4 million from restricted receipts for the Executive Office to support health equity zones and provide data analytics capabilities to assess public health impacts of marijuana use. **The Assembly did not adopt any adult use proposal.**

Substance Use Disorder Provider Capacity Grant. The Executive Office requested $1.1 million, or $0.2 million less than enacted, from the federal Substance Use Disorder Provider Capacity grant. This is a two-year award totaling $3.1 million and the revised request includes $1.8 million. The request includes $0.5 million for computers, $0.3 million for contracted services and $0.3 million for program operations.

The provider capacity building initiative, in conjunction with the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, takes a comprehensive approach to increasing provider capacity and ability to provide substance abuse use services to Medicaid beneficiaries with opioid use and other substance use disorders. One objective will be to solicit feedback from other state agencies, including the Departments of Health, Children, Youth and Families, and Corrections and the Office of the Health Insurance Commissioner, in order to ensure ongoing alignment and parity between how Medicaid and commercial insurers interact with providers. Other activities will assess any existing capacity gaps among

Medicaid providers, identify substance use workforce infrastructure gaps that impact service capacity among Medicaid providers and make a plan to fill them and possible payment reforms and establishing sustainability strategies. There will also be provider training and recruiting to address disparities in care and technology integration to improve quality of outcomes. *The Governor recommended funding as requested.* **The Assembly concurred.**

Screening, Brief Intervention and Referral to Treatment Grant. The Executive Office's request does not include the enacted amount of $124,800 from federal Screening, Brief Intervention and Referral to Treatment (SBIRT) funds to pre-screen Rhode Islanders for use of tobacco, alcohol, marijuana and other drugs with treatment being delivered to individuals in primary care and health centers, emergency departments, and at the Department of Corrections. The FY 2021 enacted budget includes one-time funding for the Rhode Island Quality Institute to assist with health information projects related to opioid overdose prevention activities. *The Governor excluded funding as requested.* **The Assembly concurred.**

HIV Treatment Services and Administration. The Executive Office requested $12.0 million for HIV services and administration expenses, which is $0.3 million more than enacted. The request increases pharmacy costs by $0.3 million to reflect projected expenses of $5.9 million and all other expenses by $0.1 million including community support. The request also lowers salary and benefits expenses by $0.1 million for funding of $1.0 million and only funds positions at the Executive Office. This is a change from previous fiscal years when federal funds and rebates were used to fund staff at other agencies, primarily the Department of Health. *The Governor recommended funding as requested.* **The Assembly concurred.**

Early Intervention Services. The Executive Office's request includes $0.8 million more than enacted for early intervention program costs totaling $3.2 million. This includes $3.1 million from federal funds and $0.1 million from general revenues. This includes $0.9 million more from federal funds and $0.1 million less from general revenues than enacted.

Early Intervention expenses include $1.6 million, or $5,802 more than enacted, for contracted services that include $0.6 million to the Rhode Island Parent Information Network to support parent consultants at ten provider sites, $0.7 million to the Sherlock Center at Rhode Island College, and $0.2 million for HCH Enterprises and Welligent for support staff and other contracted administrative support.

It also includes $1.6 million, or $0.8 million more than enacted, for grants awarded to Meeting Street School, Community Care Alliance, Children's Friend and Service and Looking Upwards. *The Governor recommended funding as requested.* **The Assembly concurred.**

Financial Management Services. The Executive Office requested $4.4 milion from all souces, including $2.1 million from from general revenues for contracted financial management services, primarily from Milliman and HCH Enterprises. This is $0.3 million more than enacted, including $0.6 million more from general revenues, and $0.2 million less than the revised request. *The Governor recommended $0.4 million more than requested, including $0.3 million more from general revenues.* **The Assembly concurred.**

RIte Share Enhancements. The Executive Office requested $100,000 from general revenues to make system changes related to the RIte Share proposal included in the Governor's FY 2021 recommendation. The Governor included $600,000 from general revenues; however, the Assembly did not concur with the proposal and removed the funding. The Executive Office's budget, submitted prior to passage of the FY 2021 enacted budget, assumes use of the $100,000 from general revenues for FY 2022, which is not needed. *The Governor recommended $0.5 million, including $0.3 million from general revenues for contracted administrative expenses to implement the program changes. The recommendation also includes $0.3 million, including $0.1 million from general revenues for system changes.* **The Assembly did not recommend the proposal to expand the program and reduced expenditures accordingly.**

Clinical Evaluator. The Executive Office's request includes $180,000, of which $90,000 is from general revenues, to hire a full-time contracted clinician with experience in children's intellectual and developmental disabilities and children's behavioral health. The Governor included this funding in the FY 2021 recommendation but the Assembly did not concur. The Executive Office's budget, submitted prior to passage of the FY 2021 enacted budget, includes this initiative. This is consistent with the revised request. *The Governor recommended funding as requested.* **The Assembly did not concur.**

Rhode Island Parent Information Network. The Executive Office requested the enacted amount of $2.3 million, including $1.1 million for administrative services provided by the Rhode Island Parent Information Network to provide care management and coordination services for high risk populations who were previously enrolled in the Unity program, through Neighborhood Health Plan.

Phase I was eliminated on October 1, 2018 and shifted approximately 11,000 individuals to the fee-for-service Medicaid program. The contract, which started September 1, 2018 and ended June 30, 2020 with a one-year optional extension, pays a monthly administrative fee of $187,500. Services are to be provided to 200 individuals from October 1 to December 31, which increases to 350 individuals through March 31, and then 500 individuals beginning April 1, 2019 and remaining at the total for the length of the contract.

The constrained request reduces funding by $558,000, including $279,000 from general revenues, from reducing the contract and limiting the services provided by the agency, including outreach. *The Governor recommended the constrained proposal.* **The Assembly did not concur and restored the funding.**

No Wrong Door Phase II. The Executive Office requested $290,000 from all sources, including $120,000 from general revenues, for contracted services to make changes under Phase II of the No Wrong Door initiative, will implement a standardized assessment system for home care community based services. The Executive Office reported that the methods currently used are not up to date. The expenses will support the licensing and maintenance fees of a new system. Phase I was funded through federal Money Follows the Person funds

The constrained request excludes this proposal. *The Governor recommended funding as requested.* **The Assembly concurred.**

Department of Justice Consent Decree - Monitor. The Executive Office requested $300,000 for the consent decree costs for the court monitor in its budget. This is $150,000 less than enacted from all sources. The contract totals $282,500 leaving a balance of $17,500. Included in that amount is $60,000 for five consultants to review pre-employment transition services, employment practices and policies and career development plans. The work includes reviewing person-centered plans and services and supports for individuals in the target populations under the consent decree. The consent decree requires a court monitor whose costs do not exceed $300,000. The additional $150,000 is for work on the Interim Settlement Agreement but there are no specified costs for those activities in the consent decree. *The Governor recommended funding as requested.* **The Assembly concurred.**

Department of Justice Consent Decree - Coordinator. The Executive Office requested the enacted level of $100,000, of which $50,000 is from general revenues for the consent decree coordinator to assist the court monitor. The coordinator assists with communication and collaboration between the state agencies subject to the consent decree. The individual is required to convene monthly meetings, act as a liaison for the court monitor, conduct site visits, coordinate with the legal teams, and file reports with the court monitor. The agencies include the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, Office of Rehabilitation Services through the Department of Human Services and the Department of Elementary and Secondary Education. The position was contracted through Knowledge Services and filled in March 2021. *The Governor recommended funding as requested.* **The Assembly concurred.**

Office of Medical Review Transfer to DHS (-10.0 FTE). The Executive Office requested transferring the Office of Medical Review and its 10.0 full-time equivalent positions totaling $1.6 million, including $0.5 million from general revenues, to the Department of Human Services' Long Term Care Unit to streamline the process of reviewing and processing applications for long term care services.

The constrained request reverses the transfer. *The Governor recommended the transfer.* **The Assembly concurred.**

Child Care Licensing Unit (1.0 FTE). The Executive Office requested a legal position for the child care licensing unit that was included in the FY 2020 enacted budget but was filled through the Department of Human Services' staffing authorization instead. The Executive Office reported that it reorganized its staff and decided not to include the position for the child care licensing unit in its new plan. It requested the position and anticipated that it would be transferred in the Governor's recommended budget. The position is not funded in the Executive Office's request and is instead funded through the Department of Human Services. *The Governor included the position.* **The Assembly concurred.**

Administrative Expenses for Medicaid Initiatives. The Executive Office requested $0.7 million from all sources, including $0.4 million from general revenues, for administrative expenses necessary to make the changes in the medical assistance program. This includes $0.6 million, including $0.3 million from general revenues, for 2.0 new full-time equivalent positions for the adult co-payment initiative, 1.0 position each for long term care services and supports and program integrity initiatives, and $0.2 million for a contractor for the third party liability recovery proposal.

The constrained budget adds $0.4 million, including $0.2 million for the new initiatives. *The Governor recommended funding as requested and included two positions for the long term care services proposal.* **The Assembly concurred.**

Administrative Positions (6.0 FTE). The Executive Office requested $0.3 million, including $0.1 million from general revenues, for six new administrator positions that includes two positions to support the Unified Health Infrastructure Project, two analyst positions and two finance positions. The Executive Office reports that the new positions will support its core functions. This appears to fund one-third of the cost, suggesting a staggered hiring timeline or not filling all positions.

The constrained budget also includes the new positions which appears to be an error since it double counts the positions and funding. *The Governor recommended funding as requested.* **The Assembly concurred. It also added new reporting and caseload assistance requirements.**

Other Salaries and Benefits. The Executive Office requested $30.8 million for other salaries and benefits, including $13.4 million from general revenues, $15.4 million from federal funds and $1.9 million from restricted receipts. This is $0.2 million more than enacted from all sources and $1.2 million more from general revenues to either fully or partially fund 228.0 positions. This includes benefit changes, shifting staffing expenses to general revenues, new positions at higher pay grades for current staff that were not included in the enacted budget and restoring savings from keeping positions vacant.

The request funds at least a portion of another 37 positions in the Departments of Administration, Children, Youth and Families, Health, and Human Services and a policy position in the Office of Health Insurance Commissioner totaling $1.9 million. *The Governor recommended $0.3 million more than requested from general revenues to further reduce turnover savings in order to fill more vacancies.* **The Assembly distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $0.2 million in the Executive Office's budget based on five individuals who participated during FY 2021. It concurred with the remainder of the recommendation.**

Other Operations. The Executive Office requested $3.0 million, including $1.6 million from general revenues for all other administrative operations. This is $23,369 less than enacted, including $0.2 million less from general revenues, and includes shifting $0.3 million from general revenues for centralized services and $0.1 million more from federal funds from assuming a higher Medicaid match for some administrative activities. *The Governor recommended $0.1 million less than requested, including $0.2 million less from general revenues. The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work.* **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $471,632 from general revenues in the Executive Office's budget for information technology services and $26,995 for facilities management. It concurred with the remainder of the recommendation.**

Special Education. The Executive Office requested $28.5 million from federal funds for special education services provided by the local education agencies. This includes the enacted level of $19.5 million for direct services and $9.0 million for administration costs. *The Governor recommended funding as requested.* **The Assembly concurred.**

2021-H 6122, Substitute A, as Amended

The FY 2022 enacted budget contains legislation, summarized in the paragraphs that follow, that affects implementation and operation of some of the Executive Office programs.

Article 2. Section 1. Opioid Stewardship Act. This section amends the Opioid Stewardship Act to allow the State Budget Officer to authorize and create restricted receipt accounts in any department or agency where funds will be appropriated. It also clarifies that any state agencies receiving these funds shall annually report to the Governor, Speaker of the House, and the Senate President which programs money is spent on and the amount spent on each program. The FY 2021 revised and the FY 2022 budgets include expenditures in the following agencies: Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Corrections, Health, Elementary and Secondary Education, and the Executive Office of Health and Human Services.

Article 3. Sections 5 and 6. Caseload Estimating Conference. These sections add expenses for the community based system for adults with developmental disabilities to the semi-annual medical assistance and public assistance caseload conference, effective on July 1, 2021. It also expands information to be included in the current monthly reporting requirement and moves the statutory placement of that requirement. It requires that the Executive Office of Health and Human Services provide direct assistance to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to facilitate compliance with reporting requirements and preparation for the caseload conferences.

These sections also make a technical change by replacing the Director of the Department of Human Services with the Secretary of the Executive Office of Health and Human Services as the individual with certain responsibilities regarding the conference.

Article 6. Section 4. Hospital License Fee. This section maintains the FY 2021 hospital license fee at the current law rate of 5.0 percent but updates the reference year to 2019 and includes a 5.725 percent license fee for FY 2022 based on 2020 revenues. Both fiscal years continue the two-tiered system that establishes a lower fee for Washington County based hospitals. Revenues would be $162.5 million for FY 2021 which is $0.9 million more than enacted. FY 2022 includes $170.2 million of which, $169.9 million is from community hospital payments and $0.4 million is from state payments for Eleanor Slater Hospital.

Article 12. Sections 1 and 7. Assisted Living Payment. These sections make several changes to assisted living payments as part of the Executive Office of Health and Human Services long term care rebalancing initiative. It eliminates the community support living program and the enhanced supplemental security income payment that accompanies it. Individuals receiving this payment will now receive the standard assisted living payment to support room and board costs. The FY 2022 budget assumes savings of $0.6 million from general revenues in the Department of Human Services. It also eliminates the additional $206 paid to assisted living facilities financed by Rhode Island Housing. The changes are offset by an increase in assisted living rates included in Section 9.

Article 12. Section 2. Payments. This section rescinds the copayments for prescription drugs and non-emergency services provided in a hospital emergency room; these payments were never implemented. It also makes a technical correction to how the Executive Office of Health and Human Services can reimburse for services provided by the federally qualified health centers.

Article 12. Section 3. Hospital Payments. This section extends the uncompensated care payments to the community hospitals for FY 2022, with the state making a payment on or before July 12, 2021 that does not exceed $142.5 million and for FY 2023, with the state making the payment on or before July 12, 2022, that does not exceed $143.8 million. It also reinstates the inpatient upper payment limit reimbursement for which the FY 2022 budget provides $18.5 million, including $6.1 million from general revenues.

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Article 12. Section 4. Graduate Medical Education Program. This section removes the public law reference for the graduate medical education program. The FY 2022 enacted budget includes language as part of Article 1 that allocates funding for the graduate medical education program including $1.0 million from general revenues to Lifespan for graduate medical education activities and $1.0 million from general revenues to Care New England for Neonatal Intensive Care Unit expenses at Women and Infants Hospital.

Article 12. Section 5. RIte Share Reporting. This section includes new requirements for the Executive Office of Health and Human Services to report employer sponsored insurance plans that meet the cost effectiveness criteria for RIte Share. Information in the report is to be used for screening for Medicaid enrollment to encourage RIte Share participation. By October 1, 2021, the report shall include any employers with 300 or more employees. By January 1, 2022, the report shall include employers with 100 or more employees. That report shall be provided to the chairpersons of the house and senate finance committees as well as the house fiscal advisor, the senate fiscal advisor, and the state budget officer.

Article 12. Section 6. Home Care Rates. This section increases the hourly shift differential rate paid to personal care and personal care/homemaker rates by $0.76 and passes it through to the certified nursing assistants. This takes effect July 1, 2021 and the budget includes $0.6 million, of which $0.3 million is from general revenues.

The section also adds a $1.56 hourly rate increase for certified nursing assistants and homemakers who complete a 30-hour behavioral healthcare training program offered by Rhode Island College or a similar program approved by the Executive Office of Health and Human Services. To get this rate increase, the employer must have at least 30 percent of its direct care workers certified through this training program. The change is effective January 1, 2022 and the rate must also be passed through in its entirety to the certified nursing assistants and homemakers. The budget provides $1.0 million, including $0.5 million from general revenues.

The home care providers must submit an annual report to the Executive Office by January 1, 2023 showing that increases were provided and which behavioral healthcare training programs were used.

Article 12. Section 8. Medical Annual Report. This section changes the due date for the Executive Office's annual Medicaid expenditure report from March 15 to September 15.

Article 12. Section 9. Medicaid Resolution. This section includes the resolution language for Assembly approval to make changes to the Medicaid program in the FY 2022 budget. This includes providing coverage for perinatal doula services program, for which the budget includes $0.5 million. There are two home visiting programs at the Department of Health that will receive Medicaid funding: First Connections and Parents as Teachers. First Connections provides families with resources and services such as preventive health and prenatal care and the budget includes $0.2 million, of which $0.1 million is from general revenues. Parents as Teachers aims to improve outcomes for families who reside in at-risk communities and the budget includes $1.4 million, of which $0.6 million is from general revenues.

This section also expands coverage and reimbursement for services provided by community health workers for which the budget provides $2.7 million, including $0.9 million from general revenues. There is an intensive, expanded mental health psychiatric rehabilitative residential opportunity for discharge planning, treatment and addressing barriers to transitioning to less restrictive settings. The budget includes $3.5 million, of which $1.4 million is from general revenues to fund the residential services. The resolution also expands dental treatments for children.

The resolution has several rate changes for nursing homes based on adjustments for level of need, including those on ventilators, and a new daily rate for complex patients with behavioral healthcare needs. There are increases to assisted living and shared living rates that are part of the long term care rebalancing initiative. The rate increases total $5.0 million, including $2.2 million from general revenues. It also makes changes to specific home care rates for certified nursing assistants and homemakers authorized in Section 6.

The resolution also increases the maintenance of need allowance for individuals receiving home and community based services from 100 percent of the federal poverty level to 300 percent of the Supplemental Security Income limit. The budget included $5.4 million, of which $2.4 million is from general revenues to fund this change.

The resolution also increases the income limit for the Office of Healthy Aging's Healthy@Home program from 200 percent to 250 percent of poverty and the authority to provide the services to adults between the ages of 19 and 64 with dementia. The budget provides $3.0 million, including $1.3 million from general revenues to fund both changes. It also ensures that payments made for non-emergency transportation services through the broker model for basic life and advanced life support will be no less than the current rates of $147.67 and $177.20, respectively.

The resolution allows the Executive Office to change its Medicaid state plan to specify the New England Consumer Price Index released each March, based on February data, as the annual rate increases for home care and hospice instead of the current May release. This ensures that the rates adopted at the May Caseload Estimating Conference reflect the most accurate published data.

The resolution also contains the annual authorization for the Executive Office of Health and Human Services to seek federal opportunities that do not adversely impact beneficiaries or increase program expenses beyond the FY 2022 appropriation.

Article 14. Section 8. Pay for Success. This section authorizes a five-year pilot program whereby the Executive Office of Health and Human Services contracts with non-profit investors and service providers to provide permanent supportive housing and additional wraparound services to a cohort of 125 individuals experiencing homelessness. The budget assumes $6.0 million from general revenues to capitalize a restricted receipt fund authorized consistent with legislation and authorizes FY 2022 expenditures up to $1.5 million from that account if certain contracted metrics are achieved.

Department of Children, Youth and Families

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Central Management	$ 12,808,361	$ 13,073,422	$ 15,460,201	$ 19,034,969
Child Welfare	206,995,721	209,954,571	213,917,545	221,019,805
Juvenile Corrections	22,416,172	22,302,884	21,870,562	14,298,070
Children's Behavioral Health	12,301,669	12,347,815	13,076,523	200,000
Higher Education Incentive Grants	200,000	200,000	200,000	21,925,622
Total	**$ 254,721,923**	**$ 257,878,692**	**$ 264,524,831**	**$ 276,478,466**
Expenditures by Category				
Salaries and Benefits	$ 72,917,547	$ 74,294,325	$ 79,515,847	$ 86,548,458
Contracted Services	6,101,524	7,309,218	6,445,781	6,261,467
Subtotal	**$ 79,019,071**	**$ 81,603,543**	**$ 85,961,628**	**$ 92,809,925**
Other State Operations	9,908,166	13,618,110	10,876,686	12,527,511
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	164,607,072	161,469,425	167,436,517	169,591,030
Capital	1,187,614	1,187,614	250,000	1,550,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 254,721,923**	**$ 257,878,692**	**$ 264,524,831**	**$ 276,478,466**
Sources of Funds				
General Revenue	$ 170,860,311	$ 169,273,174	$ 183,428,005	$ 193,284,942
Federal Aid	80,594,361	84,937,819	79,359,715	81,456,413
Restricted Receipts	2,079,637	2,480,085	1,487,111	1,487,111
Other	1,187,614	1,187,614	250,000	250,000
Total	**$ 254,721,923**	**$ 257,878,692**	**$ 264,524,831**	**$ 276,478,466**
FTE Authorization	**617.5**	**617.5**	**627.5**	**702.5**

Summary. The Department of Children, Youth and Families requested $271.4 million from all sources, including $192.2 million from general revenues, $76.6 million from federal funds, $1.5 million from restricted receipts, and $1.1 million from Rhode Island Capital Plan funds. This is $16.7 million more than enacted, including $21.3 million more from general revenues, $4.0 million less from federal funds, $0.6 million less from restricted receipts, and $0.1 million less from Rhode Island Capital Plan funds. The Department requested 642.0 full-time equivalent positions, 24.5 more than the enacted authorization.

The Department submitted a constrained budget request totaling $245.5 million, of which $167.0 million is from general revenues. It includes savings proposals totaling $25.9 million from all sources, including $25.2 million from general revenues. The proposals to achieve the reductions are noted among the items below where appropriate.

The Governor recommended $264.5 million from all sources, which is $9.8 million more than enacted, including $12.6 million more from general revenues. The recommendation is $6.9 million less than

requested, including $9.1 million less from general revenues. The Governor recommended 627.5 full-time equivalent positions which is 10.0 more than the enacted authorization and 14.5 fewer than requested.

The Governor subsequently requested amendments to exclude $1.4 million from federal COVID relief funding, to include $1.3 million for the federal share of the Rhode Island Child Welfare System, and $0.7 million from federal funds inadvertently excluded for the child care rate increase, and to shift other funds among block grants. **The Assembly provided $12.0 million more than originally recommended, including $9.9 million from general revenues and $2.1 million from federal funds and concurred with the amendments shifting fund sources. The Assembly authorized 702.5 full-time equivalent positions, 75.0 more than recommended, which reflects new positions identified as necessary to achieve accreditation according to the Department's accreditation plan. It also included language in Article 3 authorizing the Governor to set the salary of the Director of the Department in 2021 and to enter into a three year contract for the position.**

Staffing. The Department requested $79.1 million, which is $6.2 million more than enacted for 642.0 full-time equivalent positions, 24.5 more than authorized. The request adds 6.0 positions to Central Management, 5.0 positions to Children's Behavioral Health and 34.0 positions to Child Welfare and reduces the allocation for Juvenile Corrections by 20.5. All of the requested new positions were in the Governor's FY 2021 recommendation which the enacted budget did not include, as the Department had 40.5 positions vacant when the budget was passed halfway through the fiscal year. The enacted budget also transferred 4.0 attorney positions from the Department to the Executive Office of Health and Human Services, consistent with the Governor's recommendation; the revised request retains those positions. As of the pay period ending January 30, 2021, there were 588.0 filled positions and 29.5 vacancies.

The Governor recommended $79.5 million, which is $6.6 million more than enacted and $0.4 million more than requested. It includes 627.5 positions which is 10.0 more than the enacted authorization and 14.5 fewer than requested. This includes $4.8 million for existing staff, including restoring turnover savings and current service adjustments, and $1.8 million for new positions. The recommendation includes 16.0 new frontline staff positions, 2.0 paralegal positions, 1.0 utilization management position, offset by 9.0 positions fewer at the training school. **The Assembly concurred and further added $9.4 million from general revenues and authorization for 75.0 new positions identified as necessary for the Department to achieve accreditation. It also included language in Article 3 authorizing the Governor to set the salary of the Director of the Department in 2021 and to enter into a three year contract for the position.**

Placements

The Department provides placement services for youth removed from their home. It offers foster care when appropriate, but places children into group homes when more extensive treatment and services are required. The Department manages some homes under its direct supervision while other placements are managed by private entities that are required to oversee service provisions as agreed upon through a contract. The Department also provides services funded through federal resources including Medicaid, Title IV-E, and Supplemental Security Income payments. Descriptions of each placement are provided in the paragraphs that follow.

Congregate Care Placements. The Department provides residential services to approximately 390 children and youth under its care. This includes in-state group homes, assessment and stabilization centers, Bradley Hospital, independent and semi-independent living facilities, residential treatment centers and out-of-state placements if no appropriate in-state placement is available. While the state has contracts with several providers within the same placement type, each provider has differing rates that vary based on services provided. For example, Groden Center and Boys Town New England both offer group home placements, but vary in cost as Groden Center provides more extensive therapeutic treatments.

The request includes lower placement costs but a higher number of placements than assumed in the enacted budget. Through the first half of FY 2021, the Department averaged 389 congregate care placements which is 19 more than assumed in the request. In FY 2020, the Department estimated that 23 percent of all children in its care were unnecessarily placed in higher levels of care and indicated that the availability of home based placements had been the primary barrier to achieving a lower number of congregate care placements. The request assumed that additional lower level-of-need housing will become available through increased foster home recruitment and these youth will transition into these facilities, but no specific timeframe or plan to achieve these savings has been provided. *The Governor's recommendation did not include specific population or cost per youth assumptions, but did appear to assume increased costs for placements, including in congregate and foster care, among other placements noted below.* **The Assembly concurred.**

Foster Care Placements. The Department provides home-based placements to between 1,500 and 1,700 children and youth under its care. The Department first tries to place a youth in a kinship home, which is with a relative or close family friend. If no appropriate placement is available, the Department places the youth in a non-kinship home. Within each of these, there are therapeutic foster homes for youth with more intensive treatment needs and traditional foster homes. The recruitment of foster homes is done by the Department and contracted private agencies. Many of the private agency homes recruit therapeutic homes. While the Department seeks to place these youth in lower levels of care, a lack of traditional foster homes has resulted some youth being in higher level-of-need placements, unnecessarily.

Through the first half of FY 2021, the Department averaged 1,553 placements, which is 147 fewer foster care placements than assumed in the request. In FY 2020, the Department averaged 1,568 foster care placements. It is assumed that as the Department enhances its concentration toward recruiting lower level-of-need placements, youth will transition into foster homes, but no timeframe or plan to move these youth has been provided. The Department is expecting a growth in foster care of approximately 80 youth, but no corresponding change in congregate care. The Department indicates that as restrictions are lifted from the COVID-19 emergency, such as the complete reopening of schools, it expects an influx of foster care youth.

Placement	Description/Services	Population				
		FY 2021 Enacted	FY 2021 Rev. Req.	Diff. from Enacted	FY 2022 Request	FY 2022 Diff. from Rev. Req.
Congregate Care	**Residential Based Placements**	**355.6**	**369.9**	**14.3**	**369.9**	**0.0**
Assessment and Stabilization Centers	Trauma centers with counseling	10.8	8.6	(2.2)	8.6	0.0
Bradley	In-patient psychiatric care, long-term treatment	38.7	29.6	(9.1)	29.6	0.0
Group Homes	Less-intensive treatment plans, counseling	127.3	123.7	(3.6)	123.7	0.0
Independent Living	Unrestricted community access, live in own apartment	18.4	44.2	25.8	44.2	0.0
Residential Treatment Centers	Intensive treatment, behavior modification/treatment	71.7	74.5	2.8	74.5	0.0
Semi Independent Living	Semi-restricted community access, sleep-in staff	38.7	39.3	0.6	39.3	0.0
Out-of-State	Most troubled children care with specialized behavioral needs	50.0	50.0	0.0	50.0	0.0
Foster Care	**Home Based Placements**	**1,663.8**	**1,614.0**	**(49.8)**	**1,694.7**	**80.7**
Private Agency	Intensive, specialized needs with higher level of support services	481.8	529.5	47.7	544.9	15.4
Department	Low-need and able to live in homes	1,182.0	1,084.5	(97.5)	1,149.8	65.3
Total		**2,019.4**	**1,983.9**	**(35.5)**	**2,064.6**	**80.7**

The previous table shows the different placements, agencies providing the services, approximate number receiving the services and changes between the years. The Department is expecting a growth in foster care of approximately 80 youth, but no corresponding change in congregate care. The Department indicates that as restrictions are lifted from the COVID-19 emergency, such as complete reopening of schools, it expects an influx of foster care youth. In the Department's constrained request, it assumes an average of 1,527 foster care placements through a placement reduction initiative described below. *The Governor's recommendation did not include specific population or cost per youth assumptions, but did appear to assume increased costs for placements, including in congregate and foster care, among other placements noted below.* **The Assembly concurred.**

Congregate Care. The Department requested $51.2 million from all sources, including $34.9 million from general revenues, $16.2 million from federal funds, and $0.1 million from restricted receipts for congregate care which are residential based settings. This is $1.6 million less than enacted from all sources, including $2.3 million less from general revenues, $0.8 million more from federal funds, and $0.1 million less from restricted receipts. This is $3.2 million less than the revised request, including $2.8 million less from general revenues which relates to the exclusion of funds for an emergency intake center created in response to the COVID-19 emergency. The request also includes savings of $2.0 million from high-end residential treatments from the transition of youth into a lower level of care.

The Department's constrained request includes savings of $7.3 million, including $5.2 million from general revenues from placement reassessments and further reductions. This would occur through a focus on reducing home removals and improving alignment of placements by increasing the number of children served in home based placements, supporting timely reunifications and adoptions, and placing youth in lower levels of need when appropriate. This assumed a reduction of youth entering new placements from the FY 2019 and FY 2020 average of 90 to 72. The Department did not indicate what specific actions it would take to achieve these savings.

The Governor recommended $56.7 million which is $3.9 million more than enacted, including $1.2 million more from general revenues. This is $5.5 million more than requested, including $3.6 million more from general revenues. The Governor did not include the requested high end residential treatment savings and includes savings of $2.8 million from hiring additional frontline staff positions, resulting in additional foster care homes being recruited and licensed. The Governor's budget did not provide population or cost assumptions, but assuming a population consistent with the request, the cost would be $102,166 more per youth than requested. Alternatively, assuming the same cost per youth as requested, the change is equivalent to 16.9 more placements than requested. **The Assembly concurred.**

Female Residential Facilities. The Department requested $10.4 million, including $4.8 million from general revenues for a full year of operating costs for two new psychiatric residential facilities for female youth currently residing in out-of-state congregate care placements. This is $5.2 million more than enacted, including $2.4 million from general revenues. The request assumed occupation of these facilities would occur for half of FY 2021, although as of March 30, 2021, this has not occurred.

The Department issued a request for information in FY 2018 for the purpose of evaluating whether any vendors would be able to deliver the required level of service in-state. In the request for information, two state buildings were identified for use, but later deemed non-feasible as they would require significant renovations. Typically, a request for proposals is put out to recruit providers. However, there were no vendors who submitted responses that could deliver services out of their own facilities. The Executive Office of Health and Human Services advised the Department to create certification standards for this facility to identify providers who meet these standards and could become eligible candidates to become a psychiatric residential treatment facility. The Department is working with providers to develop cost estimates and ensure all requirements are being met. *The Governor recommended $1.7 million less than*

enacted, including $1.4 million less from general revenues from assuming a later start date of October 2021. **The Assembly concurred.**

Foster Care. The Department requested $35.2 million from all sources, including $29.0 million from general revenues, $5.9 million from federal funds and $0.2 million from restricted receipts for home based foster placements. This is $1.3 million more than enacted from all sources, including $0.2 million more from general revenues, $1.5 million more from federal funds and $0.3 million less from restricted receipts. This is $0.6 million more than the revised request, including $0.3 million from general revenues. The request assumed a foster care population of 1,700 which is 29 more than the enacted budget and 81 more than the revised request, reflecting an expectation that once restrictions are lifted from the COVID-19 emergency, such as complete reopening of schools, it expects an influx of foster care youth.

The Governor recommended $3.0 million more than enacted from all sources, including $1.8 million more from general revenues. This is $1.7 million more than requested. The Governor's budget did not include population or cost assumptions, but assuming a population consistent with the request, it is $4,328 more per youth than requested, or 8.6 percent. Alternatively, using the same cost per youth, the change is equivalent to approximately 310 more placements than assumed in the request, or an increase of 18.5 percent compared to the request. **The Assembly concurred.**

Foster Family Recruitment Initiative. The Department requested $0.1 million from general revenues for a foster family recruitment initiative to recruit additional foster families into its network. The Department indicates that investing resources in foster family recruitment campaigns, licensing resources and retention supports would allow for a larger and more diverse pool of foster families who could meet the range of needs of Department youth. This initiative is excluded in the Department's constrained request. *The Governor did not recommend funding.* **The Assembly concurred.**

Extend Extreme Family Finding Partnership. The Department requested $0.1 million from general revenues for continuation of the work funded from its federal extreme family finding grant with its partner Adoption Rhode Island. These funds are used for intensive record mining and family search and identification to move youth who have been in the child welfare system for extended periods of time to permanency. This is done through the use of private investigators and technology to identify potential connections for youth, especially those with challenging behaviors, mental health issues or physical disabilities. The grant expired in December 2020. This initiative was excluded in the Department's constrained request. *The Governor recommended $13,739, including $40,783 from general revenues, for this initiative. Costs are offset by savings of $118,261, including $91,217 from general revenues, from placement savings from 5.0 additional youth being adopted.* **The Assembly concurred.**

Frontline Staff (18.0 FTE). The Department requested $1.8 million from all sources for 18.0 new frontline staff positions, consistent with the Governor's FY 2021 recommendation. The enacted budget did not include authorization for new positions; the Department had 40.5 positions vacant when the budget was passed. These positions include 4.0 child protective investigators, and 14.0 positions in the family services unit to help lower frontline staff workers caseloads. As of the pay period ending January 30, the Department has 417.0 filled frontline staff positions of the approximately 465.0 positions or 48.0 vacancies. *The Governor recommended authorization and funding of $1.6 million, including $1.1 million from general revenues, for 16.0 additional frontline staff positions for a full year.* **The Assembly concurred with these new positions and added more staff, noted elsewhere.**

Contract Manager (1.0 FTE). The Department requested $0.1 million for a contract manager position, consistent with the FY 2021 request and Governor's FY 2021 recommended budget. The enacted budget did not include authorization for new positions; the Department had 40.5 positions vacant when the budget was passed. The position would oversee all agency placement contracts. *The Governor recommended funding consistent with the enacted budget.* **The Assembly concurred.**

Foster Care Home Studies. The Department requested $19,000 from general revenues, which is $0.3 million less than enacted for foster care home studies. Home studies are used to evaluate the safety and preparation of the home to receive foster children. There are four providers who perform home study services, including Community Care Alliance, Family Service of Rhode Island, Deveraux Foundation and Children's Friends and Services. The Department had decided that it will work toward conducting all of the home studies itself and no longer use external contractors and, through March, had not incurred any costs for these studies. It indicated existing staff would be capable of conducting the home studies. *The Governor recommended funding as requested.* **The Assembly concurred.**

COVID-19 Expenses. The enacted budget includes $2.9 million for COVID-19 pandemic support, including isolation and intake placements for youth, as well as enhanced foster care support. The request excludes the $2.9 million in the enacted budget for these placements and assumes no expenses for FY 2022. The FY 2020 budget included $1.8 million from the Coronavirus Relief Fund for these expenses, of which $0.9 million was spent, reflecting a lower need than initially projected.

The Governor recommended $2.4 million less than enacted for these expenses, excluding most funding provided in the enacted budget. The recommended budget includes $0.5 million of expenditures from federal funds for which a specific grant source had not been identified at the time of the submission. This appears to assume that the expenses would be suitable for some of the funding approved in the American Rescue Plan, which President Biden signed the day the budget was submitted to the General Assembly. The Governor subsequently requested an amendment to exclude the $0.5 million without a specific grant fund source, partially offset by $0.1 million from federal Emergency Management Agency funds for isolation and intake placements.

The Assembly concurred with the amended recommendation and added $1.5 million for COVID related child welfare services grants, including $0.5 million from the Consolidated Appropriations Act of 2021 and $1.0 million from the American Rescue Plan Act. Specifically, $0.7 million to enhance community-based and prevention-focused programs, $0.3 million for improving the child protective services system, $0.3 million to assist youth whose post-secondary education was interrupted by the pandemic, and $0.2 million to enhance prevention and early intervention.

Medicaid Match Rate Increase. On March 18, 2020, President Trump signed into law the Families First Coronavirus Response Act, which temporarily increased a state's Medicaid match rate by 6.2 percent for services provided from January 1, 2020 until the end of the public health emergency. The Department's request excludes the $3.9 million in general revenue savings included in the enacted budget. The public health emergency has been extended through the first half of FY 2022 which would be an additional general revenue savings of at least $2.0 million. *The Governor's recommendation includes savings of $3.0 million from the enhanced Medicaid match rate for the first half of FY 2022.* **The Assembly concurred.**

Voluntary Extension of Care. The Department requested $1.2 million, including $1.1 million from general revenues for rent and services provided through the Voluntary Extension of Care program for youth age 18 to 21. Consistent with the revised request, this includes $0.3 million more than enacted, including $0.4 million more from general revenues and $0.1 million less from federal funds for rent and other services. The Department indicated that the general revenue share is increasing because eligible Title IV-E reimbursements are about half of what was expected in the enacted budget as the standards required for Title IV-E reimbursements require an income threshold that is not being met. The program lets individuals age 18 through 21 remain in state care with the Family Court retaining oversight. As of early December, there were 98 individuals involved in the program which is 22 more youth than the FY 2020 average of 76 individuals. The average monthly housing voucher is $600. *The Governor recommended $175,460 more than enacted, including $228,291 more from general revenues and $137,225 less than requested, including $138,838 from general revenues. This reflects the Governor's budget projections on population growth and spending.* **The Assembly concurred.**

18 to 21 Year Olds. Currently the state provides transitional services, including residential placements, for individuals aged 18 to 21 who have a developmental disability and/or a serious emotional disturbance and remain under the care of the Department. Those not meeting that criteria are closed to the Department on their 18th birthday and may receive services through the Voluntary Extension of Care program. There is an agreement between the Department and the Executive Office of Health and Human Services to leverage Medicaid for the services provided.

The Department previously reported that it was unable to identify how many individuals in its custody meet the definition of developmentally disabled and/or severely, emotionally disturbed in order to remain on its caseload. Between the Departments of Children, Youth and Families and Behavioral Healthcare, Developmental Disabilities and Hospitals, individuals meeting this level-of-need are required to have a transition plan into the adult system. In FY 2020, there were approximately 50 individuals, age 18 through 21, who met the criteria to receive services for developmentally disabled adults and had a plan. This did not include those who have a single diagnosis of severely, emotionally disturbed and are not also developmentally disabled. It appears that individuals remain on the Department's caseload who do not meet the statutory standard to do so. The Department estimated that it spent $22.2 million in FY 2020 on this population, although it could not differentiate between those who are severely emotionally disturbed or developmentally disabled and those who do not have either of those conditions but remain on its caseload. *The Governor appeared to assume the same 18 to 21 population as requested.* **The Assembly concurred.**

Child Care. The Department requested $7.0 million from all sources, including $3.2 million from general revenues for child care expenses for children in foster care. This is $2,276 less from supplemental security income than enacted and is consistent with the revised request. The request includes an increase in the number of foster care placements compared to the revised request, which would likely lead to additional child care costs, but the request does not appear to reflect that adjustment. The Assembly had included $2.5 million from Temporary Assistance for Needy Families federal funds in the enacted budget made available through the Department of Human Services for FY 2021. The Department maintained this funding in its FY 2022 request, although it is unclear if this funding will be available.

The Department's constrained request includes savings of $6.0 million from general revenues from transferring additional child care costs to the Department of Human Services' Temporary Assistance for Needy Families block grant, including $1.7 million for child care. *The Governor recommended $0.3 million more than enacted and requested, reflecting his estimated population and costs. The Governor also recommended shifting $2.1 million more than assumed in the enacted budget from general revenues to Temporary Assistance for Needy Families federal funds. The Governor's budget does not include funding for the increased child care rates included in Article 13 which are estimated to cost an additional $0.6 million for FY 2022.*

The Governor subsequently requested three amendments pertaining to child care; this includes shifting $0.6 million from federal funds for the Department's share of the child care rate increase, shifting $2.3 million of Temporary Assistance for Needy Families funds to the Social Services Block Grant, and shifting $1.2 million of the Temporary Assistance for Needy Families funds to the home and community-based services program to align with federal eligibility rules. The shift to the home and community-based services program is offset by a shift to the daycare program for a like amount of general revenues. **The Assembly concurred with the amendments pertaining to the Temporary Assistance for Needy Families fund shifts. It also included $0.7 million from federal funds for the enacted child care rate increase.**

Adoption and Guardianship. The Department requested $25.8 million from all sources, including $17.7 million from general revenues for adoption and guardianship expenses. This is $0.2 million less than enacted, including $0.1 million from general revenues and is consistent with the revised request. The Department indicates that it is working towards moving more placements from foster homes and congregate care homes to permanent homes and assumes 833 guardianship placements which is 41 fewer than assumed

in the enacted budget. *The recommendation includes $1.5 million less than enacted, and $1.3 million less than requested, including $0.8 million less from general revenues. This is $1.3 million less than requested, including $0.8 million less from general revenues. The Governor's budget did not include population or cost assumptions, but assuming a population consistent with the request, it is $436 less per youth than requested. Alternatively, using the same cost per youth, the change is equivalent to approximately 159 fewer placements than assumed in the request.* **The Assembly concurred.**

Legal Staff (4.0 FTE). The Department requested $0.1 million more than enacted from all sources for 4.0 new legal staff, including two attorneys and two paralegals, consistent with the Governor's FY 2021 recommended budget, which the Department notes would improve the caseload per attorney. As of December 2019, the average caseload per attorney was 392 while national best practices suggest a range of 50 to 141. The enacted budget did not authorize the new positions; the Department had 40.5 positions vacant when the budget passed. According to the Department, attorneys would be able to meet with judges more frequently resulting in a more expedited permanent placement process. Legal staff funding for human service agencies are budgeted within the Executive Office of Health and Human Services as required by statute, including the 2.0 newly requested attorney positions. Consistent with the Governor's FY 2021 proposal, the enacted budget transferred 4.0 attorney positions from the Department's authorized staffing level to the Executive Office. *The Governor recommended authorization and funding of $135,198 from general revenues for 2.0 paralegal positions.* **The Assembly concurred.**

Home and Community Based Services. The Department requested $34.9 million from all sources, including $31.5 million from general revenues based on updated usage estimates for community based services for foster care, congregate care, and in-home populations. This is $1.8 million more than enacted, including $2.1 million from general revenues. This is $0.3 million more than the revised request to reflect an increased foster care caseload. While the Department delivers these services to all youth under its care, foster families are the primary recipients of these services. These services include counseling, education programs, family support services for preparation for reunification, family centered treatment, parent aides, and the Positive Parenting Program.

The constrained request includes savings of $6.0 million from general revenues from transferring additional child care costs to Temporary Assistance for Needy Families federal funds, including $4.3 million for home and community based services. Services that help prevent out-of-home removals are authorized uses of these funds. *The Governor recommended $21,088 more than enacted for these services based on projected need for FY 2022. As previously noted, the Governor subsequently requested an amendment to shift $1.2 million of general revenues to child care expenses. This is offset by a like shift of the Temporary Assistance for Needy Families block grant for the home and community-based services program to align with federal eligibility rules.* **The Assembly concurred with the amended recommendation.**

Families First Prevention Act. As a part of its constrained request, the Department inadvertently included general revenue savings of $0.5 million from the implementation of the Qualified Residential Treatment Program provisions of the Family First Prevention Services Act of 2018. The Department intended to request an additional $0.5 million from general revenues from the loss of Title IV-E funds. In an attempt to reduce states' use of congregate care, the act now only allows for reimbursement of programs that are designated as qualified residential treatment programs. To qualify, these programs must be licensed and accredited and use a treatment model that includes recognition of trauma. It also must include a registered or licensed nursing staff available 24 hours a day, seven days a week. States must implement this legislation by September 29, 2021 to continue to receive federal support. The Department indicated a cost-benefit analysis determined that it would be cost prohibitive to proceed with compliance, as qualifying costs exceed the expected loss in Title IV-E claiming. The Department did not include the corresponding amount of lost federal funds in its proposal.

According to the National Conference of State Legislatures, as of May 2019, 63 bills have been introduced in 26 states that include developing strategic prevention plans, establishing task forces and addressing fiscal issues related to Families First. A few examples include Colorado, under SB 18-254, requiring an analysis and projection of the fiscal impact of this legislation and that a child welfare services task force ensure alignment with the Family First legislation and Texas, under SB-781, requiring a strategic plan for placement of children in settings eligible for federal reimbursement. *The Governor recommended $0.4 million from general revenues to offset the loss of Title IV-E funds.* **The Assembly concurred.**

Behavioral Health Services Extension. The Department requested $3.4 million for an extension of its community-based behavioral health services, including $1.7 million from general revenues and $1.7 million from federal funds. The Department has behavioral health services currently available, but unless a family has an open case with casework staff or juvenile justice divisions, its options are limited. The initiative would allow for additional families to access its behavioral health services when referred to by a family care community partnership provider. According to the Department, this would help prevent the need for higher intensity intervention or additional system involvement, such as a youth being moved into state care. It does not appear any caseload savings were assumed from this initiative. The constrained request excludes this initiative. *The Governor did not recommend funding.* **The Assembly concurred.**

Local Education Agency Reimbursement. The Department's request restores $2.7 million of the $4.3 million in savings included in the enacted budget for reimbursed collections from local education agencies for education costs for children who receive education services in congregate care. This assumes $0.4 million less in reimbursement collections than the revised request, although it does not appear to assume any difference in payments made to local education agencies, just a lower amount collected. The percent assumed to be collected is typically based on the amount collected in previous years, so it is unclear why the assumption is different than the revised request. Residential facilities that include the delivery of education services are compensated partially for education costs by the child's hometown local education agency. The local education agencies must pay the special education rate per child to each of these facilities and, if additional funding is required, the Department pays the remainder of those costs. It is worth noting the Department must pay the difference to the residential facility for unpaid bills.

Traditionally, residential facilities have billed local education agencies directly for reimbursement for educational costs. However, facilities have reported that disputes over residency have resulted in diminished collections. When a dispute occurs, the Department determines residency in coordination with the Department of Elementary and Secondary Education. In order to ensure facilities were compensated, the Department, in FY 2020, began paying the education costs to these facilities and obtained reimbursement from the appropriate local education agency. *The Governor recommended funding essentially as requested.* **The Assembly concurred.**

Children's Rights Settlement. Consistent with its revised request, the Department requested $0.1 million from general revenues, which is $0.1 million less than enacted, to reflect prior year costs for a data validator that is required as a part of the state's settlement with Children's Rights. In May 2018, the case was settled in the Court of Appeals for the First Circuit. The Department entered into an agreement to fulfill mutually agreed upon commitments for improvement. The settlement included commitment areas the Department must address and report on. It appears as though the Department did not fulfill multiple commitments for two consecutive periods which means it must conduct a workload study in consultation with the Child Advocate and the data validator. As of February 1, 2021, the study had not begun.

For each commitment, the Department is required to submit proof of compliance data to an independent data validator who will determine if the Department data is unbiased, reliable and statistically valid. Findings and assessments are then submitted to the Office of the Child Advocate who will determine whether or not the Department has fulfilled the agreed upon criteria. Upon completion of each assessment for two consecutive six month periods, the Department may file with the District Court of Rhode Island to

exit from monitoring for that specific commitment. If the Department fails to comply with these requirements, the data validator and the Office will put forward a corrective action plan to help guide compliance. If such action fails, a second corrective action will be decided between the parties once again in court. *The Governor recommended funding as requested.* **The Assembly added $0.2 million from general revenues for a workload study, consistent with the estimate provided by the monitoring team.**

Higher Education Incentive Grant. The enacted budget includes $376,820 for Higher Education support payments. This includes $0.2 million from general revenues for the statutorily mandated funding for the Higher Education Incentive Grant, $0.2 million from federal funds for Education and Training Vouchers and $4,803 from restricted receipts. In its revised request, the Department shifted costs to resources accumulated from unspent Higher Education Incentive Grant funds from prior years which are placed in a restricted receipt account. The Department requested total funding of $0.4 million, which is $23,179 more than the enacted budget, including $18,286 more from federal funds and $4,893 more from restricted receipts.

The Higher Education Incentive Grant is provided to former foster care youth who choose to attend the University of Rhode Island, Rhode Island College, or the Community College of Rhode Island. In order to qualify, a youth must have been in Department foster care on or after their 16th birthday and spent at least two years in foster care. General revenue funds have historically been paid to the Office of Postsecondary Commissioner during the fall, but in March 2021, it was reported the Department was making payments directly to the educational institutions. Similar to the Higher Education Incentive Grant, the vouchers are an annual federal grant provided to states to fund youth who have aged out of the foster care system and enrolled in college, university or vocational training programs. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Placements and Services. The Department requested $3.4 million, including $1.9 million from general revenues for all other placements and services. This is $0.9 million less than enacted, including $0.7 million less from general revenues and is consistent with the revised request. These costs include intensive supervision for troubled children, client rents, and training for nursing and religious chaplains. These placements also include medical treatments provided to children, a first month rent payment when it is the last barrier to reunification, purchasing bus passes for parents when necessary, parent aide services including education (tutoring, SATs, unfunded summer school, etc.) among other costs that are not covered by any other source of payment. *The Governor recommended $0.7 million less than enacted, including $0.6 million less from general revenues. This is $0.2 million more than requested, mostly from general revenues which reflects updated spending projections.* **The Assembly concurred.**

Juvenile Corrections

Salaries and Benefits. The Department requested $18.3 million, including $18.1 million from general revenues for salaries and benefits for Juvenile Corrections. This is $1.2 million more than enacted, including $3.7 million more from general revenues, partially offset by $2.4 million less from federal funds. The enacted budget includes $2.4 million from the Coronavirus Relief Fund, offsetting general revenues, for its COVID-19 related staffing costs and assumed no expenses for FY 2022. These expenses are restored in the request. The request also restores turnover savings included in the enacted budget and assumes an average of 4.5 positions vacant per pay period of its 144.0 requested positions or an average of 139.5 positions filled per pay period. The enacted budget assumes savings of $15,092 from general revenues based on employee participation in the workshare program, which ended in September 2020. Adjusted for this, the request is $1.2 million more than the enacted budget, including $3.5 million more from general revenues, reflecting a full year of funding for additional positions.

The Department included $2.5 million of savings in its constrained request, including $2.5 million from general revenues and $35,181 from federal funds from overtime reductions, hiring delays and turnover

savings which is equivalent to approximately 19 positions. Although the Department did not identify specifically how these savings would be achieved, it states that this would be done through a review to find efficiencies. *The Governor included $0.4 million less than requested from general revenues, and 9.0 fewer positions at the training school to reflect its population which has averaged 16 fewer youth through the first half of FY 2021 than in FY 2020. The recommendation also replaces enacted federal Coronavirus Relief funds with general revenues.* **The Assembly concurred and also provided $83,657 less to reflect the juvenile corrections share of the voluntary retirement incentive savings.**

Education Services. The Department requested $0.2 million, including $0.2 million from general revenues for education expenses at the Rhode Island Training School. This is $40,691 less than enacted and $45,000 less than the revised request reflecting exclusion of an FY 2021 grant from the Rhode Island Foundation. Educational services are provided to all residents of the Training School, both detained and adjudicated. Each class is capped at 12 students. The services adhere to all Department of Elementary and Secondary Education regulations. Courses include academic, co-curricular and career/technical work. The Community College of Rhode Island offers on-site courses and vocational classes to post-secondary students. *The Governor recommended funding as requested.* **The Assembly concurred.**

Institutional Support Services. The Department requested $0.9 million for institutional support services at the Rhode Island Training School which is $0.1 million more than enacted from general revenues and consistent with the revised request and the Governor's original FY 2021 recommendation, despite a lower population. The Department had averaged 24 youth at the Training School through the first half of FY 2021 which is 16 fewer than the FY 2020 average of 40. These expenses include legal costs, repairs and maintenance, food, non-prescription medicine and clothing expenses for juveniles. *The Governor recommended funding as requested.* **The Assembly concurred.**

Juvenile Probation and Parole. The Department requested $0.3 million for Juvenile Probation and Parole, primarily for temporary staff. This is $35,038 less than enacted and consistent with the revised request. The enacted budget includes $354,084, consistent with the Governor's FY 2021 recommendation. The Department requested $319,046 which is $10,758 more than was spent in FY 2020. These services include the supervision of adolescents that are placed on probation by the Family Court. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations

Accreditation. Article 13 of 2019-H 5151, Substitute A, as amended, included language requiring the Department to initiate the process to become accredited by September 1, 2019 and submit an accreditation plan to the Governor, the Speaker of the House of Representatives, the President of the Senate, and several House and Senate Committee Chairs by October 1, 2020.

The report was submitted on time and in it the Department proposed a 48-month plan for its accreditation. As part of that plan, the report noted that in year one the Department must conduct a self-study which includes a more formal and complete analysis of what it would take to come into compliance with Council standards than what was included in the accreditation plan. It does not note the cost of the self-study in the accreditation plan, nor is any funding requested for it. *The Governor excluded funding as requested.*

The Assembly provided $9.4 million from general revenues and authorization for 75.0 additional positions, identified in the Department's accreditation plan as necessary to achieve accreditation in addition to the 16.0 frontline workers included in the Governor's recommendation. This includes $8.8 million for additional staff costs and $0.6 million for other identified costs such as the application fee, accreditation readiness assessment, accreditation fees and site visit costs.

The Assembly also included language in Article 1 of 2021-H 6122, Substitute A, as amended, requiring the Department to provide a report every sixty days, beginning September 1, 2021, on its progress implementing the accreditation plan and any projected changes needed to effectuate that plan. The report is required to include information on recruitment and retention efforts, including the diversity of its workforce, documentation of newly filled and vacated positions and progress towards reducing worker caseloads.

Chief Human Service Business Officers (2.0 FTE). The Department requested $0.2 million for 2.0 new Chief Human Service Business Officers, consistent with the Governor's FY 2021 recommended budget. These individuals would be responsible for fiscal and accounting management, including auditing services, purchasing, and budget preparation. The enacted budget did not include authorization for new positions; the Department had 40.5 positions vacant when the budget was passed. The request provides a full year of funding. *The Governor did not recommend these positions.* **The Assembly concurred.**

Other Salaries and Benefits. The Department requested $58.6 million, including $42.2 million from general revenues for the remainder of the Department's 498.0 requested positions, including frontline workers, behavioral health workers, and administrative personnel. This is $2.7 million more than enacted from all sources, including $5.0 million from general revenues and would fund 476.6 of the Department's requested 498.0 positions. The Department's request assumes no change in overtime costs. The enacted budget assumes savings of $0.2 million, including $0.1 million from general revenues based on employee participation in the workshare program which ended in September 2020. Adjusted for this, the request is $2.6 million more than enacted, including $5.0 million more from general revenues, reflecting a full year of funding for additional positions.

The Department includes $9.4 million of savings in its constrained request, including $6.4 million from general revenues from overtime reductions, hiring delays and turnover savings equivalent to approximately 73 positions. The Department did not identify specifically how it would be achieved, other than through a review to find efficiencies.

The Governor recommended $4.0 million more than enacted, including $5.5 million more from general revenues, from restoring turnover savings included in the enacted budget equivalent to approximately 43 positions, indicating the Department intends to fill most of its authorized positions. This includes $0.6 million from Federal Emergency Management Agency funds and $0.4 million of expenditures from federal funds for which a specific grant source had not been identified at the time of the submission. This appears to assume that the expenses would be suitable for some of the funding approved in the American Rescue Plan, which President Biden signed the day the budget was submitted to the General Assembly.

The Governor subsequently requested an amendment to exclude $1.0 million from federal COVID funding, including $0.6 million from federal Emergency Management Agency funds and $0.4 million without an identified grant source. **The Assembly concurred with the amended recommendation, in addition to the accreditation related staffing noted previously. It also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration. This includes $642,453 for non-juvenile corrections staff, equivalent to approximately 17 participants.**

Temporary Staff. The Department requested $0.3 million which is $38,769 less than enacted for temporary staff which are used to fill vacancies until permanent staff can be hired. This is consistent with the Department's revised request. The Department spent $0.4 million on these services in FY 2020. The average staffing level through the first half of FY 2021 is 6.4 positions lower than FY 2020. *The Governor recommended funding as requested.* **The Assembly concurred.**

Mobile Crisis Response System. The Department requested $1.8 million from general revenues for a new mobile response and stabilization service. Mobile response and stabilization services, commonly referred to as the MCRS, a service that is designed specifically to intercede before urgent behavioral situations become unmanageable and costly. During FY 2021, Thrive Behavioral Health allowed the Department to participate in its pilot program by providing 10 slots. The Department indicated that it found the program beneficial and that implementing this system would enhance its ability to avert unnecessary out-of-home placements and foster care placement disruptions, resulting in savings, as seen in other states that have implemented the system. The Department did not include any placement savings from this initiative for FY 2022, indicating that it would take time to achieve identifiable savings. The Department excludes this initiative in its constrained request. *The Governor did not recommend funding.* **The Assembly concurred.**

Placement Review. The Department includes $0.6 million for expansion of its utilization management capacity through the use of a vendor. Utilization management refers to performing regular reviews of youth in congregate care to ensure proper placement, assessing each youth's level-of-need and progress toward being placed in a permanent home, and evaluating services within the group setting. Currently, the Department has one team that handles reviews for abuse and neglect cases, which is a condition required in the Children's Rights settlement, and the proposal expands this work through the use of a vendor. This initiative is excluded in the Department's constrained request.

The Governor recommended $95,175, including $72,634 from general revenues and authorization for 1.0 new position to conduct these reviews. This is offset by placement savings of $53,796, including $38,385 from general revenues. This would assume that youth are moved from higher levels of care to lower levels. **The Assembly concurred.**

Rented Property. The Department requested $2.9 million, which is $0.4 million more than enacted for its rented property including its headquarters at 101 Friendship Street and its various field offices throughout the state, consistent with FY 2020 actual costs. The enacted budget was based on the Governor's recommendation which did not properly reflect updated contract costs.

The Department's constrained request includes savings of $495,901, including $478,123 from general revenues from subletting its headquarters at 101 Friendship Street, a five floor, 99,000 square foot facility. According to the Department, the use of telework, shared workspaces, and equipment allows for fewer staff on site. The proposal is to sublet space to another State agency which would pass the costs from the Department to another state agency which would not achieve any savings to the state. *The Governor recommended funding consistent with the constrained request.* **The Assembly did not concur with the savings and provided funding consistent with the unconstrained request.**

Vehicle Fleet. The Department included $0.1 million for the use of 20 vehicles from the state fleet for frontline staff which would replace older state owned vehicles. The Department reported that some of the state owned vehicles are over 20 years old which would be replaced with these new vehicles. As of March 2021, the Department has a fleet of 100 vehicles for frontline staff, which includes 20 vehicles privately leased through Vehicle Leasing Associates LLC, which are paid from general revenues and 80 state owned vehicles. The vehicles were leased beginning in August 2020 during protests which resulted in the torching and vandalizing of Department vehicles. The emergency leasing agreement expires at the end of FY 2021; this funding would allow for leasing to continue for 20 vehicles for FY 2022.

The Department included an additional $150,000 from general revenues in its constrained request for an additional 20 leased vehicles from the state fleet.

The Governor's recommendation provides $0.2 million from general revenues for 20 leased vehicles which would replace older state-owned vehicles, but partially offsets those costs with vehicle maintenance savings of $0.1 million. In his capital recommendation, the Governor recommended $1.2 million from the State

Fleet Revolving Loan Fund, including $0.8 million in FY 2022 and $0.4 million in FY 2023, to finance 30 zero-emission vehicles that will replace existing high-mileage cars and minivans. **The Assembly concurred.**

Adoption Well-Being Rhode Island. Consistent with the revised request, the Department requested $0.2 million from federal funds, or $6,809 less than enacted, for Adoption Well-Being Rhode Island. These funds are used to help families adopt children with special needs. These funds are awarded through the federal Administration for Children and Families which is a division of the federal Department of Health and Human Services. *The Governor recommended funding as requested.* **The Assembly concurred.**

Technology Purchases. The Department requested $0.2 million for computer supplies, software, and equipment for FY 2022, consistent with its revised request for FY 2021. This includes $0.1 million from general revenues and $0.1 million from federal funds, and is $0.1 million more than enacted, including $43,561 more from general revenues and $0.1 million more from federal funds. In FY 2020, the Department spent $0.4 million on these purchases, including $0.1 million from general revenues and $0.3 million from federal funds. It appears these purchases were largely in response to staff working remotely because of the COVID-19 emergency. The request brings total costs to $181,629, which is still below pre-COVID emergency costs. In FY 2019, the Department spent $224,967, or $43,338 more than requested. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Projects. The Department requested $1.1 million from Rhode Island Capital Plan funds for projects at the Rhode Island Training School. The request for FY 2022 is $0.1 million less than enacted, although it inadvertently included funding of $0.7 million for the generators project, which is expected to be completed in FY 2021. *The Governor recommended $0.9 million less than enacted from Rhode Island Capital Plan funds. The Governor subsequently requested an amendment to include the federal share of the Rhode Island Children Information System which was inadvertently excluded.* **The Assembly concurred with the amended recommendation. A detailed description of the projects is included in the Capital Budget section of this publication.**

Centralized Services. The Department requested $4.0 million, including $3.0 million from general revenues for centralized services provided through the Department of Administration. This is $0.6 million more than enacted, including $0.3 million more from general revenues for its share of facilities management and $0.3 million more from federal funds for information technology services. The Department reported the request reflects an average of previous years costs, adjusted to exclude the Benton Building which is now operated by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. Through March, the Department has spent $0.2 million on its share of facilities management suggesting its need is consistent with the enacted amount. *The Governor recommended funding as requested. The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work.* **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $554,924 from general revenues in the Department of Children, Youth and Families' budget. This includes $121,263 more for facilities and $433,661 more for information technology.**

Other Operations. The Department requested $2.4 million which is $88,576 more than enacted, including by $142,027 more from general revenues for all other expenses, which reflects updated cost estimates and is consistent with the revised request. These costs include technology support and repairs, mobile phones for training social workers, computers, phones, property maintenance, out-of-state travel costs for visitation of children, legal costs and other supplies. *The Governor recommended funding as requested.* **The Assembly concurred.**

Department of Health

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Central Management	$ 15,597,771	$ 27,253,251	$ 18,939,583	$ 35,735,625
Community Health and Equity	106,131,001	109,816,164	111,401,990	113,075,253
Environmental Health	13,584,282	13,973,267	13,942,434	13,866,161
Health Lab. & Medical Examiner	16,562,705	14,825,332	12,211,060	13,148,234
Customer Services	14,492,928	17,216,327	17,015,937	14,982,808
Policy, Info. & Communications	5,006,444	5,759,945	5,186,166	4,946,363
Preparedness, Response, Infectious Disease & Emergency Services	407,254,282	47,425,829	23,968,884	33,099,004
COVID-19	-	406,006,309	161,721,718	241,991,855
Total	**$ 578,629,413**	**$ 642,276,424**	**$ 364,387,772**	**$ 470,845,303**
Expenditures by Category				
Salaries and Benefits	$ 60,650,175	$ 73,480,026	$ 67,326,646	$ 71,326,203
Contracted Services	96,696,518	391,346,575	156,012,064	206,216,538
Subtotal	**$ 157,346,693**	**$ 464,826,601**	**$ 223,338,710**	**$ 277,542,741**
Other State Operations	368,849,865	122,723,386	85,868,379	130,603,962
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	49,345,938	54,123,627	54,093,601	61,646,518
Capital	3,086,917	602,810	1,087,082	1,052,082
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 578,629,413**	**$ 642,276,424**	**$ 364,387,772**	**$ 470,845,303**
Sources of Funds				
General Revenue	$ 110,254,084	$ 32,755,109	$ 30,582,755	$ 31,030,190
Federal Aid	420,361,529	547,305,034	277,653,723	368,284,737
Restricted Receipts	47,813,800	62,016,281	55,551,294	70,930,376
Other	200,000	200,000	600,000	600,000
Total	**$ 578,629,413**	**$ 642,276,424**	**$ 364,387,772**	**$ 470,845,303**
FTE Authorization	**513.6**	**513.6**	**517.6**	**530.6**

Summary. The Department of Health requested FY 2022 expenditures totaling $202.2 million from all sources, including $32.9 million from general revenues. The request is $376.4 million less than enacted, reflecting the exclusion of $390.0 million for COVID-19 expenses. Adjusting for these expenses, the request is $13.5 million more than enacted. Consistent with the revised request, it includes staffing of 555.6 full-time equivalent positions, 42.0 more than authorized. As of the end of February, the Department had 10.2 vacancies.

The Department submitted a constrained request, which reduces requested general revenue expenses by $3.9 million. This reflects the exclusion of $1.6 million for new initiatives, shifts $1.8 million to indirect cost recovery restricted receipts and the Opioid Stewardship Fund, shifts $0.2 million to the State Police, and includes $0.3 million in program reductions.

The Governor recommended $364.4 million from all sources, including $30.6 million from general revenues. This is $162.2 million more than requested, including $159.7 million more from federal funds for continued COVID-19 related expenses; general revenue expenditures are $2.4 million less, mainly reflecting the Department's constrained proposals to shift expenses for the Forensics Health Laboratories to restricted receipts. The Governor recommended staffing of 517.6 full-time equivalent positions, 4.0 more than authorized. The Governor subsequently requested an amendment to include an additional $180.8 million from the American Rescue Plan Act awards and available federal funds from prior stimulus grants. These expenses are partially offset by $62.8 million of expenses that were previously assumed would be supported by the Federal Emergency Management Agency. Another amendment adds 15.0 full-time equivalent positions for administration, financial oversight of Centers for Disease Control and Prevention grants and monitoring vaccination efforts and new outbreaks, bringing recommended staffing to 532.6 full-time equivalent positions.

The Assembly concurred with the requested amendments and provided $470.8 million from all sources, including $31.0 million from general revenues. This is $106.5 million more than the original recommendation. It did not concur with the Governor's proposals for an adult-use marijuana program, or authorizing the director to charge fees for processing special data requests and offer exemptions from those fees. The Assembly provided general revenue funding for the health laboratories, in lieu of shifting these ongoing expenses to the Opioid Stewardship Fund. It authorized 530.6 full-time equivalent positions.

Staffing. The Department requested expenditures of $67.1 million from all sources for salaries and benefits for 555.6 full-time equivalent positions, 42.0 more than enacted and consistent with the revised request. This is $6.5 million more than enacted, including $7.9 million from general revenues. The enacted budget includes a shift of $7.9 million of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency. Adjusting for this, the general revenue request is $83,333 more than enacted. The request includes benefit rates consistent with FY 2022 planning values and is $0.7 million more than the current service estimate, including $0.4 million for a new Dockside Program. The request assumes $2.4 million in turnover savings, which is equivalent to 18.6 positions. The enacted budget includes $1.4 million in turnover savings, assuming 11.0 vacancies. Through the end of February, the average filled positions totaled 502.5, or 11.1 less than enacted.

The staffing authorization increases by 42.0 full-time equivalent positions, which the Department indicated are to support health and safety programs, for which vacancies were repurposed to pandemic duties, or are new positions supported by various federal grants. It should be noted that the Department filled various positions over the year to respond to the pandemic. The 2020 Assembly increased the Department's staffing authorization by 15.0 full-time equivalent positions, based on an amendment the Governor requested to add pandemic response staff.

Programs	FY 2020 Final	FY 2021 Enacted	FY 2022 Request	FY 2022 Gov. Rec.*	FY 2022 Enacted	Chg. to Gov. Rec.
Central Management	36.0	35.0	51.0	41.1	51.1	10.0
Community Health and Equity	90.0	90.0	97.0	91.8	92.8	1.0
Environmental Health	85.0	85.0	92.0	87.0	88.0	1.0
Health Lab. & Medical Examiners	94.0	94.0	100.0	94.0	94.0	-
Customer Services	89.0	89.0	96.0	92.0	92.0	-
Policy, Information & Communications	55.6	55.6	66.6	61.7	59.7	(2.0)
Preparedness, Response, Infectious Disease & Emergency Services	50.0	65.0	52.0	49.0	50.0	1.0
COVID-19	-	-	1.0	1.0	3.0	2.0
Total	**499.6**	**513.6**	**555.6**	**517.6**	**530.6**	**13.0**

**Subsequent amendment increased this by 15*

The previous table reflects the staffing patterns assumed at the time of the budget submission; however, it does not accurately reflect current staffing because of the Department's practice of shifting staff, depending on the needs of the individual programs. This is a result of using available sources, timing of federal grants and general revenue funding availability. This makes it difficult to determine which positions are new.

The Governor recommended staffing of 517.6 full-time equivalent positions, which is 4.0 more than authorized and 38.0 positions less than requested. This includes 6.0 new positions: a supervising accountant position, who will be responsible for developing a cost allocation plan on the amount to charge distributors, wholesalers, and manufacturers of opioids, 3.0 positions to support the Shellfish Dockside Program and 2.0 positions to help the Department sustain its capacity to manage and maintain data systems to meet demands. The Governor concurred with the Department's proposal to eliminate two positions in the Office of Vital Records.

The recommendation includes $67.3 million from all sources for salary and benefit expenses. This is $6.7 million more than enacted and $0.2 million more even though the recommendation funds 38.0 fewer positions than requested. It appears to have removed $4.5 million for the new positions requested but adds $4.7 million for COVID-19 related staffing for which additional authorizations were not recommended. This appears to skew the average cost per position by approximately $15,000. As of the pay period ending March 13, the Department had 4.2 positions vacant.

The Governor subsequently requested an amendment to add 15.0 full-time equivalent positions for administration, financial oversight of Centers for Disease Control and Prevention grants and monitoring vaccination efforts and new outbreaks, bringing recommended staffing to 532.6 positions. **The Assembly concurred, with the exception of including staffing for the health public data requests, and authorized 530.6 full-time equivalent positions for FY 2022.**

Indirect Cost Recovery. The Department uses its indirect cost recovery restricted receipts to offset costs associated with administering federally funded programs. Revenues for the indirect cost recovery account are based on the expenditure of certain federal grants and exclude some expenditures such as assistance and grants. A portion of the Department's federal grants allow a percent cost recovery charge on the actual amount expended. At the end of FY 2020, the Department reported a surplus of $2.9 million, or $1.4 million more than the final budget assumed; receipts were $0.7 million more and expenditures were $0.7 million less than budgeted. Based on requested expenditures and receipts of $9.6 million, the Department projected a surplus of $13.2 million at the end of FY 2022. This increase in resources is largely attributed to charges on new federal stimulus funds. The request assumes expenditures of $8.0 million, which is $0.5 million more than enacted and $0.1 million less than the revised request. It includes $0.5 million more for staffing; expenditures for centralized services are $253,749 less and other operating expenses are $232,018 more.

The constrained request proposes to shift $256,220 of unspecified general revenue expenses to these available restricted receipts. This includes expenses of $54,854 from Central Management and $0.2 million from the Office of Medical Examiners to indirect cost recovery restricted receipts.

The recommended budget includes $10.6 million for FY 2022, which is $3.1 million more than enacted. The Governor did not recommend funding the new positions and concurred with the constrained proposal to shift additional general revenue expenditures to these sources. The recommendation includes $1.5 million or $1.0 million more than enacted to support Health Equity Zones; $0.5 million for information technology support and $1.6 million for unspecified expenditures, which the Department subsequently indicated is for a statewide federal grants management system. The revised budget also includes $0.5 million for the grants management system. It should be noted that the Department of Administration's budget also includes $2.0 million from federal Coronavirus Relief funds in FY 2021 for the system, bringing expenditures to $4.0 million; it is unclear if that is the total project cost.

The Governor also included legislation in Article 1 of 2021-H 6122 requiring the Director of the Office of Management and Budget to approve expenditures from the indirect cost recoveries on federal stimulus grants. The Governor subsequently requested an amendment to include additional expenses of $17.2 million to be supported from indirect cost recovery receipts. This includes $3.9 million in grants to various community based agencies, $7.6 million for contracted services, $1.9 million for operating expenses and $3.9 million for staffing costs. A requested amendment also increases staffing in the Department by 15.0 full-time equivalent positions for administration, financial oversight of Centers for Disease Control and Prevention grants and monitoring vaccination efforts and new outbreaks. **The Assembly concurred with the amended recommendation.**

Centralized Services. The Department requested $5.7 million from all sources, or $0.1 million more than enacted for its share of centralized services provided by the Department of Administration. This includes $0.8 million, or $64,224 less for human resources services; this appears to be consistent with the rate charge of $1,527.99 per filled position. Expenditures for information technology services are $2.2 million, $0.3 million less than enacted and $0.2 million less than the revised request. The request includes $2.7 million from general revenues for facilities management, or $0.5 million more than enacted. The Department indicated that this is based on information provided by the Department of Administration and that these expenses do not assume facility management costs for the new Medical Examiners facility in Cumberland, which is currently occupied.

The Governor recommended funding as requested. The Governor's recommended budget includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and removed $252,789 from general revenues in the Department's budget. This includes $154,833 more for information technology and $407,622 less for facilities management services.**

Opioid Overdose Prevention Programs. Excluding expenses for centralized services, the request includes $1.3 million from federal funds and restricted receipts for opioid overdose prevention programs. This is $0.8 million or $0.2 million less from a federal grant awarded to make naloxone available to law enforcement officers and train first responders so that they can respond to an overdose. This is offset by new expenditures of $0.5 million from the Opioid Stewardship Fund, including $0.1 million to fund a supervising accountant position, who will be responsible for developing a cost allocation plan on the amount to charge distributors, wholesalers, and manufacturers of opioids. The position will also be responsible for reviewing revenues and developing memorandums of understanding with other state agencies for approved projects. It includes $0.2 million in grants to community-based agencies to address the opioid epidemic and to address fatal overdose outcomes, and $0.1 million for operating expenses.

In July 2019, the Governor signed the Opioid Stewardship Act into law. The legislation established fees totaling $5.0 million annually assessed to manufacturers and distributors of opioids registered in the state, and deposited as restricted receipts for programs that provide opioid treatment, recovery, prevention, and education services, subject to future appropriation. Pursuant to the law, a registrant's fee is based on its market share of gross opioid sales in the state from the previous year. Full payment for the 2018 calendar year is due December 31, 2019, with subsequent payments occurring annually thereafter.

The constrained request proposes to shift $1.5 million of general revenue expenses to these funds. This includes $1.5 million for health laboratory expenses and $54,700 for the needle exchange and resources program. Current law states that the funds be available to provide "opioid treatment, recovery, prevention, education services, and other related programs, subject to appropriation by the general assembly."

Based on the available fund balance, the Governor recommended $6.2 million for FY 2022. This includes $1.9 million in the Department of Health's budget. The Governor concurred with the Department's proposals to shift general revenue expenditures for health laboratory and the needle exchange and resources programs. He also provided $0.4 million for operating expenses, $0.1 million less than requested. The recommendation also includes $123,805 from a new federal Centers for Disease Control and Prevention grant to investigate the patterns of prescription opioid pain relievers and whether prescribing it is a risk factor for heroin overdose.

The Assembly provided a total of $5.2 million from the Opioid Stewardship Fund, $1.0 million less than recommended. It did not concur with the Governor's proposal to shift laboratory expenses to the fund and maintained general revenue funding for these ongoing expenses. It also added $0.5 million to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' budget to support the Regional Substance Abuse Prevention Task Force.

COVID-19

On March 6, 2020, President Trump signed into law the Coronavirus Preparedness and Response Supplemental Appropriations Act. On March 13, 2020, President Trump declared that a nationwide emergency exists as a result of COVID-19 beginning on January 20, 2020. The Families First Coronavirus Response Act and Coronavirus Aid, Relief, and Economic Security (CARES) Act were signed into law by the President on March 18 and 27, 2020, respectively. A fourth act, the Paycheck Protection Program and Health Care Enhancement Act, was signed by the President on April 24, 2020. The Department of Health, through the Centers for Disease Control and Prevention, received approximately $102 million from these four federal acts.

The FY 2021 enacted budget includes a total of $395.9 million from all sources in the Department of Health's budget for COVID-19 related expenses, including testing and contact tracing. This assumes use of $76.9 million from the Paycheck Protection Program and Health Care Enhancement Act and $86.8 million from general revenues for expenses expected to occur after December 30 when the Coronavirus Relief funds were originally expected to expire. Subsequent to enactment of the budget, the Department received another $70.5 million grant from the newly enacted Coronavirus Response and Relief Supplemental Appropriations Act, including $61.0 million for testing and $9.6 million for vaccine preparedness. This brings total funding to $172.4 million. Additionally, the act extends the date by which state and local governments are able to make expenditures from the Coronavirus Relief Fund from December 30, 2020 to December 31, 2021. It appears that some of this new federal grant could be used to offset some of the general revenue expenses.

The recommended budgets include $156.3 million for COVID-19 related expenses from these grants. This includes $148.0 million for FY 2021 and $8.2 million for FY 2022. The remainder of $16.1 million is for indirect cost recovery charges on these grants. The Governor subsequently requested an amendment to include an additional $180.8 million from the American Rescue Plan Act awards and available federal funds from prior stimulus grants. These expenses are partially offset by $62.8 million that were previously assumed would be supported by the Federal Emergency Management Agency. **The Assembly concurred.**

COVID Relief - Stimulus Reserve. On March 6, 2020, President Trump signed into law the Coronavirus Preparedness and Response Supplemental Appropriations Act. On March 13, 2020, President Trump declared that a nationwide emergency exists as a result of COVID-19 beginning on January 20, 2020. The Families First Coronavirus Response Act and Coronavirus Aid, Relief, and Economic Security (CARES) Act were signed into law by the President on March 18 and 27, 2020, respectively. A fourth act, the Paycheck Protection Program and Health Care Enhancement Act, was signed by the President on April 24, 2020. On December 27, President Trump signed into law a consolidated appropriations act for FY 2021

that contains $900 billion in additional COVID-19 relief. On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021.

The recommended budget includes $27.3 million of expenditures from federal funds for which a specific grant source had not been identified at the time of the submission. This appears to assume that the expenses would be suitable for some of the funding approved in the American Rescue Plan Act, which President Biden signed the day the budget was submitted to the General Assembly. It includes $2.2 million for salaries and benefits, $5.8 million for laboratory testing services, $14.5 million for contact tracing, $0.5 million for medical supplies, $3.9 million in grants and $0.4 million for unspecified expenses. **The Assembly concurred with the Governor's requested amendment to remove these expenses from the budget.**

COVID Relief - Testing. The enacted budget includes $264.2 million from all sources for testing, including $60.5 million from general revenues for laboratory contracts, supplies, site equipment, and staffing. The request includes $3.0 million from federal CARES Act funds. This assumes use of $1.3 million for contracted laboratory testing and $1.7 million for medical supplies. The request is $261.2 million less than enacted, excluding the majority of these one-time expenses.

The Governor recommended a total of $364.7 million from federal funds, including $277.2 million in FY 2021 and $87.5 million in FY 2022. Expenditures were $72.2 million in the first half of the fiscal year and $204.9 million of expenses are projected for the remaining two quarters. The Governor subsequently requested an amendment to include an additional $42.0 million from federal funds for testing, reflecting available federal funds and awards from the American Rescue Plan Act. **The Assembly concurred with the amended recommendation and included $129.5 million.**

COVID Relief - Contact Tracing. The request assumes use of $0.5 million from a federal grant provided for infection prevention for contact tracing and case investigation. These expenses include contracted staffing from ADIL and Guidesoft, retired nurses and epidemiology services from Brown University. This also includes space for staff to work, call center infrastructure, and a staffing vendor to provide services in the event of a surge. The enacted budget includes $63.2 million from all sources for these expenses, including $11.5 million from general revenues. The request excludes the majority of these one-time expenses.

The Governor recommended a total of $97.0 million from all sources, including $63.1 million in FY 2021 and $33.9 million in FY 2022. The total recommended amount is $33.8 million more than enacted, reflecting use of available federal funds. The Governor subsequently requested an amendment to include an additional $8.9 million from federal funds for testing, reflecting available federal funds and awards from the American Rescue Plan Act. **The Assembly concurred with the amended recommendation and included $42.8 million for FY 2022.**

COVID Relief - Vaccine Campaign. The request does not assume expenses relating to a vaccine campaign for which the enacted budget includes $37.5 million from all sources, $12.5 million from general revenues for the distribution of a vaccine, including personnel to administer it, storage, supplies and outreach. The actual cost of the vaccine will be paid by the federal government.

On December 27, President Trump signed the Coronavirus Response and Relief Supplemental Appropriations Act, which provided an additional $8.8 billion to the Centers for Disease Control and Prevention to prepare for, promote, distribute, administer, monitor, and track coronavirus vaccines to ensure broad-based distribution and vaccine coverage. Rhode Island's share of that appropriation will be $70.5 million, including $9.6 million for vaccine preparedness. It appears that some of this new federal grant could be used to offset some of the general revenue expenses.

The Governor recommended a total of $59.8 million, including $35.6 million in FY 2021 and $24.2 million in FY 2022. The recommendation is $22.3 million more than the enacted budget had assumed, reflecting use of available federal funds. The Governor subsequently requested an amendment to include an additional $24.1 million from federal funds for vaccination related expenses, reflecting available federal funds and awards from the American Rescue Plan Act. **The Assembly concurred with the amended recommendation and included $48.3 million for FY 2022.**

COVID Relief - Community Mitigation. The enacted budget includes $4.2 million from federal Coronavirus Relief funds to support Health Equity Zones and COVID-19 mitigation efforts. A total of 10 Health Equity Zones were created throughout the state in 2015. The zones are geographical areas designed to achieve health equity by eliminating health disparities to promote healthy communities. They are currently located in Providence, Pawtucket, Central Falls, West Warwick, Woonsocket, Bristol and Newport. The request includes $2.0 million for continued support.

The budgets include $16.3 million from federal funds to support Health Equity Zones and mitigation efforts. This includes $9.8 million for FY 2021 and $6.5 million for FY 2022. The total recommended amount is $12.1 million more than the enacted budget had assumed, reflecting use of available federal funds. The Governor subsequently requested an amendment to include an additional $2.3 million from federal funds for community mitigation efforts, reflecting available federal funds and awards from the American Rescue Plan Act. **The Assembly concurred and included a total of $8.8 million for FY 2022.**

COVID Relief - Medical Examiners New Facility. The enacted budget includes $3.4 million from federal funds to purchase a 20,280 square foot building in Cumberland to house operations for the Office of State Medical Examiners. The Department obtained approval from the Centers for Disease Control and Prevention to use $2.5 million from a federal grant to purchase the building and to use $0.9 million for vehicles and equipment. The building was purchased in November 2020. According to the Department of Administration, phase I, which included additional decedent capacity to address COVID-19 surge was completed and some personnel from the office moved in December. The request removes this one-time expense. *The Governor concurred.* **The Assembly concurred.**

COVID Relief - Individual Support. The enacted budget includes $12.9 million from all sources, of which $2.6 million is from general revenues for expenses associated with quarantine and isolation in the Department of Administration's budget. These expenses include temporary housing for those that cannot isolate in their homes. The request predates the enactment of the budget and the Department of Health did not assume these expenses in its budget request.

The Government recommended $27.3 million in both FY 2021 and FY 2022. This is $12.2 million more than the enacted budget had assumed, including $1.6 million less from general revenues offset by $13.8 million more from federal funds; additional federal funds have become available since the budget was adopted. Of the $6.8 million recommended for FY 2022, $0.2 million is included in the Department of Health's budget for contracted services; and remaining expenses are in the Departments of Administration, Children, Youth and Families and the Executive Office of Commerce. The Governor subsequently requested an amendment to include an additional $0.3 million from federal funds for individual support, reflecting available federal funds and awards from the American Rescue Plan Act. **The Assembly concurred with the amended recommendation and included $7.1 million for FY 2022.**

COVID Relief - Government Readiness. The enacted budget includes $26.1 million from all sources in the Department of Administration's budget, including $1.9 million from general revenues for expenses associated with government readiness, including screening, janitorial and reconfiguration of lobby and cubicle areas in the state. The request predates the enactment of the budget and the Department of Health did not assume these expenses in its budget request.

The recommended budgets include a total of $36.7 million over two years for government readiness, which is $2.9 million more than the enacted budget had assumed, including $0.2 million more from general revenues and $2.7 million more from federal funds; additional federal funds have become available since the budget was adopted. Of the $5.5 million recommended for FY 2022, $0.7 million is included in the Department of Health's budget. This includes $0.6 million for staffing and $0.1 million for contracted services. The Governor requested an amendment to remove these expenses in the Department of Health's budget. The amended recommendation would include $3.1 million for FY 2022, of which $2.5 million is included in the Department of Administration's budget primarily for emergency and unforeseen expenses. **The Assembly concurred with the amended recommendation.**

COVID Relief - Business and Workforce. The enacted budget includes $2.3 million in the Department of Business Regulation's budget, including $1.7 million from general revenues and $0.6 million from federal funds to support contractors hired to conduct inspections of businesses throughout the state to ensure compliance with COVID-19 mandates. The request predates the enactment of the budget and the Department of Health did not assume these expenses. *The Governor recommended a total of $1.7 million from federal funds in FY 2022 for these expenses, of which $40,510 is included in the Department of Health's budget for its staffing costs.* **The Assembly concurred with the Governor's subsequent amendment to reduce these expenses in the Department's budget by $11,048.**

COVID Relief - Public Health Response. The enacted budget includes a total of $23.4 million, including $2.3 million from general revenues to support the state's response to the public health pandemic. This includes $10.6 million for technical enablement and development related expenses, including the CrushCovid RI App, the Salesforce software which is used to coordinate the tracking of demographic data, personnel costs for contractors providing support and information technology expenses; $12.4 million for communication campaigns, project management, interpreters for press conferences and translation services, and $0.4 million for consultant support.

The request predates the enactment of the budget and the Department of Health did not assume these expenses. *The recommended budget includes $10.4 million for FY 2022, including $7.3 million in the Department of Health's budget for contracted and operating expenses; remaining expenditures of $2.8 million are included in the Executive Office of Health and Human Services' budget and $0.3 million in the Department of Administration. The Governor's requested amendment increases these expense by $11.6 million, including $14.3 million in the Department of Health's budget, partially offset by $2.7 million in the Executive Office of Health and Human Services and the Department of Administration.* **The Assembly concurred.**

Preparedness, Response, Infectious Disease and Emergency Services

Enhance Testing Capacity. The request includes new federal fund expenditures of $4.9 million to expand capacity for testing, improve morbidity and mortality surveillance, infection control, and implement appropriate containment measures. This reflects additional federal funds that the Department received from the Centers for Disease Control and Prevention as part of the Families First Coronavirus Response and the CARES Acts. This includes $2.4 million for staff time dedicated to COVID-19 related activities, $2.4 million for indirect cost charges and $51,891 for all other operating expenses. *The Governor recommended $1.6 million less than requested for salaries and benefits.* **The Assembly concurred with the Governor's requested amendment to include an additional $9.1 million, reflecting available federal funds for COVID related expenses.**

Hospital Preparedness and Public Health Emergency Response. The request includes $6.4 million from federal funds, $0.2 million more than enacted for hospital preparedness and public health emergency response activities. The program provides funding to help hospitals and healthcare entities plan for, respond to, and recover from mass casualty events. It also provides grants to cities and towns to enhance emergency

response preparedness. The request includes $3.0 million for salaries and benefits, including $1.0 million to support 11.0 full-time equivalent positions and $2.0 million for staff time dedicated to these activities. Salary and benefit expenses are $0.1 million less, including $0.3 million to fund two additional positions, consisting of a public health promotion specialist and an assistant health program administrator. This is offset by $0.4 million of turnover savings for which the enacted budget did not assume any. The request includes $3.4 million for remaining expenses, of which $1.2 million is for grants, $0.9 million is for indirect cost recovery charges and $1.3 million is for operating expenses.

The Governor concurred, with the exception of funding the new positions. **The Assembly concurred and it also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $13,280 in the division's budget based on the individuals who participated during FY 2021.**

Needle Exchange and Support. The request includes the enacted amount of $54,700 from general revenues for the Needle Exchange and resources for people who inject drugs. The Department contracts with AIDS Care Ocean State to provide these services, including clean needles, HIV and hepatitis C rapid tests, counseling and referrals.

The constrained request proposes to shift these expenses to the Opioid Stewardship Fund. *The Governor recommended funding from the Opioid Stewardship Fund, consistent with the constrained request.* **The Assembly concurred.**

Other Expenses. The request includes $8.2 million from all sources, including $2.0 million from general revenues for all other expenditures in the division, including: the Center for Emergency Medical Services, which oversees licensing of emergency medical services in the state and the Center for HIV, Hepatitis, Sexually Transmitted Diseases and Tuberculosis Epidemiology. The request is $0.9 million more than enacted, including $472,552 more from general revenues. The enacted budget includes a shift of $468,843 of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency. Adjusting for this, the request from general revenues is $3,709 more than enacted.

The request includes $4.7 million, or $395,973 more than enacted, for salaries and benefits. This includes $0.1 million from federal funds for a new public health epidemiologist position to conduct activities related to the prevention and control of communicable disease in the areas of HIV/AIDS, STDs, viral hepatitis and tuberculosis. The positions will be responsible for monitoring 80 or more acute infectious diseases that it is mandated to report on. The request includes $1.2 million for grants, $0.4 million for the state funded tuberculosis specialty clinic at the Miriam Hospital and a contract for Rhode Island Hospital for ambulatory pediatric tuberculosis services. All other operating expenses are $0.3 million more than enacted. *The Governor concurred, with the exception of recommending the new position.* **The Assembly concurred.**

Central Management

Girls Empowerment Mentoring Support. The request includes $218,907 from federal funds, or $205,778 less than enacted to reflect available funding for the Girls Empowering Mentoring Support program, which provides year-round mentoring and academic support, and leadership development to girls who attend certain middle schools in the state. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Salaries and Benefits. The request includes $6.0 million from all sources to support the remaining 40.0 full-time equivalent positions in Central Management, which provides the overall leadership for the Department through strategic planning and public health policy development, and centralized administrative services. This is $0.4 million more than enacted, including $25,223 more from general revenues, $0.1 million less from federal funds and $0.5 million more from restricted receipts. The enacted

budget includes a shift of $40,343 of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency. Adjusting for this, the request from general revenues is $15,120 less than enacted.

The request includes $0.4 million from indirect cost recovery restricted receipts to fund 4.0 full-time equivalent positions, including a supervising accountant position the Department is in the process of hiring. It also reflects filling an associate director of health; one chief of community officer position to improve coordination with the focus on health equity and a strategic and business development manager. The Department indicated that these positions are part of a staffing reorganization. All other salary and benefit expenditures are $0.2 million more, reflecting the Department's updated staffing allocations and turnover savings. The request includes benefit rates consistent with FY 2022 planning values. *The Governor did not recommend funding the new positions and concurred with the remainder of the request.* **The Assembly concurred.**

Other Expenses. The Department included $3.2 million from all sources for all other expenses in Central Management. This is $259,022 more than enacted, including $4,018 less from federal funds, offset by $263,040 more from restricted receipts. This includes $151,085 more for clerical services associated with performing an inventory of health care providers in the state and $121,428 for unspecified expenses. The request includes $1.1 million or $134,024 less than enacted for grants to community-based agencies relating to the Minority Health Program, which works to eliminate racial and ethnic health disparities.

The Governor recommended $3.0 million more than requested, including $1.0 million more to support Health Equity Zones; $0.5 million for information technology support and $1.5 million for unspecified expenditures, including $256,220 for the Office of Medical Examiners. **The Assembly concurred.**

Community Health and Equity

Maternal, Infant, and Early Childhood Home Visiting. The Department requested $12.9 million from all sources for the Maternal, Infant and Early Childhood Home Visiting Program, which provides families with resources and services such as preventive health and prenatal practices, promoting positive parenting techniques, and finding employment and child care solutions. The request is $0.5 million more than enacted, including $0.5 million less from federal funds, offset by $1.1 million more from general revenues. This includes new expenditures of $378,000 to provide families with resources and services such as preventive health and prenatal care. The Department indicated that it receives approximately 200 referrals per month to see pregnant women, and it anticipates an increase. The additional funds would allow it to provide services to approximately half of the referrals. It also includes $650,000 to support family home visiting; the Department indicated that the additional funding would allow it to receive federal matching funds. The FY 2021 recommended budget included funding for these initiatives. In July 2020, the Governor requested an amendment to include legislation to seek Medicaid match for the programs. The Assembly adopted a current service budget that did not include this expansion.

The request includes $2.9 million to support approximately 22 full-time equivalent positions. Operating expenses are $0.2 million more than enacted, including $0.1 million more to adjust indirect cost recovery charges. The constrained request removes the new general revenue expenses for First Connections and family home visiting.

The Governor recommended $13.4 million from all sources, $0.5 million more than requested, including $0.3 million less from general revenues and $0.8 million more from federal funds. This reflects updated state match as well as federal share to expand services for First Connections and home visiting programs. The Governor also proposed legislation in Article 12 of 2021-H 6122 seeking Medicaid approval for federal match. **The Assembly concurred and included $502,808 from a $670,411 grant that became available**

through the American Rescue Plan Act. The funds will be used to provide services to additional families and to underserved populations.

Immunization Programs. The Department requested $53.6 million from all sources, including $16.7 million from federal funds and $36.9 million from restricted receipts for immunization programs, based on vaccine purchasing projections. This is $4.6 million more than enacted, including $4.5 million for a new Hepatitis B vaccine. Program expenditures are $5.1 million, including $3.1 million to fund approximately 26 full-time equivalent positions. This is $0.4 million more than enacted, including $0.1 million for a senior public health epidemiologist position. All other expenses are $0.3 million less, of which $182,104 less is for consultant services relating to the development of the vaccine rates assessment and program support. This appears to be based on FY 2020 experience; expenditures were $0.7 million and the request is for $1.0 million.

The 2014 Assembly adopted legislation replacing the assessments that support the infant and adult immunization programs, effective on January 1, 2016 and established a new funding methodology. Pursuant to Rhode Island General Law, Section 42-7.4-3, the Healthcare Services Funding Contribution is based on a per-person enrollment for those in fully-insured or self-insured plans with the exception of municipal employees. State employees and employees of non-profit hospital corporations were included beginning July 1, 2016. *The Governor concurred, with the exception of funding the new position.* **The Assembly concurred.**

WIC Nutrition Assistance. The request includes $22.4 million from federal funds for the Women, Infants, and Children nutrition assistance program, which provides supplemental food, nutrition education and information, referral and coordination services for eligible women and children under the age of five that are at risk of poor health and development because of inadequate nutrition, health care or both. This is $1.0 million less than enacted, based on a decrease in utilization. The request includes $1.6 million to support approximately 13 full-time equivalent positions. This is $145,759 more than enacted; it appears to include partial funding for a supervising accountant position who would be responsible for the daily financial functions of the program. It also includes employee benefit selection and benefit rates consistent with FY 2022 planning values.

The request includes $19.5 million for direct benefit payments and vendor payments for those who issue the benefit vouchers to recipients, and $1.3 million for information technology, claims processing and other expenses. The request of $22.4 million is $45,418 less than the FY 2021 projected expenses; however, it is $0.5 million more than spent in FY 2020. *The Governor recommended funding as requested.*

It should be noted that the American Rescue Plan Act provides $880.0 million for the program, including $490.0 million for benefit payments and $390.0 million for outreach to increase program participation and modernization efforts. It appears that the Department will receive $1.2 million; these funds are not assumed in the recommended budget. **The Assembly included these funds and concurred with the remainder of the recommendation.**

Prescription Drug Overdose Prevention. The Department requested $5.5 million from federal funds, or $1.1 million more than enacted for prescription drug overdose prevention activities. The request includes $3.0 million for salaries and benefits of approximately 25 full-time equivalent positions. This is $1.3 million more than enacted; it appears to include $0.6 million for four additional positions, including a public health epidemiologist, two senior public health epidemiologists and a health policy analyst. It also includes $0.6 million for other staff time allocated to these activities.

The Department received a new federal grant, which requires more communications efforts. The senior public health promotion specialists will facilitate coordination of communications activities across divisions. The public health epidemiologist will monitor prescribing of opioid medications and other drugs

and will maintain the Prescription Drug Monitoring System, which provides information regarding prescription of controlled substances in order to prevent improper or illegal use of controlled substances, pursuant to Rhode Island General Law, Section 21-28.3-1. The positions will also support the Governor's Task Force on Overdose Prevention and Intervention and the Department's Overdose Prevention Team.

The request includes $2.6 million more for program expenses, including $1.4 million for grants to entities and community-based organizations for peer-to-peer technical support and trainings, and $0.4 million for program evaluation. *The Governor did not recommend funding the new positions, and concurred with the remainder of the request.* **The Assembly concurred.**

Other Salaries and Benefits. The Department requested $6.7 million from all sources to fund the remaining 53.0 full-time equivalent positions in the Division of Community Health and Equity, which provides leadership, planning and infrastructure for the Department's efforts to eliminate health disparities, and to reduce, prevent and control chronic diseases, disabilities and risk factors. This includes $112,048 more from general revenues and $87,640 less from federal and restricted sources. The enacted budget includes a shift of $120,065 of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency not reflected in the request. Adjusted for this, the general revenue request is $8,017 less than enacted. The request includes $0.1 million to fund a new assistant health program administrator to work on suicide prevention measures. The request reflects updated staffing allocations and benefit rates consistent with FY 2022 planning values. It assumes $116,814 in turnover savings, which is $48,556 more than enacted.

The Governor did not recommend funding the new position and concurred with the remainder of the request. **The Assembly concurred and it also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $24,234 in the division's budget based on the individuals who participated during FY 2021.**

Other Expenses. The request includes $13.7 million from all sources, of which $0.2 million is from general revenues for all other expenses. This is $0.4 million more than enacted, including $9,459 more from general revenues. The request includes $5.2 million to prevent and control chronic diseases and disabilities, such as asthma and cancer screening, $5.9 million for perinatal and early childhood services, including newborn screening and $2.1 million for health promotion and wellness programs, including smoking cessation, suicide and rape prevention. Of the requested amount, $8.9 million, or 64.8 percent is budgeted as grants to various entities and community-based organizations for screening and other services. Funds are also provided to the Hospital Association of Rhode Island, which maintains the state's cancer registry, a statewide surveillance database related to cancer patient population. *The Governor concurred.* **The Assembly concurred.**

Environmental Health

Shellfish Dockside Program. The request includes $0.4 million from general revenues for a new dockside sampling and testing program. The Department performs testing of plankton and shellfish for domoic acid to protect public health as well as the health of the shellfish industry by determining when it is necessary to stop harvesting. As part of the FY 2021 recommended budget, the Governor proposed legislation to impose licensing fees on marine shellfish processors; the fees would be established through rules and regulations. The fees would be based on estimated expenditures for the program and would be deposited as general revenues to support the program. The Assembly enacted a current service budget that did not include this new initiative.

The request includes $297,505 to fund 2.5 new full-time equivalent positions, consisting of a senior environmental health food specialist, a public health epidemiologist to support the program and 0.5 of a position from the Food Protection Program. It also includes $68,633 for operating expenses associated with

providing sampling, laboratory testing and monitoring. It should be noted that the revised request assumes use of $220,000 from federal funds to purchase laboratory equipment to implement this program. The Department indicated that the lab must be certified before it can conduct any test.

The constrained request removes funding for this new initiative. *The Governor concurred with the requested amount and includes legislation in Article 10 of 2021-H 6122 to effectuate this*. **The Assembly concurred and included the legislation in Article 7 of 2021-H 6122, Substitute A, as amended.**

Other Food Protection Program Expenses. The request includes $4.8 million from all sources for food protection, which is responsible for licensing and regulating more than 7,300 "farm to table" food establishments including restaurants, caterers, food markets, bakeries, food processors, dairy producers, bottlers, and bottle beverage plants. The Office of Food Protection also conducts inspections and investigates food related disease outbreaks and complaints. The request is $74,917 less than enacted, including $2.4 million more from general revenues. The enacted budget includes a shift of $2.4 million of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency not reflected in the request. Adjusted for this, the general revenue request is $37,364 more than enacted.

Salary and benefit expenses of $4.4 million for the remaining 35.5 full-time equivalent positions are $125,443 less than enacted, to primarily reflect additional turnover savings, updated staffing allocations and benefit rates consistent with FY 2022 planning values. Operating expenses of $350,556 are $50,526 more than enacted, including $30,000 for cell phones for staff conducting inspections. This is consistent with the revised request; expenditures were $29,255 for FY 2020 and $33,332 for FY 2019. *The Governor recommended funding as requested.*

The Assembly concurred and it also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $76,273 in the division's budget based on the individuals who participated during FY 2021.

Blood Lead Poisoning Prevention. The request includes $1.7 million, or $0.5 million more than enacted from federal funds and restricted receipts for blood lead poisoning prevention activities. In 2019, the Department entered into a memorandum of understanding with the Housing Resources Commission, whereby the Department took on responsibility for enforcing the lead mitigation rules in exchange for annual funding from the Commission. The Commission allocated up to $1.2 million to the Department over three years. It should be noted that as part of the FY 2018 recommended budget, the Governor proposed legislation to centralize lead poisoning prevention activities under the Department of Health. The legislation would have allowed the Department to be responsible for adopting rules and regulations to certify lead safe compliance for all residential units and permitting lead inspectors. It would require the Department to maintain a registry of lead safe certificates. The Assembly did not concur with the proposal. It appears that the memorandum of understanding includes essentially the same elements in the proposal that the Assembly rejected.

The request includes $0.9 million for salaries and benefits or $0.5 million more than enacted, including $0.1 million to fund 1.0 new full-time equivalent chief clerk position. The request includes the enacted amount of $0.2 million for inspection services and $0.2 million for information technology support. Current law requires a system to track cases of lead poisoning to ensure that they receive timely and appropriate medical treatment. *The Governor concurred, with the exception of funding the new position*. **The Assembly concurred.**

Water Protection Programs. The Department requested $4.0 million from all sources, including $0.2 million from general revenues to support water quality programs. The programs are responsible for enforcing the provisions of the Safe Drinking Water Act and several state laws relating to safe drinking

water and regulating nearly 500 public water systems. The request is $53,116 more than enacted, including $160,175 more from general revenues. The enacted budget includes a shift of $160,000 of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency not reflected in the request. Adjusted for this, the general revenue request is $175 more than enacted.

The request includes $2.8 million for 25.0 full-time equivalent positions, which is $129,933 more than enacted. This includes $0.1 million in turnover savings for which the enacted budget did not assume any. It includes $0.2 million from federal funds for 2.0 full-time equivalent positions, including an environmental engineer and a principal community development specialist. The request also includes $1.2 million for operating expenses, which is $76,817 less than enacted to primarily adjust indirect cost recovery charges. *The Governor concurred, with the exception of funding the new positions.* **The Assembly concurred.**

Environmental Hazards Reduction. The request includes $429,873 from a new federal grant, which will be used to evaluate and respond to human exposure to hazardous substances in the environment. Rhode Island is one of 28 states that received funding from this three-year grant. Of the requested amount, $376,873 will be used to support 3.0 new full-time equivalent positions and staff time allocated to these activities. The request also includes $53,000 for operating expenses, of which $50,000 is to adjust indirect cost recovery charges. *The Governor did not recommend funding these new positions. The recommendation includes $53,000 for operating expenses and $11,627 for existing staff time that will be spent on these activities.* **The Assembly concurred.**

Other Staffing and Expenses. The Department included $3.3 million from all sources for all other expenses in the Division of Environmental Health, which is responsible for all licensure and regulatory activities relating to environmental health, as well as activities relating to healthy homes. It also includes the Occupational Health and Safety Program, which works to eliminate hazardous conditions in the workplace. The Department works with occupational hazard consultants to visit businesses with less than 250 employees to help them find occupational hazards and recommends approaches to address these hazards. These services are provided to employers upon request and at no cost.

The request is $0.1 million less than enacted from all sources, including $210,556 more from general revenues. The enacted budget includes a shift of $269,400 of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency not reflected in the request. Adjusted for this, the general revenue request is $58,844 less than enacted. The request includes $2.5 million for salaries and benefits, which is $0.1 million more than enacted, reflecting the Department's staffing allocations. It includes $0.1 million to fill a senior industrial hygienist, and turnover savings essentially as enacted. The request includes $0.8 million for operating expenses, which is $12,210 more than enacted, primarily for information technology support. *The Governor concurred, with the exception of funding the new position.* **The Assembly concurred.**

Health Laboratories and Medical Examiners

Office of State Medical Examiners. The Department requested $3.0 million from all sources, all but $62,050 is from general revenues to support the Office of the State Medical Examiners. This is $119,445 less than enacted, including $1.2 million more from general revenues. The enacted budget includes a shift of $1.3 million of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency not reflected in the request. Adjusted for that, the general revenue request is $122,545 less than enacted. The request includes $2.3 million to support the authorized 17.0 full-time equivalent positions. Salary and benefit expenses are $97,180 less than enacted, reflecting additional turnover savings. As of the end of February, the office had three vacancies, including the chief medical examiner position.

Operation costs are $0.7 million or $22,265 less than enacted. This reflects the removal of $26,800 for the office to replace one of its two trucks. This expense will be funded with federal funds, discussed previously. The request includes $148,144 or $4,144 more for contracted medical examiners. Through the second quarter of FY 2021, expenditures total $129,185; they were $273,839 in FY 2020, $260,755 in FY 2019 and $213,451 in FY 2018. The Department generally understates this expense.

The constrained request proposes to shift $201,366 of unspecified general revenue expenses to indirect cost recovery restricted receipts. As previously noted, the Department is projecting a surplus of $13.2 million at the end of FY 2022. The increase in resources is largely attributed to charges on federal stimulus grants. *The Governor concurred with the constrained proposal.* **The Assembly concurred.**

Breath Analysis Program. The request includes $210,825 from general revenues, essentially as enacted to support impaired driving testing. This includes $197,951 to support two positions and $12,874 for operating expenses. The program trains and certifies law enforcement officers in the area of breath analysis and tests blood specimens submitted by law enforcement agencies. In 2019, it certified 1,716 police officers and inspected 901 breathalyzers.

The constrained request proposes to shift the program, including staffing and related expenditures to the Department of Public Safety. The Department noted that the program requires "limited laboratory components" and can be housed within the Department of Public Safety. No savings would be realized by the state as the expenditures would be incurred by the Department of Public Safety. It should be noted that the Department of Public Safety did not include this proposal in its budget request. *The Governor recommended the requested $0.2 million and maintained the program in the Department of Health.* **The Assembly concurred.**

Forensic Laboratory Programs. The Department requested $3.0 million from all sources for operating expenses of the forensic laboratories. These programs provide testing for the identification of confiscated drugs as well as conducting DNA analysis of evidence to assist law enforcement agencies in solving drug-related and other crimes. The request is $0.1 million more than enacted, including $0.6 million more from general revenues. The enacted budget includes a shift of $0.6 million of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency not reflected in the request. Adjusted for that, the general revenue request is $19,442 more than enacted.

Salary and benefit costs of $2.2 million support 17.0 full-time equivalent positions. This is $97,409 more than enacted, restoring turnover savings for which the enacted budget assumes $73,830 and the request includes $13,058. It includes benefit rates consistent with FY 2022 planning values. The request also includes $0.8 million for operating expenses, or $8,156 more than enacted. Of the requested amount, $0.5 million or approximately 62 percent is for medical supplies and costs for maintenance of laboratory equipment.

The constrained budget proposes to shift $1.5 million of general revenue expenses for the Forensic Drug and the Forensic Toxicology programs to the Opioid Stewardship Fund. Current law states that the funds be available to provide "opioid treatment, recovery, prevention, education services, and other related programs, subject to appropriation by the general assembly." *The Governor concurred with the Department's proposal to shift these expenditures to the Opioid Stewardship Fund and realized general revenue savings of $1.5 million.* **The Assembly did not concur and maintained general revenue funding for these ongoing expenses.**

Health Laboratories - Other Expenses. The request includes $6.3 million from all sources, of which $4.5 million is from general revenues for all other expenses for the Health Laboratories program, including the Centers for Biological Sciences and Environmental Sciences. The request is $221,072 less than enacted, including $261,994 more from general revenues. The enacted budget includes a shift of $550,000 of

personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency not reflected in the request, as it predates the enactment of the budget. Adjusted for that, the general revenue request is $288,006 less than enacted.

The request includes $4.2 million to fund approximately 64 full-time equivalent positions. This appears to include direct funding for 34 positions; $3.5 million for the remaining positions are allocated elsewhere in the Department. The request is $218,022 less than enacted, reflecting the Department's staffing allocations. The request includes benefit rates consistent with FY 2022 planning values and assumes turnover savings of $151,056, which is $85,284 less than enacted. The request also includes $2.1 million for operating expenses such as medical supplies, including test kits, chemicals, reagents and glassware.

The Governor recommended funding as requested and added $544,299 from Federal Emergency Management Agency funds for salary and benefit expenses for staff performing testing. A requested amendment reduced these expenses by $480,020, reflecting updated staffing allocation costs. **The Assembly concurred with the amended recommendation and it also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $40,603 in the division's budget based on the individuals who participated during FY 2021.**

Capital - Health Lab and Medical Examiners Equipment. The request includes $0.4 million from Rhode Island Capital Plan funds, or $0.2 million more than enacted to replace medical equipment in the Biological, Forensic and Environmental Sciences laboratories. The request predates the enactment of the budget and does not reflect a budget amendment requested in October 2020 to shift $0.2 million from FY 2021 to FY 2022. The approved plan includes $0.6 million for FY 2022. *The Governor recommended funding consistent with the approved plan.* **The Assembly concurred. A detailed description of the project is included in the Capital Budget section of this publication.**

Customer Services

Office of Vital Records - Satellite Office. The 2018 Assembly provided the Department with $0.3 million from general revenues and 1.0 new full-time equivalent position for costs and staffing associated with issuing more vital records for implementation of federal Real ID requirements. It also provided funding to set up a satellite location at the Division of Motor Vehicles branch in Cranston to provide customers the ability to obtain their birth certificates onsite. The infrastructure at the registry was completed and the office opened in December 2018. The FY 2020 budget reflects the removal of $0.1 million provided for one-time expenses. Consistent with the enacted budget, the request includes $0.2 million to operate the office.

The Department's constrained budget proposes to close the office. It appears that the position is currently vacant and the Department indicated that it does not intend to fill it. The Department noted that not a lot of records are being issued at the registry and records can be obtained online, at municipal offices or at the Office of Vital Records. *The Governor concurred and reduced staffing and funding accordingly.* **The Assembly concurred.**

Office of Vital Records. The request includes $2.0 million from general revenues and federal funds for the Office of Vital Records, which is responsible for a statewide vital records system involving the births, marriages, deaths and fetal deaths that occur in the state. This is $123,450 more than enacted, including $6,112 from general revenues. The request includes $1.7 million for staffing of 15.5 full-time equivalent positions. This is $165,787 more than enacted, to primarily reflect filling two vacancies, including a senior teller and a human services policy and systems specialist.

The request includes $0.5 million for operating expenses, which is $42,337 less than enacted. This includes $90,000 more for clerical services and $146,595 less for information technology support relating to maintenance costs of the electronic death registration and surveillance systems. The Department indicated that FY 2021 is the last year of paying for this particular module with general revenues and that going forward, the annual maintenance cost will be rolled into the contract cost for the implementation of the Electronic Registration System. Funding to implement this system is included in the Information Technology Investment Fund as part of a $4.1 million federal grant that the Department received for this system.

The constrained request proposes to eliminate a principal research technician position for general revenue savings of $0.1 million. The position is responsible for training funeral directors, clinics, hospitals and physicians on data collection and submission. The Department noted that it has online training modules for some components of vital records and with modern training technologies, it does not have the need for this position. The position is currently filled and the proposal assumes that the position would be vacated in August. In the event that bumping occurs per union bargaining contracts, all of the savings may not be achieved. *The Governor concurred and reduced staffing and funding accordingly.* **The Assembly concurred.**

McKinsey Opioid Settlement. In February, the Attorney General's Office announced a multi-state settlement with McKinsey and Company for its work on behalf of opioid manufacturers that contributed to the opioid crisis. The company has agreed to pay $478 million to 47 states, the District of Columbia and five territories in the first year, then four annual payments of $23 million. The share for each state was determined by a formula and Rhode Island will receive a total of $2.6 million. The Attorney General stated that it will work with other state agencies, public health experts and other entities to put a framework in place to ensure the funds are used solely to address the impact of the opioid epidemic. Funds will be used for treatment, rescue, recovery, and prevention programs. The request predates the settlement and does not assume these expenes. *The Governor recommended $2.1 million in FY 2021 and $0.5 million in FY 2022.* **The Assembly concurred.**

Medical Marijuana Licensing Program. The request includes $0.7 million from restricted receipts, which is $28,694 less than enacted for costs associated with the Medical Marijuana Licensing program. Salaries and benefits of $0.6 million are $27,154 less than enacted, reflecting employee medical selection and turnover savings of $12,695, for which the enacted budget did not assume any. Consistent with the revised request, the request includes $90,150 for operating expenses. Current law requires the transfer of any remaining balances from medical marijuana receipts collected by the Departments of Business Regulation and Health to state general revenues.

The Governor concurred and proposed legislation in Article 11 to establish regulation of an age 21 and older adult-use marijuana program. The Office of Cannabis Regulation within the Department of Business Regulation would oversee and coordinate activities with the assistance and cooperation of a variety of public health and safety agencies, including $0.4 million in restricted receipt expenses for the Department of Health. This includes $225,112 to support existing staff and $0.1 million for program expenses. **The Assembly did not adopt the adult-use marijuana proposal and adjusted expenditures accordingly.**

Nursing Home Inspection and Survey. The Center of Health Facilities Regulation is responsible for ensuring that approximately 2,400 state licenses and federally Medicare/Medicaid certified health care facilities, health service agencies, assisted living residences and adult day care programs meet the applicable health and safety, and quality standards and regulations of state and federal law. The request includes $0.2 million from federal funds provided through the CARES Act to conduct surveys or complaint investigations of nursing home facilities, including $49,749 for partial funding of a nursing care evaluator position and $0.1 million for program expenses, such as mileage reimbursement. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Facilities Regulation Expenses. The request includes $5.9 million from all sources for the Center of Health Facilities Regulation. This is $470,962 more than enacted; all but $5,490 is from general revenues. The enacted budget includes a shift of $557,112 of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency not reflected in the request. Adjusted for this, the general revenues request is $91,640 less than enacted.

The request includes $5.0 million for salaries and benefits of 60.0 full-time equivalent positions. This is $0.5 million more than enacted, including $0.2 million to fund 2.0 additional nursing care evaluator positions to conduct inspections and investigate complaints. The request includes $0.1 million more than enacted for benefit rates consistent with FY 2022 planning values. Consistent with the enacted budget, the request includes $0.2 million in turnover savings. The request includes $1.0 million for operating expenses or $30,053 less than enacted, primarily for clerical services. *The Governor did not recommend funding the new positions and reduced expenses by $0.2 million and added $0.1 million for unspecified operation expenses.* **The Assembly concurred.**

Health Professional and Other Expenses. The request includes $4.4 million from all sources for all other expenses in the Division of Customer Services, including the Center of Health Professional Boards and Licensing, which is responsible for certifying, licensing, and disciplining health care professionals, as well as, identifying professional standards to ensure the highest quality health care in the state. The request is $0.4 million less than enacted, including $1.4 million more from general revenues. The enacted budget includes a shift of $1.3 million of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency not reflected in the request. Adjusting for this, the request from general revenues is $94,480 more than enacted. Salary and benefit expenditures are $3.6 million, or $0.5 million less than enacted. This includes $0.1 million for a supervising radiological health specialist position and $0.6 million less to reflect the Department's staffing allocations and benefit rates, consistent with FY 2022 planning values. The request includes turnover savings essentially as enacted.

The request also includes $0.7 million for operating expenses. This is $67,384 more than enacted, including $22,754 for software maintenance expenses for systems used by more than 100,000 health professionals for license and renewals, and $20,244 for clerical services. *The Governor did not recommend funding the new position and reduced requested salary and benefit expenses by $135,336 and added $71,543 for unspecified operation expenses instead.*

The Governor also proposed legislation in Article 15 of 2021-H 6122 requiring the state to join four interstate compacts for four health professions including: physicians, psychologists, physical therapists and emergency medical services personnel. The legislation allows the interstate commissions the authority to levy and collect annual assessments from each member state to cover the cost of operations. The legislation also amends the current nurse licensure compact to include revised model legislation that has been adopted by the compact. To withdraw from any of the compacts, enabling legislation must be repealed. The annual revenue loss from this change is $0.2 million; the Governor's budget assumes a loss of $58,919 for the last quarter of FY 2022.

The Assembly did not concur with this proposal and adjusted revenues accordingly. The Assembly also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $0.4 million in the division's budget based on the individuals who participated during FY 2021.

Policy, Information and Communications

Requests for Public Health Data. The Department included new general revenue expenditures of $0.2 million relating to requests for public health data for half a year. The Department's Center for Health Data Analysis manages health datasets and systems. These data are currently used to monitor health status and

trends in natality, morbidity and mortality. With the exception of hospital discharge data, the Department does not currently charge a fee for data requests. As part of the FY 2021 recommended budget, the Governor proposed legislation allowing the Department, through rules and regulation, to charge a new fee for data requests. The legislation requires that approximately 50 percent of revenues be appropriated to the Department to sustain its capacity to manage and maintain data systems to meet demands. The Assembly enacted a current service budget that did not include this new initiative.

The constrained request removes this funding. *The Governor concurred with the requested amount and included legislation in Article 2 of 2021-H 6122 to effectuate this.* **The Assembly did not concur and adjusted expenditures and revenues accordingly.**

Healthcare Quality Reporting. The 1998 Assembly mandated that the Department of Health develop a healthcare quality public reporting system for all licensed healthcare facilities. Through the Healthcare Quality Reporting, the state requires that licensed healthcare facilities make clinical outcomes and patient satisfaction public via the Department's website. The Department requested the enacted amount of $50,000 from general revenues to obtain contracted services, including analytics for the development of the report.

The constrained request removes the enacted amount of $50,000 from general revenues. If funding is eliminated, the Department would still be required to produce this report unless a statutory change is made. *The Governor recommended funding consistent with the enacted budget.* **The Assembly concurred.**

Health Professional Loan Repayment. The Department requested $1.1 million from all sources, including $550,000 each from federal funds and restricted receipts for the health professional loan repayment program, $25,000 less than enacted. The funds are used to pay a portion of an eligible health care professional's student loan if the participant agrees to work for two years in a health professional shortage area. The restricted receipts are donated funds and are used to provide the 50.0 percent minimum match on the federal grant. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Expenses. The request includes $3.6 million from all sources for all remaining expenses in the division, including: Centers for Public Health Communications, Legislative and Regulation Affairs, and the Office of the Associate Director, which provides policy redirection and operational oversight and coordination. The request is $120,397 less than enacted, including $90,362 more from general revenues, offset by $210,759 less from federal and restricted sources. The enacted budget includes a shift of $91,567 of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency not reflected in the request. Adjusted for this, the general revenue request is $1,205 less than enacted.

The request includes $2.3 million for salaries and benefits, $17,985 more than enacted. The division is staffed with approximately 67 positions; salary and benefit expenses of $5.7 million are allocated elsewhere in the Department. The request includes benefit rates consistent with FY 2022 planning values and assumes additional turnover savings of $23,960. Operating expenses are $138,382 less than enacted, including $74,700 less from a federal grant provided to conduct a survey that measures changes in the health of people in the state as part of the Behavioral Risk Surveillance System. It also includes $33,955 less from federal funds for mapping locations where overdoses are occurring in order to identify hot spots and trends. *The Governor concurred.* **The Assembly concurred and distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $25,353 in the division's budget based on the individuals who participated during FY 2021.**

Department of Human Services

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Central Management	$ 14,235,972	$ 14,348,489	$ 11,665,376	$ 13,231,807
Child Support Enforcement	14,358,425	15,001,751	16,129,202	15,922,580
Individual and Family Support	159,868,143	193,233,819	155,574,323	244,132,810
Office of Veterans Services	44,094,389	44,618,812	43,298,005	42,171,345
Health Care Eligibilty	19,782,662	16,725,716	21,443,045	21,738,241
Supplemental Security Income	18,558,000	18,484,616	18,487,253	17,950,819
Rhode Island Works	84,792,786	71,258,568	91,075,879	95,034,432
Other Programs	297,081,284	283,001,268	255,047,901	255,017,605
Office of Healthy Aging	34,123,932	31,195,107	33,133,093	37,114,346
Total	**$ 686,895,593**	**$ 687,868,146**	**$ 645,854,077**	**$ 742,313,985**
Expenditures by Category				
Salaries and Benefits	$ 105,939,169	$ 103,501,566	$ 108,498,635	$ 107,697,641
Contracted Services	37,376,496	36,411,690	38,595,566	37,246,357
Subtotal	**$ 143,315,665**	**$ 139,913,256**	**$ 147,094,201**	**$ 144,943,998**
Other State Operations	29,912,122	35,740,538	32,187,220	34,745,828
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	507,819,121	506,695,867	460,087,660	556,297,671
Capital	1,164,605	1,261,174	2,056,518	2,056,518
Capital Debt Service	-	-	-	-
Operating Transfers	4,684,080	4,257,311	4,428,478	4,269,970
Total	**$ 686,895,593**	**$ 687,868,146**	**$ 645,854,077**	**$ 742,313,985**
Sources of Funds				
General Revenue	$ 105,775,008	$ 101,640,562	124,742,316	123,896,295
Federal Aid	571,091,566	575,396,274	509,597,806	607,062,243
Restricted Receipts	5,532,159	6,664,601	6,190,477	6,190,477
Other	4,496,860	4,166,709	5,323,478	5,164,970
Total	**$ 686,895,593**	**$ 687,868,146**	**$ 645,854,077**	**$ 742,313,985**
FTE Authorization				
Department of Human Services	755.0	755.0	753.0	753.0
Office of Veterans Services	252.1	252.1	263.1	263.1
Office of Healthy Aging	31.0	31.0	31.0	31.0
Total FTE Authorization	**1,038.1**	**1,038.1**	**1,047.1**	**1,047.1**

Summary. The Department of Human Services, including the Office of Veterans Services and the Office of Healthy Aging, requested total funding of $652.2 million from all fund sources, including $130.7 million from general revenues, $511.2 million from federal funds, $5.7 million from restricted receipts, and $4.7 million from other funds. This is $34.7 million less than enacted, including $24.9 million more from general revenues and $0.4 million more from restricted receipts and other sources, offset by $59.9 million less from federal funds. The Department also requested authorization for 1,047.1 full-time equivalent positions, 9.0 more than enacted and 10.0 more than the revised request, reflecting the transfer of positions with the

Executive Office of Health and Human Services. As of the last pay period in December, the Department had 108.1 vacancies.

The Department submitted a constrained budget request totaling $631.5 million, of which $116.4 million is from general revenues. This includes more than a dozen savings proposals totaling $20.7 million from all sources, of which $14.3 million is from general revenues.

The Governor recommended total funding of $645.9 million from all sources, including $124.7 million from general revenues. This is $41.0 million less than enacted from all sources, including $19.0 million from general revenues. Consistent with the request, the Governor included total authorization for 1,047.1 full-time equivalent positions. This includes the transfer of 11.0 vacant positions from the individual and family support program to the Rhode Island Veterans' Home.

The Assembly provided $96.5 million more than recommended from all sources, including $0.8 million less from general revenues. This primarily reflects the inclusion of numerous new federal grants authorized under the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act. The Assembly also enacted legislation increasing licensed child care provider reimbursement rates for all age groups, limiting family contributions for child care assistance to 7.0 percent of income, increasing the Rhode Island Works monthly benefit payment by 30.0 percent and expanding eligibility for home and community care programs to individuals with early onset Alzheimer's. It concurred with the recommended staffing authorization.

Federal Poverty Guidelines. The federal poverty guidelines are used for the purpose of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Executive Office of Health and Human Services. The 2021 guidelines are as follows.

Percent of Federal Poverty Level Based on Annual Income								
Family Size	**100%**	**133%**	**138%**	**150%**	**180%**	**185%**	**225%**	**250%**
1	$ 12,880	$ 17,130	$ 17,774	$ 19,320	$ 23,184	$ 23,828	$ 28,980	$ 32,200
2	17,420	23,169	24,040	26,130	31,356	32,227	39,195	43,550
3	21,960	29,207	30,305	32,940	39,528	40,626	49,410	54,900
4	26,500	35,245	36,570	39,750	47,700	49,025	59,625	66,250
5	31,040	41,283	42,835	46,560	55,872	57,424	69,840	77,600
6	35,580	47,321	49,100	53,370	64,044	65,823	80,055	88,950
7	40,120	53,360	55,366	60,180	72,216	74,222	90,270	100,300
8	44,660	59,398	61,631	66,990	80,388	82,621	100,485	111,650

For families with more than 8 members, add $4,540 for each additional member for the 100 percent calculation.

Staffing. The Department requested authorization for 1,047.1 full-time equivalent positions for FY 2022. This is 9.0 positions more than the enacted budget and 10.0 more than the revised request. This reflects the transfer of an attorney position from the child care licensing unit to the Executive Office of Health and Human Services. This transfer was included in the Governor's recommended budget but the Assembly did not concur. The request also includes the transfer of the Office of Medical Review and its associated 10.0 full-time equivalent positions from the Executive Office to the Department of Human Services. It also transfers 11.0 vacant positions from the individual and family support program to the Rhode Island Veterans' Home. The request provides funding for approximately 981 positions, 68 less than requested.

As of January 30, the Department has 930.0 filled positions and is averaging 929.9 filled positions in FY 2021. The Department averaged 939.9 filled positions in FY 2020, 914.9 in FY 2019, 873.4 in FY 2018, and 835.7 in FY 2017. The number of filled positions had been slowly increasing from a low of 781.2 in November 2011, though it declined in FY 2017 with the implementation of the Unified Health Infrastructure Project, which was assumed to reduce the number of staff needed and resulted in the

elimination of 99.0 positions in the Governor's FY 2018 recommended budget. System issues have since resulted in a staffing increase. The FY 2018 enacted budget added 143.0 positions related to the Unified Health Infrastructure Project, of which 66.0 were to be permanent and 77.0 were term limited. *The Governor included the requested staffing authorization. This includes the transfer of 11.0 vacant positions from the individual and family support program to the Rhode Island Veterans' Home.* **The Assembly distributed the $8.2 million in statewide savings from the voluntary retirement incentive program that was budgeted in the Department of Administration and included $0.8 million in the Department's budget based on the 45 individuals who participated in FY 2021. It concurred with the remainder of the recommendation.**

Cash Assistance Programs

The Caseload Estimating Conference estimate includes $104.4 million from all sources, including $28.7 million from general revenues for cash assistance programs, including Rhode Island Works, child care, state only supplemental security income program payments and general public assistance bridge program benefits. The caseload estimate is $1.0 million less than enacted, including $0.4 million more from general revenues. The Department's request did not reflect the estimate adopted at the 2020 November Caseload Estimating Conference and includes new proposals for the Rhode Island Works and Child Care Assistance programs, which would require legislative changes.

The following table itemizes cash assistance expenditures as enacted, adopted by the caseload estimators, and recommended by the Governor. Each category is discussed separately. *The Governor recommended $110.5 million, including $28.3 million from general revenues. Compared to the conference estimate, the Governor includes an additional $0.4 million for Rhode Island Works from three separate initiatives and $5.9 million for subsidized child care from two proposals.*

Cash Assistance	FY 2020 Actual	FY 2021 Enacted	FY 2021 Final	FY 2022 Gov. Rec.	FY 2022 May CEC	FY 2022 Enacted
Rhode Island Works						
Persons	9,050	7,200	7,200	7,583	6,565	6,655
Monthly Cost per Person	$ 182.48	$ 200.86	$ 197.19	$ 187.15	$ 182.93	$ 237.81
Total Costs/Federal Funds	**$ 21.7**	**$ 19.3**	**$ 19.0**	**$ 19.2**	**$ 16.3**	**$ 20.9**
Child Care						
Subsidies	8,724	6,900	6,900	8,524	7,400	7,420
Annual Cost per Subsidy	$ 7,705	$ 9,645	$ 9,645	$ 8,481	$ 9,091	$ 9,995
General Revenue	$ 9.4	$ 9.0	$ 9.0	$ 9.0	$ 8.7	$ 8.7
Federal Funds	57.8	57.6	57.6	63.0	58.6	65.5
Total Costs	**$ 67.2**	**$ 66.6**	**$ 66.6**	**$ 72.0**	**$ 67.3**	**$ 74.2**
SSI						
Persons	33,983	33,500	33,500	33,750	33,400	33,400
Monthly Cost per Person	$ 46.10	$ 46.00	$ 46.00	$ 45.48	$ 46.18	$ 44.62
Total Costs/General Revenues	**$ 18.8**	**$ 18.6**	**$ 18.6**	**$ 18.5**	**$ 18.6**	**$ 18.0**
SSI Transition/Bridge						
Persons	103	88	88	100	64	64
Monthly Cost per Person	$ 160.00	$ 160.00	$ 160.00	$ 160.00	$ 178.00	$ 178.00
Total Costs/General Revenues	**$ 0.9**	**$ 0.8**	**$ 0.8**	**$ 0.8**	**$ 0.8**	**$ 0.8**
General Revenue	$ 29.1	$ 28.4	$ 28.4	$ 28.3	$ 28.0	$ 27.4
Federal Funds	79.5	76.9	76.6	82.2	74.9	86.4
Total Cash Assistance	**$ 108.6**	**$ 105.4**	**$ 105.0**	**$ 110.5**	**$ 102.9**	**$ 113.7**

$ in millions

The Assembly provided $113.7 million from all sources, including $27.4 million from general revenues. It enacted legislation increasing reimbursement rates for all age groups at licensed child care centers and establishing tiered reimbursement for school age children, consistent with the reimbursement structure for infant, toddler, and preschool age children. It also enacted legislation limiting family contributions for child care assistance to 7.0 percent of income and increasing the monthly benefit rate for Rhode Island Works participants by 30.0 percent. The Assembly concurred with the legislation to expand Rhode Island Works eligibility to children under 19 who are still enrolled in school, expand the clothing allowance to all children, and disregard some income for eligible Rhode Island Works participants. It also concurred with the legislation to establish a pilot program expanding child care assistance to students enrolled in a state public institution of higher education and eliminating the enhanced payment for Supplemental Social Security Income participants classified as Category F.

Maintenance of Effort Requirement. The Department is required to spend $60.4 million from general revenues as its maintenance of effort requirement for the $95.0 million temporary assistance for needy families' block grant, assuming it meets its work participation rates. The state has separate one-parent and two-parent participation rates, but receives the penalty if either rate is not met. For Rhode Island, this increases by $4.0 million to $64.4 million if one or both work participation rates are not met. The state has not met its 90 percent two-parent participation rate, so it must maintain the higher maintenance of effort.

Work participation rates are the percent of qualified parents that are participating in work, work-like activities or the individualized employment plan. Almost all individuals receiving Rhode Island Works are required to immediately enter into individualized employment plans, which can include job search and readiness, vocational or adult education, on-the-job training and subsidized employment. The Department has not met its 90 percent two-parent work participation rate, which requires one parent to engage in work activities for 35 hours a week, because families who are in non-compliance with their work plan remain on the active caseload. The rules and regulations call for individuals and families to be sanctioned and have benefits reduced or eliminated when they are not in compliance with the individual employment plan, miss appointments, or refuse or quit employment.

The state can report any spending for its maintenance of effort requirement as long as it meets one of the four temporary assistance for needy families purposes: assisting needy families so that children can be cared for in their own homes; reducing the dependency of needy parents by promoting job preparation, work and marriage; preventing out-of-wedlock pregnancies; and encouraging the formation and maintenance of two-parent families. The state uses the circuit breaker program, earned income tax credit, administrative expenses through the Department of Human Services, and services provided through the Departments of Children, Youth and Families and Labor and Training. The Department's request assumes that the higher $64.4 million requirement will be met. *The Governor's recommended budget meets the requirement.* **The enacted budget also meets the requirement.**

Rhode Island Works. The November Caseload Estimating Conference estimate includes program expenditures of $18.8 million entirely from federal funds. The estimate increased the monthly caseload by 300 cases to a level of 7,500 and the monthly cost per person decreases by $17.36 to $183.50. The change in cost per case largely reflects a one-time payment from Coronavirus Relief funds to participants in December 2020 in response to the coronavirus pandemic. Adjusted for this, estimated program expenditures are $1.0 million more than the enacted budget, reflecting increases in both the number of persons, as well as $0.4 million more for bus passes. The Department's request did not reflect the estimate adopted at the November caseload conference.

The Department included $184,000 from federal funds from a proposal to extend the $100 clothing allowance to infants and toddlers. It estimated that 184 children under the age of four would receive the allowance in FY 2022. Current law requires that a clothing allowance be provided to school age children.

The Governor recommended $0.4 million more than the conference estimate from federal funds for three separate proposals included in Article 13 of 2021-H 6122. It includes $116,300 to expand the clothing allowance as requested and $40,000 to amend the definition of a dependent child to include 19 year olds if they are still in school. The Governor included $0.2 million to exempt income from the monthly benefit calculation for those adult participants who have complied with their employment plan and have earned income from it. Income would be exempted for six months, until their family's total gross household income exceeds 185 percent of federal poverty, or until they reach their lifetime limit, whichever is first. Under current law, earned income is counted towards eligibility and could lead to termination from the program. Based on the adopted estimates, these changes are estimated to add a total of 83 individuals and increase the monthly cost per case by $3.65.

The Assembly provided $20.9 million from federal funds, which is $4.6 million more than the May caseload. This includes $0.3 million to reflect program changes recommended by the Governor and enacted by the Assembly and $4.3 million to increase the monthly benefit payment by 30.0 percent. The Assembly also enacted legislation in Article 13 eliminating veterans' disability benefits as income from the eligibility calculation. In total, these changes increase the number of participants by 90 persons and the monthly cost per person by $54.88 over the adopted May estimate.

Child Care. The November Caseload Estimating Conference estimate includes child care expenditures of $66.1 million, of which $9.3 million is from general revenues. This is $0.5 million less than enacted, including $0.3 million more from general revenues. The estimate increases child care subsidies by 1,600 for a monthly level of 8,500 and decreases the annual cost by $1,870 to $7,775 for FY 2021. It should be noted that the enacted cost per case assumes temporary enhanced rates for FY 2021 in response to the coronavirus emergency. The rates were first authorized by executive order in May 2020 and most recently extended through May 13, 2021. The rates are not assumed to continue beyond the end of the fiscal year.

A family is eligible for child care assistance either through the Rhode Island Works program (if they qualify for Works they are automatically eligible for child care assistance) or if they qualify as low income, which is at or below 180 percent of poverty. However, families that become eligible remain eligible until the family income exceeds 225 percent of poverty.

The 2018 Assembly enacted legislation to increase rates paid for subsidized infant, toddler, and preschool age child care from an average of the 2002 and 2004 market rate surveys to a tiered reimbursement system based on the state's quality rating system. The rate change applies to licensed child care centers only; as family care providers received separate rate increases. The 2019 Assembly subsequently enacted legislation establishing tiered reimbursement for family based providers for infants and toddlers only. Reimbursements are based on the rating the provider has achieved in the state's quality rating system. Those providers with higher rankings receive additional funding compared to those in the lower tiers.

The request does not reflect the estimate adopted at the November caseload conference and includes $2.0 million from general revenues to establish tiered rates of reimbursement for school age children enrolled at child care centers and increase rates for preschool age children.

The constrained request excludes the rate increase and proposes to limit the number of participants in the child care assistance program by establishing a waitlist. The waitlist is estimated to reduce expenditures by $5.0 million, including $2.5 million from general revenues.

The Governor included $5.9 million more than the conference estimate from all sources, including $0.3 million less from general revenues. The general revenue savings reflects the impact of the enhanced federal match rate authorized in response to the public health emergency; however, the recommendation does not shift those expenses to federal sources. Adjusted for this, the Governor included $6.2 million from federal funds for two separate proposals included in Article 13 of 2021-H 6122. This includes $6.0 million to

increase rates for child care providers, including $5.8 million to increase tiered reimbursement rates for infant, toddler and preschool age providers so that first tier providers receive reimbursements consistent with the 25th percentile of the 2018 market rate survey and top tier providers are reimbursed at the 75th percentile of that survey. It includes $0.2 million to increase rates for school age children from $146.26 to $148.50. The recommendation also includes $0.2 million for a pilot program to expand child care eligibility to students enrolled at a public state institution of higher education. Based on the adopted estimates, these changes are estimated to add 24 subsidies and increase the annual subsidy cost by $706.

The Assembly provided $74.2 million from all sources, which is $6.9 million more from federal funds than the May caseload. This includes $0.2 million for a pilot program recommended by the Governor and enacted by the Assembly. It includes $0.5 million to limit family co-pays for child care assistance to 7.0 percent of family income and $6.2 million to increase reimbursement rates for child care centers beginning January 1, 2022. The rate increases average between 16 and 23 percent for infant, toddler, and preschool age children. It also increases rates for school-age children by an average of 26 percent and establishes a tiered reimbursement system, consistent with the system for infants, toddlers, and preschool age children. Reimbursement rates for family-based providers would continue to be determined by collective bargaining. In total, these changes increase the number of subsidies by 20 and the cost per subsidy by $904 over the May estimate. The caseload estimate includes funding to provide enhanced pandemic reimbursement rates through December 2021.

Supplemental Security Income Payments. The November Caseload Estimating Conference estimate includes FY 2022 direct supplemental security income expenditures of $18.7 million from general revenues, or $0.1 million more than enacted. The caseload increases by 250 persons to a monthly level of 33,750. Estimators maintained the monthly cost per person of $46.40. The estimate also includes transaction fees of $66,000, consistent with the enacted budget. The Department requested funding consistent with the estimate adopted at the May 2020 caseload conference. *The Governor recommended $0.2 million less than the conference estimate from a proposal in the Executive Office of Health and Human Services to eliminate enhanced payments for individuals classified as Category F, or $143 per month. The enhanced payment is made to assisted living facilities, which will still receive payments under Category D eligibility. The change in eligibility is offset by a provider rate increase included in the Executive Office of Health and Human Services' budget.*

Based on updated information from the Department, the Governor subsequently requested an amendment to increase projected savings by $0.4 million, for a total of $0.6 million. **The Assembly provided $18.0 million from general revenues. It concurred with the proposal to eliminate the enhanced Category F payment and reduced the monthly cost per subsidy by $1.56 compared to the May estimate.**

Assisted Living State Supplemental Payment. The Department requested the enacted level of $0.4 million from general revenues for additional state supplemental payments of $206 per month to individuals who receive the state supplemental security income payment and reside in a state licensed assisted living facility that is not eligible to receive Medicaid. The 2014 Assembly expanded the payment to individuals residing in an assisted living facility that was financed by Rhode Island Housing prior to January 1, 2006, beginning on October 1, 2014. Based on caseload testimony, program expenses are projected to decline to $0.2 million. *The Governor recommended funding as requested. He also included Section 1 of Article 12 to eliminate the payment to Rhode Island Housing.* **The Assembly concurred.**

Supplemental Security Income Transition/Bridge Program. The November Caseload Estimating Conference estimates expenditures for the supplemental security income transition/bridge program at $0.8 million, entirely from general revenues. The estimate includes $0.2 million for cash payments and $0.6 million for burials. The estimate assumes 100 persons per month, or 12 more than the enacted budget, and maintains the enacted monthly cost per person of $160. The estimate is consistent with the enacted budget.

The Department requested funding consistent with the estimate adopted at the May 2020 caseload conference. This program is designed for individuals who maintain an active application for the supplemental security income program. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly provided $0.8 million from general revenues reflecting the May caseload estimate which decreased the number of people by 36 and increased the average monthly cost by $18.00. The estimate also includes $625,000 for burials.**

Hardship Payments. The Department's request inadvertently excludes the enacted amount of $90,000 from general revenues for hardship contingency payments, which provide temporary support to individuals who do not qualify for the supplemental security income or Rhode Island Works programs. Payments have been declining annually; in FY 2020 the Department spent $22,900, meanwhile it spent $28,704 in FY 2019, $53,400 in FY 2018, $55,242 in FY 2017, and $70,000 in FY 2016. In the five-year period from FY 2016 through FY 2020, expenses declined 67.3 percent. It has indicated that the rules and criteria for the program are strict and applicants often do not want to fill out the paperwork for the $100 payment, especially since the applicants must reapply each month in which they request the payment. *The Governor recommended the enacted level of funding.* **The Assembly concurred.**

Other Programs

Eligibility Programs Administration. The Department requested $87.6 million from all sources, including $40.4 million from general revenues, for personnel and operating expenses associated with administering the eligibility programs. This includes administration of Rhode Island Works, the child care assistance program, and the Supplemental Nutrition Assistance Program, as well as expenses associated with the Unified Health Infrastructure Project. The request is $5.0 million more than enacted from all sources, including $7.3 million from general revenues, primarily restoring savings for contracted services that had been assumed in the FY 2021 enacted budget and the revised request.

Staff and Other Expenses	General Revenues			All Sources		
		Eligibility			Eligibility	
	UHIP	Admin.	Total	UHIP	Admin.	Total
Enacted	$ 6.2	$ 27.0	$ 33.1	$ 20.8	$ 61.9	$ 82.7
Revised Request	6.2	27.1	33.3	19.4	59.9	79.3
Revised Change to Enacted	**$ 0.0**	**$ 0.2**	**$ 0.2**	**$ (1.4)**	**$ (2.0)**	**$ (3.5)**
FY 2022 Request	13.3	27.1	40.4	27.8	59.9	87.6
Request Change to Enacted	**$ 7.2**	**$ 0.1**	**$ 7.3**	**$ 6.9**	**$ (2.1)**	**$ 5.0**

$ in millions; includes rent

The Governor recommended $3.7 million less than requested from all sources, including $2.2 million less from general revenues. This primarily reflects savings proposals for the Unified Health Infrastructure Project and field office leases. **The Assembly provided $1.4 million more than recommended, which restores some lease savings and includes new federal funds, offset by personnel savings.**

Staffing. The Department requested $48.0 million from all sources, including $22.4 million from general revenues for staffing expenses. The request is $0.5 million more than enacted, including $0.7 million more from general revenues. Adjusted for workshare savings included in the enacted budget, the request is $0.3 million more than enacted, including $0.5 million from general revenues. Staff time is typically allocated to specific programs based on the amount of time spent on each; funding for portions of 322 eligibility staff and operating costs are included in Unified Health Infrastructure Project expenses in order to receive an enhanced Medicaid match rate for staff. The enhanced Medicaid match rate is 75.0 percent, or 25.0 percent more than the regular match rate of 50.0 percent. The reduction of staff expenses associated with administration of the programs is offset by increases in other areas, discussed separately.

The Department's constrained request reduces expenses by $0.6 million, including $0.3 million from general revenues from turnover. While specific positions have not been identified to achieve this savings, the Department would not fill vacancies that arrive during the year in order to achieve the savings. *The Governor recommended $0.1 million more than requested from all sources, including $56,996 less from general revenues for staffing expenses.* **The Assembly distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $0.4 million related to participating staff administering benefit programs. It concurred with the remainder of the recommendation.**

Unified Health Infrastructure Project Expenses. The Department requested $18.3 million from all sources, including $10.6 million from general revenues for operating expenses for the Unified Health Infrastructure Program, excluding personnel. This is $7.2 million more than enacted from all sources, including $7.1 million more from general revenues. The Executive Office oversees all non-personnel expenses, including contracted services. The request reflects the Department's share of anticipated expenses. According to the Executive Office, this reportedly reflects the expiration of discounts provided by Deloitte. No further details regarding contract expenses charged to the Department have been provided despite repeated requests.

The Department's constrained request reduces Unified Health Infrastructure Project expenses by $1.0 million, including $0.6 million from general revenues. The proposal would reduce contracted services expenses; however, these expenses are managed by the Executive Office of Health and Human Services. It is not clear which specific contracts would be impacted, but the Department anticipates that the proposal would limit additional system testing, among other services provided by contractors.

The Governor recommended $1.6 million less than requested from all sources, including $0.9 million less from general revenues. In addition to the Department's constrained proposal, the recommendation assumes savings of $0.6 million, including $0.4 million from general revenues from renewing a contract with Deloitte. As the current contract will expire, a request for proposals will be released in 2021; the recommendation assumes Deloitte will win the bid and total costs will be more favorable than assumed in the request. **The Assembly concurred. The state entered into a three-year contact with Deloitte on June 28, 2021. The contract is valid from July 1, 2021 through June 30, 2022 and will cost a total of $99.4 million, including $41.2 million from general revenues.**

Rent for Satellite Offices. The Department requested $3.5 million from all sources for rent of office space, including $1.7 million from general revenues. Consistent with the revised request, this is $1.3 million less than enacted from federal funds for rent of office space. This reflects the Department's inability to use federal funds for some expenses as rent must be distributed in a manner consistent with its cost allocation methodology. However, as the revised request predates the enacted budget, the Assembly provided general revenue funding as requested.

The Department's constrained request includes savings of $2.4 million from all sources, $1.2 million from general revenues, from closing the Woonsocket and Warwick field offices. Those staff would be relocated to other offices.

The Governor recommended $2.2 million less than requested, including $1.2 million from general revenues reflecting a proposal to move the Providence field office at the start of FY 2022. The Department released a request for proposals for new office space. It should be noted that the Governor's Efficiency Commission previously recommended savings from closing the office, procuring smaller offices for front-line staff, and moving back-office staff to the Pastore Campus. Neither move occurred and the savings was not achieved.

The Department subsequently reported that staff from the Providence field office would be moved to four other locations occupied by state staff. This includes the following locations in Providence: the Department

of Children, Youth and Families on Friendship Street, the Department of Labor and Training on Reservoir Avenue, the Office of Rehabilitative Services on Fountain Street, and the Department of Administration on Smith Street. The Reservoir Avenue and Fountain Street locations would both serve clients. **The Assembly's addition of new staff for the Department of Children, Youth and Families affects the availability of the Friendship Street location for the Department of Human Services. Therefore, the Assembly also restored $1.1 million of savings for the Department of Human Services, including $0.6 million from general revenues, which assumes six months of lease savings to provide time to alter plans.**

Other Expenses. Excluding rent, the Department requested $17.9 million from all sources for all other expenses, including $3.8 million from general revenues. The request is $1.4 million less than enacted from all sources, including $0.5 million less from general revenues. This primarily reflects actual FY 2019 and FY 2020 spending and includes $0.7 million less for mailing of notices and other communications with clients, $0.6 million less for expenses through partner organizations, and $0.1 million less for contracted information technology expenses. *The Governor recommended funding as requested.* **The Assembly concurred and added $0.7 million from new federal funds authorized under the Consolidated Appropriations Act of 2021 for expenses related to administering pandemic related benefits.**

Office of Medical Review Transfer (10.0 FTE). The Department included $1.6 million from all sources, including $0.6 million from general revenues, from a proposal to shift the Office of Medical Review from the Executive Office of Health and Human Services. This includes 10.0 full-time equivalent positions currently supporting the Office, all of which are filled. The Office of Medical Review conducts medical level of care eligibility reviews for Medicaid long-term care applications; meanwhile the Department of Human Services is the initial point of application and conducts financial eligibility review. The shift is intended to streamline the eligibility process for all long-term care services and supports under one agency. It should be noted that the Executive Office's budget includes the total shift of $1.6 million, but only $0.5 million from general revenues. It reported that the Department's request does not include the correct allocation of federal funds and general revenues for one position.

The Department's constrained request excludes the proposal. *The Governor recommended total funding of $1.4 million, including $0.5 million from general revenues. This reflects general revenues consistent with the shift from the Executive Office, but excludes $0.1 million from federal funds.* **The Assembly concurred.**

Rhode Island Works Pilot. Consistent with the revised request, the Department requested $0.2 million from federal Temporary Assistance for Needy Families block grant funds for on-the-job training programs, job search and placement services, disability assessments and services, and overall service delivery redesign. The request is $0.4 million less than enacted from federal funds, which reduces expenditures based on actual prior year expenses. *The Governor concurred.* **The Assembly concurred.**

Supplemental Nutrition Assistance Program - Benefits. The Department requested $254.1 million from federal funds for direct benefit payments for the Supplemental Nutrition Assistance Program in FY 2022. This is $28.0 million less than enacted to reflect anticipated program participation. *The Governor recommended funding as requested.* **The Assembly concurred.**

COVID Relief - Supplemental Nutrition Assistance Program. The Department's request excludes $14.0 million from Coronavirus Relief funds included in the enacted budget to provide a one-time payment of approximately $600 per household for the month of December. The emergency payment was made to all households participating in the program at the time. Families received the additional payment by December 11, 2020 on their electronic benefits transfer card. *The Governor concurred.* **The Assembly concurred.**

Supplemental Nutrition Assistance Program - Supportive Programs. Consistent with the revised request, the Department requested $3.2 million from federal funds for training and education programs

associated with the Supplemental Nutrition Assistance Program. *The Governor recommended funding as requested.* **The Assembly concurred.**

Child Support Enforcement Program. The Department requested $11.7 million from all sources for expenditures related to child support enforcement. This includes $3.0 million from general revenues and $8.7 million from federal funds. The request is $1.1 million more than enacted, including $49,745 more from general revenues. This includes $0.7 million more for contracted information technology services reflecting rising costs to maintain the InRhodes computer system, $0.2 million for its share of rent expenses based on actual prior year spending, and $0.3 million for personnel of which $0.2 million restores workshare savings. Adjusted for this, the request is $0.9 million more than enacted from federal funds. *The Governor recommended funding as requested.* **The Assembly distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $0.2 million related to staff in the child support enforcement program. It concurred with the remainder of the recommendation.**

Child Support Enforcement Program - Lien Network. Consistent with the revised request, the Department requested $4.1 million, $0.6 million more than enacted, from restricted receipts for the Lien Network operated by the Child Support Enforcement program. Consistent with the Governor's requested budget amendment, the enacted budget includes $3.5 million for the network. The Lien Network is a consortium of states to collect overdue child support for which Rhode Island holds the contract. The program has existed for more than a decade with funds previously deposited into an escrow account. The Auditor General and State Controller converted the escrow account into a restricted receipt account which now appears in its budget. Funds deposited into the account reflect fees collected for and paid to the vendor. *The Governor recommended funding as requested.* **The Assembly concurred.**

Child Care Quality Earmarks. Consistent with the revised request, the Department requested $4.3 million from federal Child Care Development Block Grant funds designated for improving the quality of the state's child care assistance program. The request is $0.6 million more than enacted and reflects anticipated expenses based on the actual FY 2020 experience and available discretionary block grant funding. The additional funds have been used to provide technical assistance and professional development to child care providers, including a cohort-based model at the Community College of Rhode Island and regulatory changes in response to the coronavirus. *The Governor recommended funding as requested.* **The Assembly concurred.**

Emergency Assistance for Child Care Providers. The Department requested $3.0 million from federal Child Care Development Block Grant funds to continue to provide capital relief to child care providers. In FY 2021, with approval from the Department of Administration, the Department of Human Services awarded $5.0 million from federal funds to child care providers through a new child care relief capital fund. The opportunity was open to center and family based providers, including those that did not participate in the state child care program so long as they meet the grant requirements. Grants were provided for physical space improvements needed to comply with enhanced health and safety regulations as a result of the coronavirus. Funding in FY 2022 would provide a second round of grants to providers. It should be noted that the 2020 Assembly approved $15.0 million of general obligation bonds to go before the voters on March 2, 2021 for physical improvements to early learning childhood education facilities, including public and private child care providers. *The Governor recommended funding as requested. It should be noted that the capital budget recommendation includes use of recently approved general obligation bonds over FY 2022 through FY 2024.* **The Assembly concurred and added $57.3 million from new federal funds authorized under the American Rescue Plan Act to provide direct grants to child care providers. Funds must be used by September 30, 2023.**

COVID Relief - Summer Programming. The Department's request excluded $133,800 from one-time Coronavirus Relief funds appropriated in the enacted budget for the development and enforcement of summer program regulations. *The Governor concurred.* **The Assembly concurred.**

Preschool Development Grant. The Department requested $4.2 million from federal preschool development funds, which is $0.2 million more than enacted. In December 2018, the Department was awarded a $4.2 million grant from the Administration for Children and Families Office of Child Care designed to support development, planning, and coordination of the state's early childhood system, specifically from birth to age five. Funding was used for a facilities assessment to identify space that could be used to expand the state's prekindergarten program, a family needs assessment, a funding stream analysis, as well as technical assistance and professional development for providers. In December 2019, the state was subsequently awarded $26.8 million over three years to build on efforts made through the first grant award. Coordinated by the Executive Office of Health and Human Services, the funds will be used to expand access to high quality early childhood education and implement findings from the completed assessments. *The Governor recommended funding as requested.* **The Assembly concurred.**

LIHEAP and Weatherization Assistance Programs. The Department requested $27.6 million from federal sources for benefits and operating expenses related to the low income home energy assistance and weatherization assistance programs, which is $10.9 million less than enacted and based on anticipated awards. The request excludes the enacted amount of $5.9 million from one-time grant funds authorized under the CARES Act and reduces anticipated annual award funding by $5.0 million

The low income home energy assistance program provides funds to assist Rhode Island's low income households to meet the increasing costs of home energy and to reduce the severity of an energy related crisis. The program currently assists approximately 37,000 low income households and grants range from $300 to $450 monthly depending on income level. The weatherization assistance program provides cost effective, energy efficient weatherization improvements. It also provides low-income individuals, including elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. *The Governor recommended $11,082 more than requested for personnel expenditures.* **The Assembly provided $34.1 million more than recommended, including $3.3 million shifted from FY 2021 and $30.8 million from new funds authorized under the Consolidated Appropriations Act of 2021.**

Community Services Block Grant. The Department requested $5.9 million from federal funds for expenses related to the community services block grant, including salaries and benefits. The request is $2.6 million less than enacted primarily reflecting the expiration of one-time funding authorized under the CARES Act. Through the act, the state was awarded a total of $5.5 million. Consistent with the enacted budget, it includes $4.1 million of the new funds in its revised FY 2021 request; the remaining funds are requested for FY 2022. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island Alliance of Boys and Girls Clubs. The Department requested the enacted level of $250,000 from general revenues for the Boys and Girls Club Project Reach program, which provides homework assistance and afterschool activities. The Department's constrained request eliminates the funding. *The Governor recommended funding as enacted.* **The Assembly concurred.**

Day One. The Department requested the enacted level of $217,000 from general revenues for outreach and supportive services programs at Day One. The Department's constrained request eliminates the funding. *The Governor recommended funding as enacted.* **The Assembly concurred.**

Institute for the Practice and Study of Non-Violence. The Department requested the enacted level of $200,000 from general revenues to support the Institute's Violence Reduction Strategy program. The

Department's constrained request eliminates the funding. *The Governor recommended funding as enacted.* **The Assembly concurred.**

Rhode Island Community Food Bank. The Department requested $175,000 from general revenues for food collection and distribution through the community food bank. This excludes $670,000 from one-time Coronavirus Relief funds included in the enacted budget. The Department's constrained request eliminates the funding. *The Governor recommended total funding of $350,000 from general revenues, double the enacted appropriation.* **The Assembly concurred.**

Community Action Agencies. The Department requested the enacted level of $600,000 to support services provided by the state's nine community action agencies. The Department's constrained request eliminates the funding. *The Governor recommended funding as enacted.* **The Assembly concurred.**

Crossroads. The Department requested the enacted level of $860,000 from general revenues to support activities provided by Crossroads Rhode Island that address homelessness and other related issues. This includes $500,000 directly identified in Article 1 and $360,000 for emergency shelters. Crossroads Rhode Island is the largest homeless services organization in the state that provides 24-hour assistance, seven days a week. The Department's constrained request eliminates this funding. *The Governor recommended funding as enacted.* **The Assembly concurred.**

Domestic Violence Prevention Activities. The Department requested $1.1 million for domestic violence prevention activities, including $0.8 million from federal family violence prevention funding and $0.3 million from general revenues. This is $51,628 less than enacted from federal funds, reflecting one-time funds authorized under the CARES Act that will no longer be available, offset by a slight increase in its annual award. Funding is contracted through the RI Coalition Against Domestic Violence and distributed to domestic violence shelters in the state. General revenue funding of $300,000 is used for the Domestic Violence Prevention Fund established in state statute. *The Governor recommended funding as requested.* **The Assembly concurred.**

Vocational Rehabilitation Services. The Department requested $24.7 million from all sources for staffing and operational expenses to provide vocational rehabilitation services, including $4.8 million from general revenues and $20.0 million from federal funds. The request is $6.3 million more than enacted, including $0.7 million more from general revenues. The Department subsequently reported that the request overstates anticipated expenditures; it appears to add more federal funds than available as well as anticipated state match. It anticipates total funding should be $18.8 million, consistent with the revised request.

The Office of Rehabilitation Services is charged with empowering Rhode Islanders with disabilities who voluntarily wish to obtain and maintain employment, economic self-sufficiency, independence and full integration into society. The Office provides resources and services to residents with disabilities through three program areas: vocation rehabilitation services, services for the blind and visually impaired, and disability determination services. *The Governor recommended $0.5 million less than requested from general revenues, adjusting the state match but not the overstated federal funds.* **The Assembly provided $4.0 million less than recommended from federal funds to correct the overstated federal funds.**

Medicaid Rehabilitative Services. The Department requested $0.9 million for three programs managed by the Office of Rehabilitation Services that provide services eligible for federal matching funds under provisions of the Medicaid waiver. The services include social services for the blind, personal care attendants, and home modifications; these services are aimed at helping an individual maintain independence. The request includes $0.3 million for personal care attendants, $0.4 million for social services for the blind and $0.2 million for home modification services. The request is $4,384 more than enacted from all sources; however, it shifts $33,490 of expenses from federal funds to general revenues, which primarily restores savings assumed in the enacted budget from a temporary increase to the federal

match on medical expenses. The increase was authorized in response to the coronavirus pandemic and will expire at the end of the fiscal quarter in which the public health emergency ends. The Biden Administration signaled its intention to extend the public health emergency through the end of 2021, making $27,838 of savings available for FY 2022.

It should be noted that the Executive Office of Health and Human Services includes a proposal in its constrained request that would eliminate all federal funding for these programs. In order to maintain services at the current level, general revenues would be needed in lieu of the lost federal funds. *The Governor recommended funding essentially as requested but shifted $29,451 from general revenues to federal funds reflecting continued availability of enhanced federal match.* **The Assembly concurred.**

Services for the Blind and Visually Impaired. The Department requested $1.5 million from all sources of funds, including $1.4 million from general revenues, for services to the blind and visually impaired. The request is $0.3 million more than enacted, primarily from general revenues. From general revenues, the request restores $46,636 of workshare savings included in the enacted budget. It also includes $0.1 million each for temporary contracted services, payments to rehabilitative services providers, and miscellaneous expenses, among other expenditure changes. *The Governor recommended funding as requested.* **The Assembly concurred and added $0.1 million from new federal funds authorized under the Consolidated Appropriations Act of 2021.**

Other Staffing. The Department requested $10.7 million from all sources, including $0.7 million from general revenues, for all other staffing expenses in the central management and individual and family support programs. This is $0.3 million more than enacted primarily from federal funds, of which $51,395 restores workshare savings included in the enacted budget. The remaining $0.2 million reflects current service adjustments and restores turnover savings equivalent to 2.4 full-time positions. *The Governor recommended $55,423 less than requested from federal funds reflecting an adjustment to one grant award. He also eliminated 11.0 vacant positions from the individual and family support program.* **The Assembly distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $19,099 related to participating staff in the central management program. It concurred with the remainder of the recommendation.**

Centralized Services. The Department requested $9.1 million for its share of centralized services, provided by the Department of Administration including $6.4 million from general revenues. The request is $1.5 million more than the enacted budget, including $1.1 million from general revenues. This includes $8,476 more for human resources, $0.4 million more for information technology, and $1.0 million more for facilities management. The increase appears to be inadvertent as the Department did not receive updated estimates for its share of expenses from the Department of Administration. *The Governor recommended funding as requested.*

The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and removed $0.1 million from general revenues in the Department's budget. This includes $0.4 million less for facilities offset by $0.3 million more for information technology.**

Other Grants. The Department requested $4.7 million for all other grants and assistance to local organizations, including the enacted amount of $1.2 million from general revenues. The request is $0.5 million more than enacted from federal funds and reflects available carry forward of unspent funds from some awards as well as anticipated reimbursements for other sources. This includes funding for refugee

assistance and food programs, such as the trade mitigation program which supports farmers. From general revenues, the request includes $1.2 million for the state's Head Start programs.

The Department's constrained request excludes the annual general revenue appropriation for Head Start. *The Governor recommended funding consistent with the unconstrained request.* **The Assembly concurred and added $1.3 million from new federal funds authorized under the Consolidated Appropriations Act of 2021 for the emergency food assistance program, which will be distributed to the Rhode Island Food Bank who administers the program.**

Other Operations. The Department requested $4.8 million from all sources for all other operations, including $0.5 million from general revenues, $4.0 million from federal funds, and $0.4 million from restricted receipts. This is $0.5 million more than enacted, including $0.1 million more from general revenues, $0.5 million more from federal funds, and $0.2 million less from restricted receipts. This includes $0.6 million for medical evaluations for the Disability Determinations Unit and $0.4 million for contracted accounting and financial services support offset by numerous reductions to operating expenses based on actual spending over the last two fiscal years. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Projects. The Department requested $0.3 million from all sources for capital projects. This includes $0.1 million from federal funds for a new information management system for the Office of Rehabilitative Services. The request also includes $150,000 from Rhode Island Capital Plan funds for the ongoing construction and renovation of statewide vending facilities, $81,618 more than enacted and $15,000 less than the capital budget request. There are currently 15 facilities that operate under the name COFFEE PLUS. The staff is trained through the Department's Office of Rehabilitation Services. The request is consistent with the Department's capital budget request. *The Governor recommended funding consistent with the capital request.* **The Assembly concurred. A detailed description of the projects is included in the Capital Budget section of the publication.**

Office of Veterans Services

The Office of Veterans Services comprises three program areas, each serving Rhode Island's veterans and their families in different capacities. The Veterans' Home in Bristol serves approximately 200 veterans daily as a nursing home and provides supportive services for residents. The Veterans' Memorial Cemetery is located on 280 acres in Exeter, serving as the final resting place for the state's veterans and their eligible spouses or dependents. The Office's administration conducts, hosts educational events, and provides oversight to its other programs.

Federal per Diem. The Veterans' Home is paid a per diem rate by the federal government to assist in the daily costs of care of the residents at the Home. This rate is increased annually on October 1 and the percent increase is tied to the increases in healthcare costs nationally. The FY 2022 request assumes federal reimbursement consistent with federal FY 2021 rates, for a total of $9.8 million. The per diem reimbursement varies to include: $466.00 for those with a service connected disability, $115.62 for nursing home care and $49.91 for those in the dormitory setting. Reimbursement rates for nursing home and dormitory settings are set nationally and typically increase each year; meanwhile, federal reimbursement for those with a service connected disability vary by home and fluctuates annually. *The Governor's recommendation assumes rates consistent with the request and assumes an average census of 160 for FY 2022.* **The Assembly concurred.**

Veterans' Home Restricted Receipts. The Office of Veterans Services collects restricted receipts from residents at the Veterans' Home, located in Bristol. Residents pay a per diem fee based on their net income. Net income is defined as a resident's gross income minus applicable federal and state taxes and minus $150 per month of residency and 50.0 percent of any sum received due to wounds incurred during battle

conditions for which the resident received the purple heart, and minus amounts paid to support their spouse, parents, minor children, or children who are blind or permanently disabled. Fees are paid monthly to the Home and any failure to make payment when due can be cause for dismissal from the facility, though prior to dismissal, the resident is afforded administrative due process. Residents with a 70 percent or greater service related disability do not pay a maintenance fee as the Home receives an enhanced federal per diem for them.

In FY 2020, the Office collected $2.3 million from Veterans' Home resident restricted receipts and anticipates collecting $1.0 million in each FY 2021 and FY 2022. Compared to FY 2020, the request reflects a significant decline in the Home's census as a result of the coronavirus. The Department's second quarter report notes that the census is under 160 residents. Along with general revenues and federal funds, the Office uses these restricted receipts for maintenance and operational costs for the Veterans' Home. *The Governor's recommendation assumes use of $0.5 million more than requested, which assumes an average census of 160 for FY 2022.* **The Assembly concurred.**

Veterans' Home Personnel. The Office requested $28.7 million from all sources for personnel expenses at the Veterans' Home, including staff and pooled nurses. This includes $19.6 million from general revenues and $9.1 million from federal funds. The request is $0.4 million less than enacted, including $11.0 million more from general revenues. The enacted budget includes $11.8 million from one-time available Coronavirus Relief funds for personnel expenses at the Home in lieu of general revenues; as these federal funds will likely not be available for FY 2022, the request restores the general revenues. Compared to the enacted budget, the request is $0.1 million less for salaries and benefits and $0.2 million less for contracted nursing pool expenditures, which assumes fewer outside nurses will be needed as the coronavirus emergency improves.

The Office's constrained request includes savings of $3.0 million from all sources, including $2.1 million from shifting the operation of the Home from state employees to a contracted vendor. It should be noted that the savings amount appears to be a place holder and further analysis would be needed to determine actual savings from this proposal.

The Governor recommended $0.1 million less than the unconstrained request from all sources including $0.4 million more from general revenues. The budget includes savings of $0.3 million from a proposal to strengthen sick time sanctions and reduce overtime expenses; adjusted for this, the recommendation would be $0.2 million more than enacted including $0.7 million more from general revenues. The recommendation shifts funding for personnel expenditures among fund sources; however, the overall reduction of $0.1 million to the enacted budget reflects lower overtime expenditures, resulting from the sick time proposal. The Governor added staffing authorization for 11.0 vacant full-time equivalent positions, specifically for nurses and certified nursing assistants.

The Assembly distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $0.2 million related to participating staff at the Veterans' Home. It concurred with the remainder of the recommendation.

Veterans' Home Other Operations. The Office requested $5.9 million for all other operations at the Veterans' Home in Bristol. The request includes $4.8 million from general revenues, $0.8 million from federal funds, and $0.4 million from restricted receipts. The request is $0.3 million less than enacted from all sources, including $0.2 million less from general revenues, $0.1 million more from federal funds, and $0.2 million less from restricted receipts. The request reduces funding for contracted janitorial expenditures and supplies, which assumes fewer expenditures will be incurred than in FY 2021 as the coronavirus emergency improves.

The Office's constrained request includes savings of $0.2 million from general revenues from closing one of the Home's six neighborhoods. As a result of COVID-19 and suspension in accepting new residents, the census at the Home has declined. While closing a neighborhood in the short term would not have an impact on current residents, it will limit the number of residents in the future. However, fewer residents would also decrease restricted receipt collections and federal reimbursements.

The Governor recommended $1.5 million more than requested from all sources, including $0.8 million less from general revenue. This primarily reflects a shift of eligible expenses to federal reimbursements and assumes an additional $0.1 million from federal funds for which a specific grant source had not been identified at the time of the submission. This appears to assume that the expenses would be suitable for some of the funding approved in the American Rescue Plan, which President Biden signed the day the budget was submitted to the General Assembly. It should be noted that general revenue savings is consistent with six months of Federal Emergency Management Agency reimbursements, which the Department has been approved for; however, the recommendation includes federal funds based on 12 months of reimbursement.

The Governor subsequently requested an amendment to reduce funding by $1.3 million from all sources, including $0.2 million from general revenues. This removes the $0.1 million from unidentified federal funds and reduces Federal Emergency Management Agency reimbursements based on six months of eligibility. **The Assembly concurred with the amended recommendation and added $0.8 million from federal funds authorized under the Consolidated Appropriations Act of 2021 for state veterans' homes.**

RI Serves. Consistent with the revised request, the Office's FY 2022 request includes $153,000 from general revenues for RI Serves, a coordinated care and case management system used to connect veterans applying for assistance with programs through a community provider network. The project was launched using Information Technology Investment funds in FY 2019. Governor Raimondo included $153,000 from general revenues in her FY 2020 and FY 2021 recommendations to support the program; the Assembly did not concur. The program was subsequently funded from information technology funds for FY 2020 and has been supported with existing resources through the first half of FY 2021. *The Governor recommended funding as requested.* **The Assembly concurred.**

Grants. Consistent with the enacted budget, the Office requested $200,000 from general revenues for grants to organizations that provide services to veterans. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations. The Office requested $2.0 million from general revenues for all other expenses, $66,120 more than enacted. The request includes $1.8 million for the remaining 15.0 full-time equivalent positions that staff the Office and Veterans' Cemetery, which is $12,129 more than enacted for personnel costs and would fully fund the requested positions. The request includes $53,991 more than enacted from general revenues for all other expenses. This is consistent with actual spending in FY 2019, but $0.1 million more than spent in FY 2020. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Projects. The Office requested $0.7 million from all sources for projects at the Rhode Island Veterans' Memorial Cemetery in Exeter and Veterans' Home in Bristol. This includes $0.1 million from Rhode Island Capital Plan funds for asset protection projects at the Veterans' Home and $0.6 million for projects at the Veterans' Cemetery. The request is $3.1 million less than enacted, primarily for a project at the Cemetery, and is consistent with the capital budget submission. *The Governor recommended $0.6 million more than requested.* **The Assembly concurred. A detailed description of the projects is included in the Capital Budget section of this publication.**

Office of Healthy Aging

The Office of Healthy Aging, formerly known as the Division of Elderly Affairs, is the designated state agency on aging. It is responsible for the development and implementation of a comprehensive, coordinated system of community-based care for Rhode Islanders 60 years of age and older, as well as adults with disabilities. The Office is tasked with developing and implementing a state plan on aging under the federal Older Americans Act and serves as the state's planning and service area on aging under this Act. It operates services designed to assist seniors to remain independent in the community and administers and funds a wide range of community programs, activities, and services.

Home and Community Care Services. The Office requested $7.4 million from all sources, including $4.5 million from general revenues for home care and adult day care services. The program currently subsidizes in-home and adult day care programs for non-Medicaid eligible individuals with incomes up to 200 percent of the federal poverty level. The request is $23,294 more than enacted from all sources, including $0.3 million more from general revenues, which primarily restores savings assumed in the enacted budget from a temporary increase to the federal share of medical expenses. The increase was authorized in response to the coronavirus pandemic and will expire at the end of the fiscal quarter in which the public health emergency ends. The Biden Administration signaled its intention to extend the public health emergency through the end of 2021, making $0.2 million of savings available for FY 2022.

The constrained request includes savings of $0.2 million from all sources, including $0.1 million from general revenues, from a proposal to institute a waitlist for adult day care services. It should be noted that the Executive Office of Health and Human Services includes a proposal in its constrained request that would eliminate all federal funding for these programs. In order to maintain services at the current level, general revenues would be needed in lieu of the lost federal funds.

The Governor recommended $1.9 million more than enacted from all sources, including $0.8 million from general revenues. From all sources, this includes $1.7 million for home and adult day care services and $0.2 million for case management. The recommendation reflects funding for two proposals, including $0.6 million from all sources to increase rates paid to providers to match those paid by the Executive Office of Health and Human Services and $2.0 million from all sources to expand eligibility for program participants from 200 percent to 250 percent.

As shown in the following table, funding for the new proposals are offset by savings of $0.7 million from all sources, including $0.3 million from general revenues. This assumes fewer program participants as a result of the public health emergency, and shifts $0.2 million of general revenue expenditures to federal funds based on enhanced federal match, available through the end of the calendar year.

Office of Healthy Aging	Governor's Recommendation	
	Gen. Rev.	All Funds
Eligibility Expansion	$ 842,137	$ 1,994,639
Adult-Day Care Rate Increase	167,025	368,710
Home Care Rate Increase	75,987	179,978
Caseload Trend	(292,083)	(691,812)
Total	**$ 793,066**	**$ 1,851,515**

It should be noted, that absent the impacts of the public health emergency, increasing both rates and participation for the programs would increase expenditures by $2.5 million over the enacted budget, including $1.1 million from general revenues. **The Assembly concurred. It provided an additional $1.1 million, including $0.4 million from general revenues, to expand program eligibility to individuals with early onset Alzheimer's and included authorization in Section 9 of Article 12.**

Senior Services Support. The Office requested $400,000 from federal funds authorized under the CARES Act for a variety of activities outlined in Title III-B of the Older Americans Act, such as health education, counseling, housing services, transportation, elder abuse prevention and response activities, and in-home services, among others. The state received a total of $1.0 million under the Act for supportive services, of which $0.8 million is anticipated to be spent in FY 2021 and $0.2 million in FY 2022. *The Governor recommended funding as requested.* **The Assembly provided $1.0 million more than requested, which includes shifting $0.8 million from FY 2021 to FY 2022 based on projected expenditures and $250,000 from new federal funds authorized under the Consolidated Appropriations Act of 2021 to promote coronavirus vaccine access.**

Senior Center Support. The Office requested the enacted level of $800,000 from general revenues to support the state's senior centers. The constrained request reduces funding by $400,000. *The Governor recommended funding as enacted.* **The Assembly concurred.**

Meals on Wheels/Elderly Nutrition Services. The Office requested $3.7 million from all sources of funds to support Meals on Wheels and elderly nutrition services, including both congregate and home-delivered meals. This includes the enacted amount of $0.6 million from general revenues, and $3.2 million from federal funds. This is $1.8 million less than enacted, primarily reflecting the expiration of federal funds authorized under the Families First and Coronavirus Response Act and CARES Act, which was awarded to community providers for home-delivered and congregate meals. The constrained request reduces general revenue funding by $275,000. *The Governor recommended funding as requested, including the enacted level of general revenues.* **The Assembly concurred and added $0.8 million from new funds authorized under the Consolidated Appropriations Act of 2021.**

Respite Care. The Office requested $0.4 million from all sources for the respite care program and family caregiver services. This includes the enacted level of $325,000 from general revenues for the Diocese of Providence to support the respite care program. It also includes $100,000 from federal funds authorized under the CARES Act for family caregiver relief, $0.3 million less than enacted. Through the act, the state received a total of $0.5 million, of which $0.4 million is anticipated to be spent in FY 2021 and $0.1 million in FY 2022. The Diocese of Providence's CareBreaks Program assists caregivers taking care of family members with disabilities of any age. Some volunteers may be available but, if needed, CareBreaks may also help to pay part of the cost for respite provided by approved agencies. The program is also supported by Catholic Charities and federal grants.

The constrained request reduces general revenue funding by $160,000. *The Governor recommended funding as requested, including the enacted amount of general revenues.* **The Assembly shifted $0.3 million from federal funds from FY 2021 to FY 2022 based on projected expenditures.**

Elderly Housing Security. The Office requested the enacted level of $85,000 from general revenues to implement security measures in elderly housing complexes. Responsibility for the program is contained in Rhode Island General Law, Section 42-66.1-3 and the Office annually issues a Request for Proposals to award the funds, which support new lighting, doors and alarms. The funds can be used for a variety of purposes to make elders feel safe in their homes. The constrained request reduces funding by $45,000. *The Governor recommended funding as enacted.* **The Assembly concurred.**

Long Term Care Ombudsman. The Office requested $0.2 million from all sources for the Long Term Care Ombudsman, including $0.1 million each from general revenues and federal Title VII funds. This is $60,000 less than enacted from federal funds authorized under the CARES Act. The state was awarded $100,000 under the act, of which $80,000 is included in the enacted budget and the remaining $20,000 is requested for FY 2022. The Long Term Care Ombudsman, Alliance for Better Long Term Care, advocates on behalf of residents of nursing homes, assisted living residences and certain other facilities, as well as recipients of home care services and it fills the state's responsibility contained in Rhode Island General

Law, Chapter 42-66.7. The ombudsman program identifies, investigates, and resolves complaints raised by the aforementioned parties.

The constrained request reduces general revenue funding by $20,000. *The Governor recommended funding consistent with the unconstrained requested.* **The Assembly concurred and included $30,000 from new federal funds authorized under the Consolidated Appropriations Act of 2021.**

Volunteer Guardianship Program. The Office requested $45,250 from general revenues to support the volunteer program, which provides guardianship services to low-income, older, at-risk persons residing throughout the state who have been identified by a referral source as being in need of this advocacy service; guardianships under this program do not involve decision-making regarding the property or finances of the person. The request is $1,000 more than enacted for operating expenses, which may be unnecessary based on FY 2020 experience. *The Governor recommended funding as requested.* **The Assembly concurred.**

Aging and Disability Resource Center. The 2018 Assembly enacted legislation establishing the Aging and Disability Resource Center within the Office of Healthy Aging. The center assists Rhode Islanders and their families in making informed decisions regarding long-term care services and support options. The Center would also streamline access to long-term supports and services for the elderly, persons with disabilities, family caregivers, and providers. It would work towards diverting people, when appropriate, from institutional care to home and community-based services and prevent short-term institutional care from becoming permanent through counseling and eligibility screening for other services.

In 2020, the Office was awarded a $0.3 million grant authorized under the federal CARES Act. The enacted budget includes $0.2 million from this direct grant award and the remaining $0.1 million is requested for FY 2022. *The Governor recommended funding as requested.* **The Assembly concurred and included $0.2 million from new federal funds authorized under the American Rescue Plan Act to promote access to coronavirus vaccines though the center.**

Alzheimer's Disease Prevention Initiative. The Office requested the enacted level of $300,000 from federal funds to support home and community-based services supporting individuals living with dementia and Alzheimer's. Funding will be used to train direct service professionals, including home health aides, first responders, and referral specialists, among others. Funds are also being used to offer two evidence-informed programs meant to support caregivers and those individuals living with dementia, including Alzheimer's. *The Governor recommended funding as requested.* **The Assembly concurred.**

Elder Abuse Prevention. The Office requested the enacted level of $250,000 from federal funds for elder abuse prevention. It was awarded a three-year, $0.8 million grant from the Administration for Community Living. Funding is used to support a new client-management system that automates abuse-reporting functions and improves the sharing of case information between the Office and first responders. It will also be used for professional development for elder protective services staff and support a new Healthy Aging Behavioral Health Liaison position at BH Link, discussed separately. *The Governor recommended funding as requested.* **The Assembly concurred.**

Behavioral Health Liaison. The Office's request includes the enacted level of $0.1 million from mental health block grant funds provided by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to support a new Healthy Aging Behavioral Health Liaison to BH Link. BH Link is a comprehensive program intended to serve those individuals 18 years and older who are experiencing a behavioral health crisis, including mental health and substance use, by establishing a community-based, 24/7 hotline and triage center. The Office contracted with the new liaison in October 2019. *The Governor recommended funding as requested.* **The Assembly concurred.**

Paratransit Services for the Elderly. The Office requested $7.8 million from all sources for elderly transportation services, including $2.9 million from general revenues, $0.4 million from federal funds and the enacted level of $4.4 million from gas tax proceeds. The request is $2,741 more than enacted from all sources, including $15,772 more from general revenues. The enacted budget includes general revenue savings of $17,691 from a 6.2 percent increase in the federal share of medical expenses. The Families First and Coronavirus Response Act included the temporary rate increase in response to the coronavirus pandemic beginning January 1, 2020 through the quarter in which the public health emergency ends. The Biden Administration signaled its intention to extend the public health emergency through the end of 2021, making $9,615 of savings available for FY 2022.

Consistent with the revised request, the Office included the enacted amount of $4.4 million from gas tax funds despite a decline in collections. In FY 2020, a total of $4.2 million was deposited into the fund, $252,502 less than requested. *The Governor recommended total funding as enacted but shifted $11,447 from general revenues to federal funds.* **The Assembly reduced funding from gas tax proceeds by $0.2 million based on projected collections.**

Pharmaceutical Assistance to the Elderly. The Office requested the enacted amount of $15,000 from restricted receipts for the pharmaceutical assistance for the elderly program. The Rhode Island Pharmaceutical Assistance to the Elderly program pays 60 percent of the drug costs for individuals in the lowest income category. The state also pays 30 percent and 15 percent for the second lowest and highest income categories, respectively. The eligibility categories include individuals age 65 or older who meet the income category limits and individuals between the ages of 55 and 64 receiving Social Security Disability Insurance. Program participation has declined since the program's inception since the establishment of the Medicare Part D program and then the Affordable Care Act. *The Governor recommended funding as requested.* **The Assembly concurred.**

COVID Relief - Office of Healthy Aging. The Office's request excludes $0.2 million from one-time Coronavirus Relief funds included in the enacted budget, including $126,451 distributed to Meals on Wheels, $55,000 used to distribute boxes of food and personal care items, and $15,149 for the Aging and Disability Resource Center. *The Governor excluded funding as requested.* **The Assembly concurred.**

Other Grants. The Office requested $5.2 million from all sources for assistance and grants provided to local organizations providing health, nutrition, companionship, and other supportive services to the state's elderly. The request is $0.2 million more than enacted, including $28,354 from general revenues. This reflects anticipated federal grant awards as well as $20,000 more for a state match to the Senior Companion Program. This is offset by a reduction in operating expenses from the match elsewhere in the budget; the grant requires state spending of $65,000 and the request reflects a shift in eligible expenses. *The Governor recommended funding as requested.* **The Assembly concurred and added $0.7 million from new federal funds authorized under the Consolidated Appropriations Act of 2021 for adult protective services.**

Other Operations. The Office requested $4.0 million from all sources for other operating expenditures, including $1.9 million from general revenues, $2.0 million from federal funds and $0.1 million from restricted receipts for indirect costs collected on federal grants. The request is $19,786 more than enacted, including $0.1 million more from general revenues, $17,656 less from federal sources, and $68,421 less from restricted receipts. The request primarily reflects additional funding for personnel, offset by reductions to operating expenses based on prior year spending, which is consistent with the revised request. Of the $0.1 million added for personnel, $49,475 reflects staff participation in the workshare program. Adjusted for this, the request adds $60,225 from all sources for a total of $3.6 million to support 30.0 of its 31.0 full-time equivalent positions. As of the last period in January, the Office had 26.0 filled positions. *The Governor recommended funding as requested.* **The Assembly concurred.**

Dept. of Behavioral Healthcare, Developmental Disabilities and Hospitals

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Central Management	$ 5,576,121	$ 5,642,580	$ 7,137,806	$ 6,352,964
Services for the Dev. Disabled	304,018,597	304,495,170	294,428,919	336,685,992
Hosp. & Comm. System Support	3,439,082	3,149,278	3,166,448	3,743,266
Hospital & Comm. Rehab. Services	129,920,263	135,253,016	78,014,148	118,283,372
Behavioral Healthcare Services	43,127,612	54,433,168	33,140,386	58,533,659
Total	**$ 486,081,675**	**$ 502,973,212**	**$ 415,887,707**	**$ 523,599,253**
Expenditures by Category				
Salaries and Benefits	$ 133,564,006	$ 139,073,595	$ 87,404,184	$ 137,406,781
Contracted Services	9,356,831	11,013,980	10,475,288	11,402,384
Subtotal	**$ 142,920,837**	**$ 150,087,575**	**$ 97,879,472**	**$ 148,809,165**
Other State Operations	27,481,451	32,833,776	12,712,202	17,616,900
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	314,877,603	319,248,266	304,451,050	356,174,481
Capital	801,784	803,595	844,983	998,707
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 486,081,675**	**$ 502,973,212**	**$ 415,887,707**	**$ 523,599,253**
Sources of Funds				
General Revenue	$ 248,855,733	$ 257,979,000	$ 220,346,513	$ 271,942,823
Federal Aid	233,118,777	241,011,881	192,892,244	247,059,780
Restricted Receipts	3,707,165	3,582,331	2,248,950	4,196,650
Other	400,000	400,000	400,000	400,000
Total	**$ 486,081,675**	**$ 502,973,212**	**$ 415,887,707**	**$ 523,599,253**
FTE Authorization	**1,188.4**	**1,188.4**	**1,042.4**	**1,190.4**

Summary. The Department requested $458.3 million from all sources, including $273.9 million from general revenues, $182.7 million from federal funds, $1.5 million from restricted receipts, and $0.3 million from Rhode Island Capital Plan funds in its FY 2022 request. The request is $27.7 million less than the FY 2021 enacted budget and includes $25.1 million more from general revenues, $50.5 million less from federal funds, $2.3 million less from restricted receipts and $0.1 million less from Rhode Island Capital Plan funds. It should be noted that the enacted budget includes one-time savings of $0.8 million of which $0.7 million is from general revenues, based on 116 individuals from the Department opting to participate in the workshare program. Adjusted for this, the request is $24.2 million more than enacted from general revenues.

The Department's request includes 1,189.4 full-time equivalent positions, one more than the authorized level. The enacted budget transferred a legal position to the Executive Office of Health and Human Services; as the FY 2021 budget was enacted after the submission, Department's revised and FY 2022 requests do not include it.

The Families First Coronavirus Response Act temporarily increases a state's Medicaid match rate by 6.2 percent for services provided from January 1, 2020 until the end of the public health emergency which was through the third quarter of FY 2021. At the time the budget was adopted, this rate was 60.03 percent. The FY 2021 enacted budget assumes general revenue savings of $108.3 million across all of the state's health and human service agencies, including $12.3 million in the Department's budget. The public health emergency has been extended through the end of FY 2021 which would result in additional general revenue savings of at least $4.0 million in the Department's budget for that final quarter. The Biden Administration announced plans to continue renewing it through at least the end of calendar 2021, which is at least half of FY 2022. These two quarters would represent at least $8.0 million in savings.

The Governor recommended $415.6 million from all sources, including $220.3 million from general revenues. This is $70.5 million less than enacted from all sources, which is $44.2 million less than requested. General revenues are $28.5 million less than enacted and $53.6 million less than requested.

The Governor recommended 1,042.4 full-time equivalent positions, 146.0 less than enacted. The recommendation reflects the elimination of 100.0 positions from the reorganization of the Eleanor Slater Hospital system and 50.0 positions from the state-run system for adults with developmental disabilities. The budget includes 2.0 new positions in the Division of Behavioral Healthcare Services for the adult use marijuana initiative and 2.0 new positions in the Division of Developmental Disabilities to assist with initiatives related to state compliance with the consent decree, including participation in the caseload estimating conference. The Governor subsequently requested an amendment to retain the current operations at the state hospital and restore the positions.

The Assembly provided $532.6 million, including $271.9 million from general revenues, $247.1 million from federal funds, $4.2 million from restricted receipts and $0.4 million from Rhode Island Capital Plan funds. This is $107.7 million more than recommended, including $51.6 million more from general revenues, $54.2 million more from federal funds and $1.9 million more from restricted receipts. The Assembly included 1,190.4 positions, 2.0 positions more than enacted.

Departmentwide

Capital Projects. The Department requested $300,000 from Rhode Island Capital Plan funds, or $0.1 million less than enacted, for the residential development project in the Division of Developmental Disabilities. The request excludes $300,000 from the Department's capital budget request for hospital equipment that is also included in the capital plan. *The Governor recommended the enacted level of funding.* **The Assembly concurred. A detailed description of the projects is included in the Capital Budget section of this publication.**

COVID Relief - Quarantine and Isolation Facilities. The federal CARES Act adopted in response to the crisis provided $1,250.0 million to Rhode Island for expenditures related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to "second-order" effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance-related public health measures.

The enacted budget provides $12.9 million in the Department of Administration's budget, including $2.6 million from general revenues to cover quarantine and isolation expenses to be incurred in the second half of fiscal year for which there is no other federal support. The budget also assumes some of these expenses in the Departments of Human Services and Children, Youth and Families' budgets but none for Behavioral Healthcare, Developmental Disabilities and Hospitals related to individuals with developmental disabilities.

The Department's request did not include any funding. *The Governor recommended $31,250 from Coronavirus Relief funds.* **The Assembly concurred.**

Centralized Services. The Department's request includes $12.3 million for centralized services provided by the Department of Administration, which is $1.1 million less than the enacted budget almost entirely from general revenues. This includes $11.3 million from general revenues and $1.1 million from federal Medicaid funds. The total request is consistent with FY 2020 billings; however, final expenses were $12.3 million from general revenues and $816 from federal grant funds. This is also consistent with the revised request. It is unclear if these Medicaid funds are available for use on these expenses.

The Governor recommended funding as requested. His budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $2.9 million from general revenues in the Department's budget. This includes $2.4 million more for facilities and $0.5 million more for information technology.**

Staffing. The Department requested 1,189.4 full-time equivalent positions for FY 2022 which is consistent with the enacted authorization. The enacted budget transfers staff among divisions primarily to reflect actions taken during its reorganization and includes funding in each division for the positions. However, the Department did not have an approved cost allocation plan that would appropriately spread staffing expenses across divisions, mostly applying to administrative staff whose responsibilities are spread throughout the department.

The Department worked with Public Consulting Group to develop the plan that is adjusted each quarter; the revised and FY 2022 requests reflect adjustments to staffing expenses in the different divisions based on the new plan. The request is based on the cost allocation plan used in the final quarter of FY 2020. The changes are noted in the separate sections but an analysis of staffing expenses is difficult since the costs are now spread across the department. The Department was unable to explain how it has altered its staffing expenses based on this new cost allocation plan.

The Governor's recommendation reflects a cost allocation plan updated for the first quarter for FY 2021 and includes 1,042.4 positions which is 146.0 less than enacted. His proposals to reorganize operations at Eleanor Slater Hospital and privatize the state-run system for adults with development disabilities, reduce staffing by 150.0 positions. As previously noted, he also added four new positions. He subsequently requested an amendment to restore the 100.0 positions reduced from Eleanor Slater Hospital. **The Assembly included 1,190.4 positions. It added back the hospital positions consistent with the amendment and restored the 50.0 positions in the state-run system. It concurred with two new positions for compliance with the consent decree but did not for adult use marijuana.**

Division of Developmental Disabilities

Developmental Disabilities Programs. The state provides residential, day programming, family supports or medical services to support adults with developmental disabilities. As of January 2021, there were 4,414 individuals receiving services through either the state-run system or through community-based providers. This includes approximately 3,930 individuals receiving direct residential/day programming and/or family supports.

The request includes $290.3 million from all sources, of which $136.7 million is from general revenues, for the program to support adults with developmental disabilities for FY 2022. The request is $10.5 million less than enacted, including $13.4 million more from general revenues.

The request funds the contract and activities to satisfy the requirement of the consent decree the state entered into with the Department of Justice regarding individuals whose day activities were at sheltered workshops. The court monitor and consent decree coordinator are paid from the Executive Office of Health and Human Service' budget. Also included in the request is funding for the Person Centered Supported Employment Performance Program and additional benefit authorizations.

The constrained request includes savings of $7.1 million, including $3.1 million from general revenues from privatizing the state-run system.

The following table breaks down expenses for developmentally disabled adults who receive residential, community-based and home services through the state-run and/or the privately operated systems. *The Governor recommended $291.6 million, including $130.0 million from general revenues for program expenses. This is $1.5 million more from all sources and $6.7 million less from general revenues than requested. He also proposed legislation in Article 3 of 2021-H 6122 to add expenses for the community based system for adults with developmental disabilities to the semi-annual medical assistance and public assistance caseload conference, effective on July 1, 2022. He subsequently requested an amendment for this change to be effective July 1, 2021.*

Developmental Disabilities Services							
		FY 2022 Gov. Rec.		**FY 2022 Enacted**		**Enacted to Governor**	
Program/Component	**Individuals***	**Gen. Rev.**	**All Funds**	**Gen. Rev.**	**All Funds**	**Gen. Rev.**	**All Funds**
Privately Operated System - Residential and Day	3,809	$ 107.5	$ 255.8	$ 122.1	$ 290.7	$ 14.5	$ 34.9
Transition Fund		10.0	15.0	1.0	2.0	(9.0)	(13.0)
Health Home/Case Management	n/a	-	-	-	-	-	-
Person Centered Supported Employment Performance Program	??	3.0	-	3.0	3.0	-	3.0
Medicaid CNOM - Day Programs	5	0.03	0.1	0.03	0.1	-	-
FEMA: DD Facilities	0	-	0.03	-	0.03	-	-
RICLAS (state-run) - Residential	116	3.8	7.7	11.7	27.9	8.0	20.2
Case Management Only	484	*not separately available - included below*					
Other State Only Services & Administrative Expenses	0	5.7	12.8	5.6	9.8	(0.1)	(3.1)
Capital Projects	n/a	-	0.1	-	0.1	-	-
Total	**4,414**	**$ 130.0**	**$ 291.6**	**$ 143.5**	**$ 333.6**	**$ 13.4**	**$ 42.0**

**Enrollment as of January 2021; $ in millions*

The recommendation privatizes the state-run system and transfers expenses to the community based providers. The Governor included $0.7 million from all sources, including $0.3 million from general revenues to hire a contractor to assist with the transition which will be effective October 1, 2021. The Governor's recommended budget lowers the Division's staffing authorization by 50.0 full-time equivalent positions to begin the process of transferring the residents. The following table shows the elements of the proposal.

RICLAS Privatization	**General Revenues**	**All Funds**
RICLAS Savings	$ (8,091,201)	$ (20,222,104)
Transfer to Community Providers	3,296,161	7,565,088
Consultant	335,625	671,250
Savings from Privatization	**$ (4,459,415)**	**$ (11,985,766)**

The Assembly did not concur with the proposal to privatize the state-run system and provided a total of $333.6 million, including $143.5 million from general revenues, $188.6 million from federal funds and $1.4 million from restricted receipts. The Assembly included Sections 6 and 8 of Article 3 of 2021-H 6122, Substitute A, as amended, for the change to the caseload estimating conference. It also required the Executive Office of Health and Human Services to provide direct assistance to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to facilitate compliance with reporting requirements and preparation for the caseload conferences.

Program Eligibility. In Rhode Island there are two pathways for a disabled individual (including those with a developmental disability) to receive Medicaid-funded long term care services: 1) either he or she is categorically eligible for Medicaid by meeting the federal disability criteria and income threshold for the Supplement Security Income program and the Department's criteria for its long term care supports program or 2) he or she is "medically needy."

To be considered "medically needy," an individual meets the Department's criteria for its program and the federal disability definition but has income above the Supplemental Security Income threshold of $735 a month. In this situation, the state allows the individual to pay a portion of the services monthly, referred to as cost of care, until he or she meets the medically needy monthly income limit of $890 and then the state pays the remainder of the services. The provider collects the recipient's cost of care and adjusts its monthly billing to reflect the state offset. The payment of this cost of care is a necessary condition for Medicaid eligibility. The Department reported the same number monthly and noted that this is information the long term care unit at the Department of Human Services has access to and not the Department.

Monthly Caseload Report. Rhode Island General Law, Section 40.1-22-39, requires the Department to submit monthly developmental disabilities caseload and expense reports to the House and Senate finance committee chairpersons, budget officer and fiscal advisors by the 15th of each month. The report is to be submitted in any format required by the House and Senate fiscal advisors.

The 2016 Assembly expanded the information to be contained in the monthly report to include any reports that have been submitted to the federal court related to the consent decree along with the number of unduplicated individuals employed, the place of employment and the number of hours working. The Department indicated that it cannot report on the number of individuals employed, the place of employment or the number of hours working since it does not track that information. It must also report transitions to and from 24-hour residential placements, collection of patient liability, approvals and funding for services above the resource allocation levels.

For the collection of patient liability, the Department reported that there are approximately 900 individuals with a cost of care payment requirement with financial monthly requirements totaling $0.4 million, which it is not collecting. According to the Department, it is the responsibility of the Executive Office of Health and Human Services' long-term care unit to report on whether or not the collections by the providers are being made; it does not have access to the specific information and can only report it in the aggregate. It should be noted that the information is the same each month.

The Department did report the amount of funding authorized above the resource level but had not provided information as to the approval process for additional services or what the services are.

The 2017 Assembly also expanded the reporting requirements to capture data on services provided and any sale of state-owned property if the revenue is used to offset advanced payments made to community providers. It also required that provider annual cost reports be submitted by the Department to the House and Senate fiscal advisors and the State Budget Officer by November 1 of each year. The information was submitted electronically in January 2021.

The Governor proposed legislation in Sections 5 and 6 in Article 3 of 2021-H 6122 to add expenses for the community based system for adults with developmental disabilities to the semi-annual medical assistance and public assistance caseload conference, effective on July 1, 2022. The report would replace this existing one. The Governor requested two amendments that corrected a drafting error which created a reporting gap and made the change starting July 1, 2021, or the November 2021 caseload estimate. **The Assembly included Sections 6 and 8 of Article 3 of 2021-H 6122, Substitute A, as amended, for the change which also provides that the Executive Office of Health and Human Services will directly assist the Department with the monthly reporting requirements and preparation for the caseload estimating conferences.**

Medical Benefits/Rhody Health Options. Individuals receiving residential and other community-based services receive medical benefits through the Executive Office of Health and Human Services. Individuals who are not eligible for Medicare are enrolled in Rhody Health Partners, the state's managed care plan for disabled individuals and those receiving services through the Medicaid expansion program. Those who are eligible for both Medicare and Medicaid, referred to as "dual eligibles," may have the opportunity to enroll in Rhody Health Options, the state's integrated care initiative to provide services through a managed care plan, potentially lowering medical costs for the more expensive dual eligible population. Those who opt not to enroll in managed care continue to receive direct medical benefits through a fee-for-service reimbursement system.

Of the program participants, the November 2020 caseload estimate assumes that approximately 1,500 individuals are enrolled in Rhody Health Options totaling $4.0 million, another 940 in Rhody Health Partners totaling $15.3 million and the remaining 1,360 in fee-for service in the Executive Office of Health and Human Services' budget. *The Governor recommended funding consistent with the estimate for this population.* **The Assembly provided funding consistent with the May Caseload Conference estimate. This assumes 948 individuals enrolled in Rhody Health Partners at a cost of $19.2 million, 1,478 in Rhody Health Options costing $15.3 million and the remaining 1,374 in fee-for-service.**

Privately Operated System. The Department requested $261.6 million, including $121.6 million from general revenues for privately provided residential, day and family support programs provided through the state's Medicaid global waiver in its current services request. This is $11.5 million less than enacted, including $8.8 million more from general revenues and $20.4 million less from federal funds.

The decrease in federal funds includes $15.0 million less for the health home/case management services initiative that the Department did not implement. The enacted budget includes $19.8 million from all sources, which includes $2.0 million from general revenues and $17.8 million from Medicaid for the 90 percent match for the health home/case management services. The case management services are still provided but at the lower match rate, therefore the $2.0 million from general revenues is now matched by $2.8 million from Medicaid.

The request funds the contract and activities to satisfy the requirement of the consent decree the state entered into with the Department of Justice regarding individuals whose day activities were at sheltered workshops. The court monitor is paid from the Executive Office of Health and Human Services' budget. Also included in the request is funding for additional authorizations and the Person Centered Supported Employment Performance Program, discussed separately. *The Governor recommended $10.8 million more than enacted, including $13.4 million more from general revenues. This is $22.3 million more than the request, including $4.7 million more from general revenues. This includes the transfer of expenses for the state-run system.* **The Assembly did not concur with the transfer of the state-run system to the community based agencies and provided $305.7 million, including $131.7 million from general revenues, $173.9 million from federal funds and $0.1 million from other funds. This is $21.8 million more than recommended, including $5.5 million more from general revenues related to consent decree compliance initiatives.**

Community-Based Program. The Department requested $247.8 million including $112.3 million from general revenues for privately provided residential, day and family support programs provided through the state's Medicaid program in its current services request. This is $12.4 million less than enacted, including $7.5 million more from general revenues and $19.9 million less from federal funds. As previously noted, the request excludes federal funds available through the health home initiative. Adjusting for that federal funds change the request is $3.1 million more than enacted primarily for projected caseload growth. The FY 2022 request is $14.6 million more than the revised request. *The Governor recommended $4.3 million less than enacted, including $2.7 million more from general revenues. The recommendation includes the privatization of the state-run system and transferring the operations to the private providers.*

The Governor included Article 12 to change the calculation that applies to individuals eligible for home and community based services who have to pay for a portion of their care, including individuals in the community-based system. Under this proposal, an individual will be able to keep $2,383 per month; a person can currently retain $1,093. The Governor's recommended budget adds $5.4 million, including $2.4 million from general revenues for the Executive Office of Health and Human Services because the state will pay for a higher amount of the cost for services. It was later determined that some of this should be included in the Department's budget and the Governor requested an amendment to shift $2.7 million, including $1.1 million from general revenues to the Department. The amendment also adds $1.2 million, including $0.5 million from general revenues assuming 17 patients transfer out of Eleanor Slater Hospital to a group home. The Governor also requested an amendment reversing the transfer proposal.

On June 7, the Governor requested an amendment to increase the minimum hourly rate reimbursements for direct support professionals to $15.75 and supervisors to $21.99. He requested to add $26.7 million from all sources, as well as $13.0 million from the transition fund, noted separately, for a total of $39.7 million for provider rate increases. **The Assembly concurred with the amended recommendation and provided a total of $277.8 million, including $113.1 million from general revenues and $164.7 million from federal funds.**

Consent Decree - Transition Fund. The FY 2021 enacted budget includes $240.3 million, including $102.8 million from general revenues for community based programs for developmentally disabled adults and another $3.0 million for the person centered supported employment performance program, as previously noted. The Department did not request any other specific funding for consent decree compliance activities.

The Governor's FY 2022 recommended budget includes $15.0 million, of which $10.0 million is from general revenues, for a transformation and transition fund to assist the community-based providers to comply with the consent decree and improve the quality of, and access to, integrated community day and employment support programs. Payments will be linked to quality benchmarks and performance standards, an investment will be made in technology and there will be two new positions in the Division to help manage these proposals and assist with the caseload reporting requirements. As previously noted, the Governor subsequently requested an amendment to increase the minimum hourly rate reimbursements for direct support professionals to $15.75 and supervisors to $21.99 using $13.0 million of the transition fund for the increase. The remaining $2.0 million will fund other administrative and program support. **The Assembly concurred with the amended recommendation.**

Person Centered Supported Employment Performance Program. The Department requested $2.5 million from general revenues, which is $0.5 million less than enacted, for the person center supported employment performance program. The request reflects contracts with Looking Upwards, Perspectives and Seven Hills and Work Incorporated entered into in late FY 2020. This is consistent with the revised request.

Payments are made to community-based providers who are participating in the person centered supported employment performance program as part of the state's consent decree. This includes certification payments, supplemental authorization and payments for meeting benchmarks in the consent decree. It was assumed that the program could be matched by Medicaid but is budgeted as a state-only program. The Department reported that it cannot receive Medicaid matching funds because the services are not included in the Medicaid waiver. The Department can enter into an internal agreement with the Executive Office of Health and Human Services but, as of March 2021, it had not finalized that process. *The Governor recommended funding at the enacted level.* **The Assembly concurred.**

Department of Justice Consent Decree - Monitor. The enacted budget includes $450,000 for the costs for the consent decree court monitor in the Executive Office of Health and Human Services' budget. The state entered into an Interim Settlement Agreement on June 12, 2013 and the consent decree on April 1, 2014; the monitor has oversight over both. The consent decree requires a court monitor and sets a maximum cost of $300,000; the settlement agreement does not specify a cost.

The current contract totals $282,500 leaving a balance of $167,500 for work that has not been identified. Included in that amount is $60,000 for five consultants to review pre-employment transition services, employment practices and policies and career development plans. The work also includes reviewing person-centered plans and services and supports for individuals in the target populations under the consent decree. *The Governor recommended $300,000 from all sources, including $150,000 from general revenues in the Executive Office's budget.* **The Assembly concurred.**

Department of Justice Consent Decree - Coordinator. The FY 2021 enacted budget includes $100,000, of which $50,000 is from general revenues, for the consent decree coordinator in the Executive Office's budget to assist the court monitor. The contractor will assist with communication and collaboration between the state agencies subject to the consent decree. The individual will convene monthly meetings, act as a liaison for the court monitor, conduct site visits, coordinate with the legal teams, and file reports with the court monitor. The agencies include the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, Office of Rehabilitation in the Department of Human Services, and the Department of Elementary and Secondary Education. The position will be contracted through Knowledge Services and is expected to be filled in March 2021. *The Governor concurred.* **The Assembly concurred.**

Other Medicaid Funded Day Services. The Department requested $70,000 from all sources, including $31,724 from general revenues for day programs through the Medicaid global wavier for services provided to four individuals who are not otherwise eligible for Medicaid. This is $19,496 less than enacted, including $10,178 less from general revenues. This is consistent with its revised request. *The Governor recommended the request and included $2,170 less from general revenues for the enhanced Medicaid rate.* **The Assembly concurred.**

Transportation Expenses. The Department requested $1.0 million from general revenues for a contract with the Rhode Island Public Transit Authority to provide transportation services to developmentally disabled adults receiving services in the community based programs. The contract expired on October 30, 2020 and was extended until March 31, 2021. The enacted budget includes $1.7 million from general revenues matched by Medicaid. This is in addition to the $14.2 million for transportation expenses that is part of the individual budget authorizations previously discussed.

The Department pays for two trips in the course of a day for an individual attending community based programs and that expense is matched by Medicaid as part of a person's benefit package. The Department entered into a separate contract with the transit authority to provide transportation service above that. The Executive Office of Health and Human Services has reported that transportation services to this population can be matched by Medicaid, but it appears that the Authority is not an approved Medicaid provider. The Department reported that the Authority is in a unique position because it is a quasi-public agency, but it has

not provided any additional information as to why it is not considered a Medicaid provider. *The Governor recommended funding at the enacted level.* **The Assembly concurred.**

State Only Placements/Services. The Department requested $1.5 million from general revenues for eight entities, including three in Massachusetts, providing residential and other community based services to adults with developmental disabilities. The Department paid the expenses from general revenues only in FY 2020 because the three providers were not Rhode Island Medicaid certified providers. For FY 2021, the Department reported that the situation has been rectified and the three Massachusetts providers are Medicaid certified making it unnecessary to use only state funds for these services.

The Department reported there are also five in-state providers for which the services are state only and not able to be matched by Medicaid but it is unclear why there are state only services for this population. *The Governor recommended funding at the enacted level.* **The Assembly concurred.**

Staffing and Other Operations. The Department requested $8.2 million, including $4.0 million from general revenues for administrative costs and other services for adults with developmental disabilities. This is $1.2 million less than enacted from all sources of funds, including $0.7 million less from general revenues. This includes $6.0 million, of which $3.2 million is from general revenues, to support 53.0 full-time equivalent positions. The staff costs are $1.1 million less from all sources, including $0.4 million less from general revenues, to reflect updated salary and benefit expenses; it appears the enacted budget overfunded the staffing expenses. The request is $0.5 million less than spent in FY 2020 and $0.1 million more than the revised request. The request also includes $0.7 million for contracted services including $0.3 million for Advocates in Action. It includes the enacted level of $0.1 million for family subsidies and $0.4 million for other various operating expenses.

The Governor recommended $0.2 million more than enacted, including $1.4 million more than requested. General revenues are $0.7 million more than enacted and $1.4 million more than requested. The Governor's recommendation uses a cost allocation plan updated for the first quarter in FY 2021; the request was based on the last quarter of FY 2020 but still appears to continue to overfund staffing expenses. **The Assembly distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $0.1 million in the Department's budget based on the two individuals in the Division who participated during FY 2021. It concurred with the remainder of the recommendation.**

Rhode Island Community Living and Supports Program (RICLAS). There are 21 state-run group homes and apartments in two complexes that have the capacity to provide residential services to 167 clients. The Department established a policy that clients would be admitted into the state-run system in emergency situations only. As of January 2021, there were 116 clients in the state-run facilities. Of that amount, 44 attend day programs operated by ten private providers including: AccessPoint, Blackstone Valley, Cove Center, Frank Olean Center, Fogarty Center, J. Arthur Memorial Center, Kaleidoscope Family Solutions, Looking Upwards, Perspectives and Seven Hills.

The Department's current services request includes $28.7 million from all sources for these clients which equates to a daily rate of $677.20, or $247,177 annually. The request is $1.3 million more than enacted, including $4.4 million more from general revenues. Changes are noted in the items that follow.

The Governor recommended privatizing the system effective October 1, 2021 and reduced staffing by 50.0 positions to start the process. He included savings of $20.9 million, including $11.4 million from general revenues. This includes savings of $20.0 million from privatizing the system starting in October 2021 and $1.1 million for other current service adjustments. **The Assembly did not concur and included $27.9 million, including $11.7 million from general revenues, for the state-run system. The Assembly also added $24 from all sources to account for the base adjustment to agency budgets for FY 2022**

resulting from a settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages.

RICLAS - Current Services. The Department's current services request includes $26.5 million, including $13.8 million from general revenues for the state-run system. The request is $1.0 million less than enacted from all sources, including $3.2 million more from general revenues. Consistent with the revised request, the request overfunds general revenues and underfunds expenses reimbursed by Medicaid because the revised request erroneously funded fifteen vacant positions using only general revenues. Based on a new cost allocation plan, the request shifts expenses from central management and the hospital community support divisions to this program.

Restricted receipts are collections from client resources, including the monthly supplemental security income payments made to clients in the state-run developmental disabilities system to support their living costs, such as rent, food, utilities and other daily living expenses.

The request includes $26.3 million for staffing costs for 267.0 full-time equivalent positions. This includes $4.0 million for overtime, which is $0.2 million less than enacted. The remaining $2.3 million is for all other expenses. Of this amount, $1.4 million is from client resources. The request includes $0.5 million for food and medical supplies, $0.3 million for fuel and utility costs at the state-run homes, $0.4 million for general maintenance expenses, $0.5 million for the dental clinic and other medical services, and $0.3 million for landscaping, plowing and various other expenses. *The Governor recommended the proposal to privatize the state-run system, discussed below.* **The Assembly did not concur with privatizing the state-run system and included $27.9 million, of which $11.7 million is from general revenues.**

RICLAS Apartments. There are currently 14 developmentally disabled individuals living in two apartment complexes that the Department determined that it could not get a Medicaid match for the services provided to them because the individuals do not live in a group home. Since these individuals are part of the Division's 116-person caseload, the request uses the annual cost per person of approximately $250,000 for each individual in the state-run system, regardless of the services provided by staff. The request includes $2.2 million more from all sources, including $1.3 million from general revenues assuming this is primarily a state only expense. The Department has since reported that it can bill Medicaid making this general revenue increase unnecessary. *The Governor's recommendation includes a Medicaid match and also shifts these expenses to the private providers as part of the privatization of the state-run system.* **The Assembly did not concur with the proposal and restored the funding.**

RICLAS Privatization. The Department proposes savings of $7.1 million, including $3.1 million from general revenues, from reducing expenses for the current 23 facilities in its group home system, including two apartments by transferring the residents to the community based providers and funding services through the privately operated program. The savings are net of any cost to the private providers.

The Department was unable to provide any detailed information as to what the impact is to the community-based providers if this proposal is accepted and a timeline for the transition. *The Governor recommended this proposal and provided only $7.7 million, including $3.7 million from general revenues which assumes that transfer will happen by October 1, 2021. This is $20.2 million less than enacted, including $8.1 million from general revenues for the state-run program.* **The Assembly did not concur.**

RICLAS Privatization - Consultant Services. The Department's proposal to close the state-run system did not include any funding for technical assistance to facilitate that change. *The Governor recommended $0.7 million from all sources, including $0.3 million from general revenues, to hire a consultant to assist with the transfer to make sure it is completed on time. This would be a one-time expense.* **The Assembly did not concur with the proposal and removed this funding accordingly.**

Division of Behavioral Healthcare Services

The state provides behavioral health services including Medicaid funded mental health and substance abuse services to individuals through the Executive Office of Health and Human Services and the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals provides additional services through federal resources primarily the Substance Abuse, Mental Health and Social Services block grants.

The 2014 Assembly transferred Medicaid funded behavioral healthcare services from the Department to the Executive Office of Health and Human Services to align direct medical benefits with mental health and substance abuse services for disabled individuals. The Medicaid expansion opportunity that the state accepted allowed the Department's behavioral healthcare clients who received a limited benefit to have full access to Medicaid through the Executive Office's budget. With the transfer of the Medicaid funds to the Executive Office the state pays for the Medicaid services and provides direct care and behavioral healthcare benefits through one agency with coordination through the managed care plans.

The November 2020 caseload estimate includes $642.0 million to provide Medicaid coverage to adults between ages 19 and 64, without dependent children, with incomes at or below 138 percent of poverty in the Executive Office of Health and Human Services' budget. This reflects updated enrollment of approximately 86,000 enrollees. *The Governor included $693.9 million, of which $65.7 million is from general revenues and adjusts for the delay in Medicaid eligibility redeterminations. This is necessary to continue to receive the enhanced Medicaid rate for the first two quarters of FY 2022.* **The Assembly provided $746.2 million, including $80.0 million from general revenues.**

COVID Relief Funds - Mental Health and Domestic Violence Prevention Programs. The enacted budget includes $2.1 million from Coronavirus Relief funds to be used to support programs that address mental health and domestic violence issues during the pandemic. Funding will support student assistance services, opioid outreach and distribution of naloxone, and counseling and advocacy for survivors of family violence. The Rhode Island Foundation is managing the process to award the funds. The FY 2022 request does not assume these funds. *The Governor excluded funding for FY 2022; the revised budget includes $1.2 million in the Executive Office of Commerce's budget.* **The Assembly concurred.**

COVID Relief Funds - Substance Abuse Provider Relief Grant. The FY 2021 enacted budget includes $1.0 million from Coronavirus Relief funds for substance abuse prevention programs that expand community-based services potentially reducing hospitalizations during the pandemic. The Department's request excludes the funds. *The Governor also excluded the funds.* **The Assembly concurred.**

COVID Relief Funds - Governor's Emergency Education Relief. The CARES Act and the Coronavirus Response and Relief Supplemental Appropriations Act contain a combined $20.0 million from Governor's Emergency Education funds, of which $12.5 million is flexible. Governor Raimondo indicated in January 2021 that $0.9 million will be used to increase student access to mental health professionals including through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, $2.5 million to expand prekindergarten, $5.3 million to expand access to free tuition at the Community College, and $3.9 million for the Office of Postsecondary Commissioner. The Office will use funds to: improve access to higher education and education training opportunities, support innovation of ongoing operations of those institutions of higher education that have most been impacted by COVID-19, and to protect education related jobs and increase the quality of child care programming. The Department's request does not include the funds. *The Governor included $0.6 million for student access programs. The revised recommendation includes $0.1 million for the same purpose.* **The Assembly concurred.**

COVID Relief Funds - Naloxone. The Department excludes $0.8 million from Coronavirus Relief funds to be used to purchase and store naloxone kits for distribution to community organizations. *The Governor's recommendation includes the funding.* **The Assembly concurred.**

Adult Use Marijuana. Governor Raimondo twice proposed legislation to establish a legal adult use marijuana program. The regulation of all programs would be centralized within the Office of Cannabis Regulation within the Department of Business Regulation with the assistance and cooperation of a variety of health, safety and taxation agencies. The Assembly did not adopt either proposal. *The Governor's budget includes Article 11 of 2021-H 6122 to establish the authorization and regulation of an age 21 and older adult use marijuana program, similar to the 2019 proposal. It broadens the authority of the Office of Cannabis Regulation within the Department of Business Regulation to regulate cannabis-related activities with the assistance and cooperation of a variety of health, safety and taxation agencies. The budget also includes language in Article 2 to exempt associated restricted accounts from the cost recovery required under current law. The Governor recommended $0.1 million from restricted receipts for the Department for two new administrator positions and $0.1 million for prevention, treatment, and workforce development programming.* **The Assembly did not concur.**

Suicide Prevention Grant. The Department was recently awarded funding through the National Suicide Prevention Lifeline for a 9-8-8 planning grant available to state mental health, behavioral health and public health agencies. The grant will assist with implementing a new, national, three-digit number for mental health crisis and suicide response, or 9-8-8. The Department did not include this grant it in its request. *The Governor recommended $65,000 in the revised and FY 2022 recommendations and included Section 6 of Article 2 of 2021-H 6122 to establish the restricted receipt account. He subsequently requested an amendment to add $30,000.* **The Assembly concurred with the amended recommendation.**

Opioid Stewardship Fund. The enacted budget includes $1.8 million from Opioid Stewardship funds. The Department assumed it had access to only $0.5 million from the fund for its program, which is reflected in the revised request, and excludes it for FY 2022.

The administration's plan for use of the funds includes: expanding core housing programs, particularly where there is a demonstrated need or significant shortages, including recovery housing and vouchers for people with a history of substance use disorder and at risk of returning to use; and support for inpatient residential treatment programs to address the shortage of in-state, non-hospital residential treatment programs, particularly for youth. *The Governor recommended $1.8 million, or $17,681 less than enacted.* **The Assembly added $500,000 from Opioid Stewardship funds to support the seven regional substance abuse prevention task forces.**

State Opioid Response Grant. The Department's request includes $6.8 million from federal State Opioid Response grant funds, which is $6.1 million less than enacted and reflects the final year of the award. This includes $5.6 million for community support activities, or $6.4 million less than enacted and $1.2 million for administrative expenses, or $0.3 million more than enacted. The expenses include $1.1 million, or $0.2 million more, for salaries and benefits for nine full-time equivalent positions, two more than included in the enacted budget. It also includes $0.1 million more for other expenses, primarily pharmaceuticals.

The state was awarded a $25.2 million federal State Opioid Response grant and a $6.1 million supplemental grant. The Department received federal approval of its plan that includes 26 separate activities to address the opioid crisis. This includes residential support, recovery and peer support and also involves other state agencies including the State Police, and the Departments of Health, Children, Youth and Families, Corrections and Labor and Training. The Department includes funding for a media campaign, discussed separately. *The Governor recommended $0.5 million less than requested.* **The Assembly concurred.**

State Opioid Response Education and Awareness Campaign. The Department's request includes $0.7 from federal State Opioid Response funds for an education and awareness campaign. This is $0.2 million more than enacted and includes the Rhode Island Broadcasters Association's mental health awareness campaign called "It's Okay Not to Be Okay." *The Governor recommended funding as requested.* **The Assembly concurred.**

Strategic Prevention Framework Grant - Partnership for Success. The Department requested federal funds totaling $2.2 million, or $0.3 million less than enacted, from the strategic prevention framework state incentive grant to support activities that deliver and sustain effective substance abuse and/or mental health services. This includes preventing the onset and reducing the progression of substance abuse, including childhood and underage drinking and reducing substance abuse-related problems in communities and building prevention capacity and infrastructure at the state and community levels. The request includes $1.8 million for community programs and $0.4 million for evaluation activities. *The Governor recommended funding as requested.* **The Assembly concurred.**

Promoting Integration of Primary and Behavioral Healthcare Grant. The Department requested $2.7 million, or $0.9 million more than enacted, from the federal Promoting Integration of Primary and Behavioral Healthcare Grant. Funding is available from January 1, 2019 to December 31, 2023. The grant is intended to: promote full integration and collaboration in clinical practice between primary and behavioral healthcare; support the improvement of integrated care models for primary care and behavioral healthcare to improve the overall wellness and physical health status of adults with a serious mental illness or children with a serious emotional disturbance; and promote and offer integrated care services related to screening, diagnosis, prevention, and treatment of mental and substance use disorders, and co-occurring physical health conditions and chronic diseases. A portion of the funding, $1.8 million will go to Gateway Healthcare and Community Care Alliance; each will receive $0.9 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island Early Diversion Program. The Department requested $0.3 million from federal funds for a new early diversion program to initiate a direct transfer approach for law enforcement to divert individuals affected by mental health or co-occurring substance use disorders from arrest to services. A law enforcement liaison works with police departments so that individuals can be transported to the Behavioral Health Link (BH Link) assessment and triage center or request on-site assistance. The center provides short term crisis stabilization services and make connections to treatment and recovery services. *The Governor recommended funding as requested.* **The Assembly concurred.**

Screening, Brief Intervention and Referral to Treatment Grant. The request includes $0.4 million, or $1.4 million less than enacted, for projected spending for the final year of the five-year federal Screening, Brief Intervention and Referral to Treatment grant to pre-screen Rhode Islanders for use of tobacco, alcohol, marijuana and other drugs with treatment. This includes $0.3 million for community-based services and $0.1 million for the Rhode Island Quality Institute for data collection.

The Care Transformation Collaborative implements the initiative in primary care, emergency departments, the Department of Corrections, and in the community. There was collaboration with the State Innovation Model grant to include community health teams to screen 3,000 people in high risk settings each year. *The Governor recommended funding as requested.* **The Assembly concurred.**

Substance Abuse Treatment Block Grant. The Department requested $7.1 million from federal funds for the substance abuse treatment block grant, which is $1,300 less than enacted. Funding is awarded to community agencies to support municipal substance abuse activities for student assistance programs, peer support, residential, outpatient and detoxification programs. *The Governor recommended funding as requested.* **The Assembly added $13.5 million from new federal funds authorized under the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act.**

Mental Health Block Grant. The Department requested $2.4 million from federal mental health block grant funds to support services provided by the community mental health centers. This is $32,850 less than enacted and consistent with the revised request. This includes funding for peer support, court diversion and family support services. *The Governor recommended funding as requested.* **The Assembly added $8.7**

million from new federal funds authorized under the Consolidated Appropriations Act of 2021 and American Rescue Plan Act.

Emergency Grants to Address Mental/Substance Abuse Disorders. The Coronavirus Response and Relief Supplemental Appropriations Act, adopted in December 2020, included funding for emergency grants to provide crisis intervention services, mental and substance use disorder treatment, and other related supports for children and adults impacted by the pandemic. Programs will focus on meeting the needs of individuals with mental disorders that are less severe than serious mental illness, including those in the healthcare profession. *The Governor's recommendation did not include the fund*s. *The Budget Office subsequently identified $2.9 million of available funding.* **The Assembly added the $2.9 million from newly authorized federal funds.**

Social Services Block Grant - Mental Health Treatment Services. The Department requested $0.1 million less than enacted for total funding of $1.0 million from federal social services block grant funds to support mental health services. This includes $0.9 million for clinical services previously supported by the Medicaid funded limited benefit for certain behavioral healthcare services primarily through the community mental health centers. This is $0.1 million less than spent in FY 2020 and is consistent with the revised request. *The Governor recommended funding as requested.* **The Assembly concurred.**

Junior High/Middle School Prevention Programs. The Department's request includes the enacted level of $66,800 from all sources, including $65,000 from general revenues for prevention programs in the junior high/middle schools. The remaining $1,800 requested is from federal forfeiture restricted receipts. *The Governor recommended funding as requested.* **The Assembly concurred.**

Transformation Transfer Initiative. The FY 2021 enacted budget includes $150,000 for the Department to create a central bed registry for residential facilities. The anticipated system will match client needs to the most suitable service provider and provide data to simplify the process and make it easier for individuals to access services. The registry was finalized in FY 2021, and the FY 2022 request excludes the one-time expense. *The Governor recommended funding as requested.* **The Assembly concurred.**

Youth Treatment Implementation Grant. The Department requested $0.3 million from federal funds, or $0.7 million less than enacted, from the youth treatment implementation grant that focuses on increasing access to screening, assessment, treatment and recovery services for adolescents ages 12-17 and young adults 18-25 who are at risk of or are experiencing substance use disorders and/or co-occurring substance use and mental health disorders. The project will provide services, including outreach, engagement and treatment to 1,160 youth and young adults over a four-year period. *The Governor recommended funding as requested.* **The Assembly concurred.**

Healthy Transitions Grant. The Department requested $0.7 million from a new federal healthy transitions grant. Similar funding was awarded to Community Care Alliance and Thrive Behavioral Health for services not covered by Medicaid. *The Governor recommended funding as requested.* **The Assembly concurred.**

Mental Health Services for the Homeless. The enacted budget includes $0.3 million from federal funds awarded to the House of Hope. The grant has expired and the Department excludes funding for FY 2022 to reflect that. *The Governor recommended funding as requested.* **The Assembly concurred.**

Salaries and Benefits. The Department requested $5.9 million, including $1.3 million from general revenues for salaries and benefit expenses for 43.0 full-time equivalent positions. This is $0.1 million less than enacted including $0.6 million less from general revenues. Adjusting for one-time workshare savings, the request is $0.2 million less than the enacted budget. Consistent with the revised request, the request shifts expenses previously budgeted here to the Division of Developmental Disabilities state-run program based on projections using a cost allocation plan that is updated each quarter.

The Governor recommended $0.4 million more than enacted and $0.5 million more than requested. The Governor's recommendation uses a cost allocation plan updated for the first quarter in FY 2021; the request was based on the last quarter of FY 2020. General revenues are $0.3 million less than enacted and $0.3 million more than requested. **The Assembly added $7 from federal funds to account for the base adjustment to agency budgets for FY 2022 resulting from a settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages.**

Other Expenses. The Department requested $1.5 million, including $0.5 million from general revenues for all other expenses. This is $0.4 million less than enacted, including $33,239 less from general revenues. The requested total includes $0.8 million for all other grants, including $0.1 million less from forfeiture funds and $0.7 million, or $0.2 million less than enacted, for all other operating expenses.

The request includes $0.2 million from general revenues for SYNAR activities and funding to RI Housing to operate the Thresholds program. It also includes $0.2 million for a cooperative agreement with the Department of Health and $0.4 million for three other smaller grants. *The Governor recommended funding as requested.* **The Assembly concurred.**

Eleanor Slater Hospital

The Eleanor Slater Hospital is two-campus hospital consisting of the main Pastore Campus in Cranston which has three buildings staffed by 411.9 full-time equivalent positions for 118 patients as of early March 2021. This includes 51 at the Benton facility and 27 psychiatric patients at the Adolph Meyer building. The Regan building provides medical services for 13 patients and has 27 psychiatric patients. The Zambarano medical unit in Burrillville has 218.2 staff providing services to 75 medical patients. There are also ten employees staffing the pharmacy.

Prior to FY 2020, services provided at the state hospital were funded through general revenues, Medicaid, Medicare and other third party payors. It was determined that there was a need to address the services provided at the state run hospital so the Department could address several federal compliance and billing issues that resulted in a loss of federal Medicaid funds for FY 2020.

First, the state hospital had a mix of medical and psychiatric patients; to get the Medicaid match the patient mix cannot have more psychiatric than medical patients. It had been determined that the state hospital was out of compliance with this rule from August 2019 to early February 2020, so the state incurred a loss of $20.0 million from Medicaid funds requiring an offsetting general revenue payment. Second, it was determined that the state could not leverage Medicaid for patients who are in the psychiatric forensic unit at Benton, which resulted in a loss of $15.0 million from Medicaid funds.

At the June 4, 2020 Finance Committee hearing on billing and compliance issues at Eleanor Slater Hospital, the department director testified that a large majority of the patients who are not the court ordered, forensic psychiatric population, do not meet a hospital level of care and instead would more likely meet a nursing home level of care.

During FY 2020, the Executive Office of Health and Human Services applied to the Centers for Medicare and Medicaid Services for a state plan amendment to formalize how the state can bill for patients at the state hospital; this addressed one of the billing issues. The state received approval on March 25, 2021 to formalize the billing that allows the state to once again receive Medicaid funds for medical patients, not including the forensic population at the Benton facility, which will be funded entirely from general revenues. The Executive Office also added a definition of an Institute for Mental Disease to its rules and regulations to address the other federal compliance issue.

The Department's request includes $116.9 million for hospital operations at both the Cranston campus and Zambarano unit in Burrillville. This is $2.9 million less than enacted but is $12.9 million more than the revised request. The request excludes any funding from federal Medicaid or other third party sources. The enacted budget includes $10.0 million from Medicaid funds and $4.9 million from Coronavirus Relief funds to offset what has become general revenue expenses given the billing compliance issues that led to the loss of most of the federal support.

The Department's request reduces overall operating expenses to reflect the current practice of identifying and transferring hospital patients to other appropriate, community-based settings; however the FY 2022 request increases expenses over its revised request. The request does include $12.9 million more from general revenues and after adjusting for the one-time savings of $0.2 million from workshare included in the enacted budget for the hospital, the general revenue request is $12.8 million more than enacted. As noted, the state has received federal approval for Medicaid funds so it is not clear how that will impact the FY 2021 or FY 2022 budgets.

The constrained request includes savings of $38.7 million from general revenues from the hospital reorganization; a plan has not been submitted. The savings are based on a new footprint in coordination with a plan that Alvarez and Marsal is developing in FY 2021. The revised request includes $2.2 million, of which $1.1 million is from general revenues, matched by Medicaid for contracted services provided by Alvarez and Marsal as the Department transitions the operations at the hospital.

The Governor recommended $45.6 million less than requested from a reorganization of the hospital system. In cooperation with Alvarez and Marsal, the Department is reviewing its options for the next step as it transitions to an appropriately licensed facility for its patients at both campuses. A portion of the savings is from transitioning patients to other placements when appropriate, closing the Adolph Meyer building and adjusting staffing expenses for a smaller hospital setting. The recommendation reflects the elimination of 100.0 positions. He requested an amendment on June 6 to restore the savings and the 100.0 positions as the plans are reexamined and further Medicaid billing issues are resolved.

The Governor's budget does not assume any Medicaid funding for FY 2022, unlike the FY 2021 revised recommendation. Subsequently, the Governor requested an amendment to shift $5.7 million in general revenue expenses to Medicaid. However, in May 2021, the Department reported that recent reviews of patient medical records resulted in changes to previously reported diagnoses that moved the facility back out of compliance on its patient mix, putting the Medicaid billing back in jeopardy. Based on this new information, the Governor requested another amendment on June 6 to instead include only $2.0 million in Medicaid funds for patients under age 22 and those 65 and older, which is an allowable expense regardless of compliance with the patient mix.

The Governor proposed several changes in Section 8 of Article 12 that are intended to assist with the transfer of patients from Eleanor Slater Hospital to community facilities. This includes increasing rates paid to nursing homes for patients on ventilators along with a $175 add to the nursing home daily payment for these patients. The article also increases nursing home acuity rates for residents with behavioral health needs and creates a new behavioral certificate program for home care workers to complete and receive an hourly rate increase of $1.56. The Governor also proposed to increase the daily rate paid for patients able to transfer to a residential facility from either $125 or $175 to $525 a day totaling $5.8 million, including $2.4 million from general revenues currently budgeted in the Executive Office of Health and Human Services. His subsequent amendment added $0.1 million for placement costs for 17 hospital patients who can transfer to other residential settings. On June 6, the Governor requested an amendment to rescind the hospital reorganization proposal and reduced the proposed transfer funding in the Executive Office's budget.

The Governor also recommended a new nursing home at the Zambarano unit of Eleanor Slater Hospital to replace the current medical building. This includes $62.5 million to construct an 85-patient facility and $2.4 million for utility improvements and decommission of existing structures. According to the administration, a new facility would address one of the federal Medicaid reimbursement issues at the state hospital since it is was determined by the hospital administration that many patients do not meet a hospital level of care and instead need ongoing care similar to a nursing home setting. The Governor recommended authorization in Article 4 of 2021-H 6122 to borrow $53.6 million through new Certificates of Participation, in lieu of Rhode Island Capital Plan funds. The annual debt service would be $4.4 million, assuming a 2.75 interest rate for a 15-year term.

The Assembly provided $118.3 million from all sources, including $116.0 million from general revenues and $2.0 million from Medicaid funds based on the ability to bill only for those under 22 years old and over age 65. It did not concur with the new building pending a future recommendation from the Governor who paused his previous reorganization proposal. The Assembly also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $1.2 million based on the 19 individuals at the state-run hospital who participated during FY 2021. It also added $130,929 from general revenues to account for the base adjustment to agency budgets for FY 2022 resulting from a settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages.

Hospital License Fee. The 2019 Assembly passed legislation to establish a 5.0 percent hospital license fee based on 2018 revenues which includes a $5.7 million payment for the state hospital including $2.6 million from general revenues. The Department requested the enacted level of $5.7 million from general revenues. *The Governor included Section 5 of Article 6 of 2021-H 6122 to increase the fee to 6.0 percent and included only $0.4 million to make the payment based on 2020 revenues totaling $6.1 million.* **The Assembly included Section 4 of Article 6 for a 5.725 percent fee based on 2020 revenues and provided $0.4 million for the payment.**

FY 2022 Hospital License Fee	FY 2021 Enacted	FY 2022 Gov. Rec.	Change to Enacted	FY 2022 Enacted	Change to Governor
Revenues					
Base Year	*2018*	*2020*		*2020*	
Tax Rate	*5.0%*	*6.0%*		*5.725%*	
Community Hospital License Fee	$ 160,026,974	$ 180,247,500	$ 20,220,526	$ 175,085,569	$ (5,161,931)
Washington County Hospitals Waiver	(4,175,921)	(2,366,207)	1,809,714	(5,190,423)	(2,824,216)
Subtotal Licensing fee	**$ 155,851,053**	**$ 177,881,293**	**$ 22,030,240**	**$ 169,895,146**	**$ (7,986,147)**
Slater License Fee	5,690,418	368,577	(5,321,841)	351,684	(16,893)
Total	**$ 161,541,471**	**$ 178,249,870**	**$ 16,708,399**	**$ 170,246,830**	**$ (8,003,040)**

Hospital and Community System Support

Computer Replacement. The Department's request includes a new request for $0.1 million from general revenues to continue replacing computers. The revised request includes $0.4 million from general revenues but a plan has not been submitted for either the FY 2021 revised or the FY 2022 requests. *The Governor recommended funding at the enacted level.* **The Assembly concurred.**

Salaries and Benefits. The Department requested $2.5 million from general revenues for salary and benefits to support 39.0 full-time equivalent positions in the hospital and community system support program. This is $0.5 million less than enacted, including $0.1 million less from general revenues, $0.2 million less from federal funds and $0.1 million less from restricted receipts. Adjusted for one-time workshare savings, the request is $0.2 million less than enacted. Consistent with the revised request, the reduction is the result of the cost allocation plan, shifting expenses to the Division of Developmental Disabilities state-run program. *The Governor recommended $54,630 less than requested but shifted $0.7 million to general revenues and inadvertently reduced restricted receipts by $0.6 million. The Governor's*

recommendation uses a plan updated for the first quarter in FY 2021; the request was based on the last quarter of FY 2020. The Governor requested an amendment to correct the restricted receipts. **The Assembly concurred with the amended recommendation, except for $3,591 of general revenue savings from the voluntary retirement incentive for one individual in the hospital and community support program who participated during FY 2021.**

Other Expenses. The Department requested $135,795 less than enacted, which is $14,205 more from general revenues, for office supplies and other expenses in the program. The request excludes the $150,000 from restricted receipts that was part of the enacted budget, which the Department reported it was going to use for treatment programs; this is consistent with the revised request. *The Governor recommended $47,785 more than enacted and $0.3 million less from than requested. This includes $68,985 more from general revenues than enacted and $54,780 more than requested.* **The Assembly concurred.**

Central Management

Legal Position. The Department's request includes $142,311 from general revenues for a legal position that was transferred to the Executive Office of Health and Human Services as part of the FY 2021 enacted budget passed in December. *The Governor's recommendation reflects funds in the Executive Office of Health and Human Services consistent with the enacted budget.* **The Assembly concurred.**

Other Salaries and Benefits. The Department requested $4.1 million from all sources, including $3.8 million from general revenues and $0.2 million from federal funds, primarily Medicaid, for salary and benefit expenses in central management. This is $0.9 million less than enacted, including $0.2 million more from general revenues for 38.0 full-time equivalent positions. Consistent with the revised request, the reduction is a result of the new cost allocation plan that shifted expenses to the Division of Developmental Disabilities state-run program. *The Governor recommended $30,942 more than enacted but shifted $0.8 million to general revenues. The Governor's recommendation uses a plan updated for the first quarter in FY 2021; the request was based on the last quarter of FY 2020.* **The Assembly concurred with the exception of $113,597 in savings from the voluntary retirement incentive for two individuals who participated during FY 2021. The Assembly also added $5 from general revenues to account for the base adjustment to agency budgets for FY 2022 resulting from a settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages. It concurred with the remainder of the recommendation.**

Cost Allocation Plan. The Department requested $0.4 million from general revenues for its portion of the contract that the Executive Office of Health and Human Services has with Public Consulting Group for its cost allocation plan. The Department recently started participating in the process to identify administrative expenses that can be paid from other funds, including Medicaid. It should be noted that the FY 2020 audited expenses include general revenue administrative savings from completion of the Department's cost allocation plan. Any savings for FY 2021 are not included in the enacted or revised budget requests, noted separately. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations. The Department requested $158,846 for all other central management expenses. This is $39,735 more from all sources, including $59,334 more from general revenues, primarily for new computers. *The Governor recommended $834 more than enacted, including $17,675 from general revenues.* **The Assembly concurred.**

Office of the Child Advocate

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 1,098,548	$ 1,102,385	$ 1,036,749	$ 1,127,434
Contracted Services	4,000	4,000	2,700	2,700
Subtotal	**$ 1,102,548**	**$ 1,106,385**	**$ 1,039,449**	**$ 1,130,134**
Other State Operations	111,055	111,055	120,434	93,607
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	17,785	17,785	17,785	17,785
Capital	2,000	2,000	2,000	2,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 1,233,388**	**$ 1,237,225**	**$ 1,179,668**	**$ 1,243,526**
Sources of Funds				
General Revenue	$ 1,005,223	$ 1,008,314	$ 1,044,909	$ 1,036,219
Federal Aid	228,165	228,911	134,759	207,307
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	**$ 1,233,388**	**$ 1,237,225**	**$ 1,179,668**	**$ 1,243,526**
FTE Authorization	**10.0**	**10.0**	**10.0**	**10.0**

Summary. The Office of the Child Advocate requested $1.3 million from all sources, including $1.1 million from general revenues and $0.2 million from federal funds. Requested general revenues are $0.1 million more than enacted. The request includes 10.0 full-time equivalent positions, consistent with the enacted authorization. The Office also submitted a constrained request that is $0.2 million less than the unconstrained request. The proposal to achieve the reduction is noted among the items below where appropriate. *The Governor recommended $1.2 million from all sources, which is $53,720 less than enacted, including $39,686 more from general revenues. The recommendation is $90,325 less than requested, including $17,777 less from general revenues. The Governor recommended the enacted level of 10.0 full-time equivalent positions.* **The Assembly added $63,858, including $8,690 less from general revenues offset by $72,548 more from federal funds.**

Salaries and Benefits. The Office requested $1.1 million, including $0.9 million from general revenues and $0.2 million from federal funds to fully fund its 10.0 authorized full-time equivalent positions. This is $28,526 more than enacted, including $49,384 more from general revenues and $20,858 less from federal funds and properly reflects the allocation of general revenues and federal funds. The enacted budget assumes $14,648 of savings, including $12,819 from general revenues, based on three individuals from the Office opting to participate in the workshare program which ended in September 2020. Adjusted for this, the request is $10,724 more than the enacted budget, including $36,616 more from general revenues. The enacted budget also includes no turnover savings.

The Office also submitted a constrained request which would reduce staffing costs by $0.2 million, including $44,472 from general revenues. The Office would need to maintain more than one vacancy for the entire fiscal year to achieve these savings. *The Governor recommended $90,325 less than requested,*

including $17,777 less from general revenues which reflects turnover savings equivalent to maintaining approximately one full-time equivalent position vacant for a full year. As of the pay period ending March 13, the Office had 2.0 vacancies. **The Assembly did not concur with holding the position vacant and added $90,685, including $18,137 from general revenues and $72,548 from federal funds, to cover the cost of the position.**

Other Expenses. The Office requested $0.2 million for all other expenses, most of which is from general revenues. This is $8,079 more than the enacted budget from all sources. A reduction of $9,600 from general revenues is related to travel, including attending out-of-state conferences, which is likely to continue to be impacted by the COVID-19 emergency, as well as expenses such as stenographic services. The request also includes $84,552 for centralized services, including $49,571 for facilities management and $34,981 for information technology services, which is $17,679 more than enacted. In FY 2020, the Office spent $84,603 on these services. Federal funds of $17,785 remain consistent with the enacted amount. *The Governor recommended funding as requested. The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work.*

The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and removed $26,827 from general revenues in the Office's budget. This includes $22,341 less for facilities and $4,486 less for information technology. It concurred with the remainder of the recommendation.

Commission on the Deaf and Hard of Hearing

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 485,663	$ 510,353	$ 493,231	$ 514,231
Contracted Services	80,000	80,000	182,806	182,806
Subtotal	**$ 565,663**	**$ 590,353**	**$ 676,037**	**$ 697,037**
Other State Operations	51,607	88,607	66,205	88,627
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	33,000	33,000	33,000	33,000
Capital Debt Service	-	-	-	
Operating Transfers	-	-	-	-
Total	**$ 650,270**	**$ 711,960**	**$ 775,242**	**$ 818,664**
Sources of Funds				
General Revenue	$ 507,816	$ 569,463	$ 612,440	$ 655,862
Federal Aid	-	-	-	-
Restricted Receipts	142,454	142,497	162,802	162,802
Other	-	-	-	-
Total	**$ 650,270**	**$ 711,960**	**$ 775,242**	**$ 818,664**
FTE Authorization	**4.0**	**4.0**	**4.0**	**4.0**

Summary. The Commission requested FY 2022 expenditures of $837,586 from all sources and staffing of 5.0 full-time equivalent positions. This is 1.0 full-time equivalent position and $187,316 more than enacted, including $166,968 more from general revenues. The Commission also submitted a constrained budget, which totals $666,042 from all sources. It reduced the requested general revenue amount by $171,544. The proposals to achieve the reductions are noted among the items described below where appropriate.

The Governor recommended $775,242 from all sources and the authorized level of staffing. This is $0.1 million more than enacted and $62,344 less from general revenues than requested. **The Assembly provided an additional $43,422 from general revenues for centralized services and updated salary and benefit expenses, and concurred with the remainder of the recommendation.**

New Administrative Officer (1.0 FTE). The Commission requested $93,544 from general revenues to fund a new administrative officer position to provide interpreter referral services. The revised request includes $68,258, assuming that the position would be filled in September 2020. The position was not requested nor approved as part of the FY 2021 budget process. The Commission indicated that over an eight-month period, it received 696 requests for interpreter services and it was able to provide services to 82.0 percent of those requests and therefore received many complaints. The constrained request excludes funding as well as the authorization for the position. *The Governor recommended $31,200 from general revenues to hire a part-time contractor to assist with interpreter referral services.* **The Assembly concurred.**

Other Salaries and Benefits. The Commission requested $493,231 from all sources to fund salary and benefit expenses for the authorized 4.0 full-time equivalent positions. This is $7,568 more than enacted,

including $7,105 more from general revenues. Based on all filled positions, it appears that the request is understated by approximately $21,000. *The Governor recommended funding as requested; the recommendation does not appear to properly fund personnel expenses.* **The Assembly provided an additional $21,000 from general revenues to properly fund these expenses.**

Centralized Services. Consistent with the revised request, the request is $98 more from all sources than enacted, including $684 more from general revenues for centralized information technology services provided through the Department of Administration. The request of $21,334 is $2,283 less than FY 2020 spent. *The Governor recommended funding as requested. The recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work.* **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $22,422 from general revenues in the Commission's budget for information technology support.**

New COVID-19 Coordinator. Consistent with the revised request, the request includes $30,000 from general revenues to support a contracted coordinator to perform COVID-19 public communications related functions to the deaf and hard of hearing community.

The constrained request reduces this expense by $70,000, $40,000 more than the total amount requested. *The Governor recommended the requested amount of $30,000.* **The Assembly concurred.**

Computer Aided Real Time Translation and Interpreter Services. Consistent with the revised request, the Commission requested $55,883 from all sources or $5,883 more than enacted for Computer Aided Real Time Translation and Interpreter Services. The Commission obtains interpreter services in order to provide full communication accessibility to both the Commission staff and the public. The enacted budget includes $50,000 and through December 29, the Commission spent $25,054. Expenditures were $59,682 in FY 2020, $48,181 in FY 2019 and $45,811 in FY 2018. *The Governor recommended funding as requested.* **The Assembly concurred.**

Community Project Coordinator and Other Services. The Commission included $65,723 or $35,723 more than enacted from restricted receipts for a contracted part-time community project coordinator, to assist the director of operations in installing communication assistive devices within state-owned walk-in facilities. The restricted receipt account is funded with $80,000 annually from the Dual Party Phone Relay surcharge of $0.09 on all landlines. At the end of FY 2020, the Commission had $94,105 in this account, plus the FY 2021 receipts result in $174,105 in available resources; however, the Commission's revised request assumes use of $162,317, leaving a balance of $11,788. Given the available balance, it does not appear that there is sufficient resources to fund all of the Commission's FY 2022 requested expenses. *The Governor recommended funding as requested. The recommendation budgets $51,151 more than available restricted receipts.* **The Assembly concurred.**

Other Expenses. The Commission requested $77,871 from all sources for all other expenses. This is $14,500 more than enacted, including $8,000 more from general revenues for training on how to use the database system to screen interpreters. The Commission's revised request assumes $16,000 for this expense. It should be noted that $8,000 was included as part of the FY 2020 final budget; however, the Commission did not incur any expenses as a result of the pandemic.

The constrained request removes the requested amount for staff training. *The Governor recommended funding as requested, including the $14,500 increase.* **The Assembly concurred.**

Governor's Commission on Disabilities

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 412,223	$ 413,701	$ 437,757	$ 437,757
Contracted Services	144,218	144,218	157,917	157,917
Subtotal	**$ 556,441**	**$ 557,919**	**$ 595,674**	**$ 595,674**
Other State Operations	78,744	78,744	43,572	50,021
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	944,986	944,986	884,786	884,786
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	3,000	3,000	-	-
Total	**$ 1,583,171**	**$ 1,584,649**	**$ 1,524,032**	**$ 1,530,481**
Sources of Funds				
General Revenue	$ 1,072,008	$ 1,073,478	$ 1,084,261	$ 1,090,710
Federal Aid	400,000	400,000	380,316	380,316
Restricted Receipts	111,163	111,171	59,455	59,455
Other	-	-	-	-
Total	**$ 1,583,171**	**$ 1,584,649**	**$ 1,524,032**	**$ 1,530,481**
FTE Authorization	**4.0**	**4.0**	**4.0**	**4.0**

Summary. The Governor's Commission on Disabilities requested FY 2022 expenditures of $1.5 million from all sources and the authorized level of 4.0 full-time equivalent positions. This is $59,139 less than enacted, including $12,253 more from general revenues, offset by decreases of $19,684 from federal funds and $59,139 from restricted receipts. The Commission also submitted a constrained budget, which totals $1.3 million from all sources. It reduced the requested general revenue amount by $159,331. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor recommended funding and staffing consistent with the unconstrained request.* **The Assembly concurred and added $6,449 from general revenues for centralized services.**

Salaries and Benefits. The Commission requested $437,757 from general revenues and restricted receipts, or $25,534 more to fund salary and benefit expenses for the authorized 4.0 full-time equivalent positions. The enacted budget includes $18,917 from general revenues based on three individuals who opted to participate in the workshare program. These savings were achieved in FY 2021 and are not available in FY 2022. The request also adds $5,739 for step increases for two positions and $878 for updated benefit rates consistent with FY 2022 planning values. As of the pay period ending January 2, all authorized positions were filled. *The Governor recommended funding as requested.* **The Assembly concurred.**

Centralized Services. The request includes $12,196 for centralized services, which reflects $16,241 less for human resources and information technology support. Subsequently, the Commission indicated that the reduction was requested in error. It had intended to include expenses consistent with the enacted budget of $28,682.

The Governor recommended funding as requested. The recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $6,449 from general revenues in the Commission's budget for information technology.**

ADA Signing 30th Anniversary. The enacted budget includes $45,000 from restricted receipts generated from donations and grants for the Commission to commemorate the 30th anniversary signing of the Americans with Disabilities Act. The request removes this one-time expense. *The Governor concurred.* **The Assembly concurred.**

Livable Home Modification Program. Excluding salaries and benefits, the request includes $507,850 from general revenues for the Livable Home Modification Grant Program, which is administered in consultation with the Executive Office of Health and Human Services. This is $8,125 less than enacted but that contained $28,293 of unused funds reappropriated from FY 2020. The program provides 50.0 percent of the total retrofit costs, up to $4,000 in funding to support home modifications and accessibility enhancements to allow individuals to remain in community settings. The request includes $491,926 to provide direct funding for home accessibility enhancement; this would fund 127 projects. It also includes $15,924 for program expenses, all but $1,362 is for clerical services; the Commission obtains clerical services for posting meeting notices and taking minutes at meetings.

The Commission's constrained request reduces the requested grant amount by $149,684 or 30.0 percent. The reduction equates to 37 fewer home modification projects. *The Governor recommended the requested funding.* **The Assembly concurred and also adopted legislation in Article 14 of 2021-H 6122, Substitute A, as amended, codifying the program in the general laws.**

Statewide Independent Living Program. Excluding salaries and benefits, the request includes $414,157 for the Statewide Independent Living Program, including $33,841 from general revenues and $380,316 from federal funds. This is $24,138 less than enacted, of which $4,454 is from general revenues. Of this amount, $370,780 is for habilitative services, which is $37,016 less than enacted from all sources; however, it includes an increase of $14,414 from general revenues. This reflects the Statewide Independent Living Council's plan to use the state's 10.0 percent matching funds for grants in lieu of operating expenses, and operating expenses would be paid with federal funds. The State Plan for Independent Living Services is developed by the Statewide Independent Living Council in conjunction with the Ocean State Center for Independent Living. The adopted plan covers federal FY 2021 through FY 2023. The plan further outlines scope of services to be provided by the Centers for Independent Living, as well as the goals for expanding independent living.

The constrained request reduces the requested amount by $106,111 from all sources, including $9,647 from general revenues. The Commission indicated that it would have to provide fewer grant awards for hearing aids or walk-in tubs. *The Governor recommended the requested funding.* **The Assembly concurred.**

Other Expenses. The Commission requested $151,827 from all sources for all other expenses. This is $8,831 more than enacted, of which $9,725 more is for clerical services to align this expense with recent experience. The request also includes adjustments for interpreter services and travel expenses. *The Governor concurred.* **The Assembly concurred.**

Office of the Mental Health Advocate

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 563,631	$ 565,581	$ 573,442	$ 573,442
Contracted Services	2,200	2,200	2,200	2,200
Subtotal	**$ 565,831**	**$ 567,781**	**$ 575,642**	**$ 575,642**
Other State Operations	64,151	64,151	69,661	103,548
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	1,000	1,000	1,000	1,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 630,982**	**$ 632,932**	**$ 646,303**	**$ 680,190**
Sources of Funds				
General Revenue	$ 630,982	$ 632,932	$ 646,303	$ 680,190
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	**$ 630,982**	**$ 632,932**	**$ 646,303**	**$ 680,190**
FTE Authorization	**4.0**	**4.0**	**4.0**	**4.0**

Summary. The Office of the Mental Health Advocate requested $732,303 from general revenues, $101,321 more than enacted to support its operations and 5.0 positions, one above the current authorized level. *The Governor recommended $15,321 more than enacted from general revenues and no new positions.* **The Assembly added $33,887 from general revenues.**

Social Worker (1.0 FTE). The Office requested $86,000 to add a social worker to assist clients in securing treatment services, investigate reports of improper or insufficient treatment, maintain a presence at the state-run Eleanor Slater hospital to monitor treatment and patient rights and review facility procedures licensed by the state to ensure compliance with the Mental Health Law. Currently this work is performed by staff attorneys on an as needed basis, which the Office notes does not necessarily comply with the Mental Health Advocate responsibility to do periodic reviews.

The Office excluded this position in its constrained request. *The Governor did not recommend the new position.* **The Assembly concurred.**

Other Salaries and Benefits. The Office requested $509,005, which is $9,811 more than enacted for updated salary and benefit expenses to fully fund its 4.0 authorized positions. The Office's constrained request applies a five percent reduction to salaries and benefits for savings of $99,064 with no identified plan to achieve that. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations. The Office requested $72,861, which is $5,510 more than enacted for other operations. This includes $51,402 for centralized services, which is $7,746 more than enacted and consistent with the

revised request and FY 2020 billings. The request also includes the enacted level of $1,500 for psychiatric evaluations and is $2,236 less for other expenses.

The Governor recommended funding as requested. The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $33,887 from general revenues in the Office of the Mental Health Advocate's budget. This includes $33,108 more for facilities and $779 more for information technology and it also concurred with the remainder of the recommendation.**

Department of Elementary and Secondary Education

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
State Aid	$ 1,063,486,208	$ 1,066,304,908	$ 1,058,494,055	$ 1,569,097,368
School Housing Aid	80,000,000	80,000,000	80,000,000	80,000,000
Teachers' Retirement	118,375,402	118,375,402	123,916,166	123,916,166
RI School for the Deaf	8,046,695	7,990,954	8,232,054	8,762,532
Central Falls School District	46,997,789	46,997,789	47,702,746	69,744,062
Davies Career & Technical School	20,716,909	20,196,383	22,065,024	25,868,985
Met. Career & Tech. School	9,971,191	9,971,191	9,592,007	14,259,217
Administration	317,585,597	322,587,587	262,614,324	354,379,153
Total	**$ 1,665,179,791**	**$ 1,672,424,214**	**$ 1,612,616,376**	**$ 2,246,027,483**
Expenditures by Category				
Salaries and Benefits	$ 44,085,072	$ 43,157,069	$ 45,447,809	$ 45,522,307
Contracted Services	99,375,374	72,734,277	57,949,344	124,712,941
Subtotal	**$ 143,460,446**	**$ 115,891,346**	**$ 103,397,153**	**$ 170,235,248**
Other State Operations	8,502,440	12,226,417	9,298,770	13,500,884
Aid to Local Units of Government	1,458,736,537	1,459,968,813	1,448,325,142	1,997,337,598
Assistance, Grants, and Benefits	51,618,963	82,382,633	48,827,418	62,185,860
Capital	1,761,405	870,005	917,908	1,849,985
Capital Debt Service	-	-	-	-
Operating Transfers	1,100,000	1,085,000	1,849,985	917,908
Total	**$ 1,665,179,791**	**$ 1,672,424,214**	**$ 1,612,616,376**	**$ 2,246,027,483**
Sources of Funds				
General Revenue	$ 1,282,515,073	$ 1,282,432,293	$ 1,328,096,253	$ 1,330,848,245
Federal Aid	337,775,978	342,546,561	234,393,186	865,552,301
Restricted Receipts	42,879,740	46,384,860	47,202,937	46,702,937
Other	2,009,000	1,060,500	2,924,000	2,924,000
Total	**$ 1,665,179,791**	**$ 1,672,424,214**	**$ 1,612,616,376**	**$ 2,246,027,483**
FTE Authorization				
Administration	139.1	139.1	142.1	143.1
Davies	126.0	126.0	123.0	123.0
School for the Deaf	60.0	60.0	60.0	60.0
Total Authorized Positions	**325.1**	**325.1**	**325.1**	**326.1**

Summary. The Council on Elementary and Secondary Education requested $1,629.6 million from all sources of funds, including $1,347.9 million from general revenues. The request is $35.6 million less than enacted from all sources, including $65.4 million more from general revenues. The staffing request includes 329.1 full-time equivalent positions, four more than enacted. The Department also submitted a constrained request that totals $1,323.1 million from general revenues, which is $24.8 million less than the unconstrained request. As of the pay period ending February 13, 2021, the Department had 29.1 positions vacant. *The Governor recommended $1,612.6 million from all sources, which is $52.6 million less than enacted. The recommendation includes $1,328.1 million from general revenues, $45.6 million more than*

enacted and $20.4 million less than requested. The Governor recommended 325.1 full-time equivalent positions; while this is consistent with the enacted level, it includes 3.0 new positions for the Department's administration and reduces the authorization for Davies by a like amount.

The recommendation includes the eleventh year of the funding formula and does not contain any proposals to change the calculation of state aid. It includes $2.5 million from one-time federal funds to expand the state prekindergarten program in FY 2022; however, out-year estimates submitted with the Governor's recommendation do not contemplate replacing these funding with state sources in FY 2023.

The Assembly provided $2,246.0 million from all sources, including $1,330.8 million from general revenues. This is $633.4 million more than recommended, primarily from new federal education stabilization funds authorized under the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act. The Assembly enacted legislation to hold districts harmless from the impacts of the coronavirus emergency on enrollment for the purpose of funding formula education aid and restored the school of choice category of education aid, which was last provided in FY 2019. It required the Department to annually assess and report on each local education agency's compliance with the basic education plan. It provided total staffing of 326.1 full-time equivalent positions, one more than recommended.

Education Aid. The Council requested $981.2 million for state aid to local school districts, excluding the Central Falls School District and the Met School. This represents the eleventh year of the education funding formula adopted by the 2010 Assembly. The formula requires that the core instruction amount be updated annually. Using the next year of available National Center for Education Statistics data, the core instruction amount increases from $10,310 to $10,635 per pupil, a $325 or 3.2 percent increase per pupil. The core instruction amount is calculated using expenditure data from Rhode Island, Massachusetts, Connecticut, and New Hampshire, consistent with current law. Specific expenditures used in the calculation are instruction and support services for students, general administration, school administration, and other support services. The request is $34.9 million more than the enacted level based on updated data including enrollment and poverty, which is $11.5 million less than the Budget Office's current service calculation.

The 2018 Assembly enacted legislation requiring the Department to provide an estimate of foundation education aid as part of its budget submission including the most recent data available as well as an adjustment for enrollment growth or decline based on the prior year experience. The FY 2022 request uses March 2020 enrollment data, adjusted for estimated charter school enrollment, updated property data, and updated per pupil funding. Consistent with prior years, no other adjustments are included. The legislation also requires the Department to report updated figures based on the average daily membership as of October 1 by December 1. This was submitted to the Budget Office and projected that formula aid could be $26.2 million less than requested. The significant impact in enrollment is likely attributable to the coronavirus emergency. Actual FY 2022 aid will be based on March 2021 data.

The Governor recommended funding as requested and did not include any proposals to change the calculation of state aid for FY 2022. **The Assembly provided an additional $0.6 million and enacted legislation to hold districts harmless from the impacts of the coronavirus emergency on student enrollments for FY 2022 only. Local education agencies will receive aid based on student enrollment in either March 2020 or March 2021, whichever is greater. For any community in which enrollment was higher in March 2020, enrollment is adjusted for students enrolling in new and expanding charter schools for FY 2022. Additionally, the student success factor amount for traditional school districts will reflect the percentage of students in poverty in either March 2020 or March 2021, whichever is greater. For schools of choice, the student success factor amount will reflect the number of students in poverty for the year in which total enrollment is greater.**

Education Stabilization Funds to Districts. The CARES Act appropriated $13.2 billion for emergency relief for elementary and secondary schools. Funds were awarded to states in proportion to the distribution of Title I-A formula grants. Of the total appropriation, Rhode Island received $46.4 million. Consistent with federal requirements, 90.0 percent or $41.7 million was distributed to local education agencies, including charter schools, also in the same proportion as Title I-A funds. To receive the funding, the state was required to fund elementary and secondary education in FY 2020 and FY 2021 in a manner consistent with average spending in FY 2017, FY 2018 and FY 2019. It met the maintenance of effort requirement in both years. Funding was distributed through the funding formula in lieu of general revenues. The remaining federal funds are being distributed by the Department and are noted separately in this analysis.

Under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), an additional $54.9 billion was appropriated for emergency relief for elementary and secondary schools. Of this amount, Rhode Island will receive $184.8 million, of which at least 90.0 percent must be distributed to local education agencies in the same manner as the original funding. In order to receive funding, the state must again meet maintenance of effort requirements outlined in the federal legislation. Unlike the CARES Act, this legislation requires that the proportion of state funding for elementary and secondary education, compared to all state funding in FY 2022 be consistent with the average proportion of spending in FY 2017, FY 2018, and FY 2019.

The Governor did not include any estimates of funding. On March 11, President Biden signed the American Rescue Plan Act which includes an additional $122.8 billion to be distributed to states in the same manner as both prior bills; however, it includes additional requirements around maintenance of effort and maintenance of equity. While the federal Department of Education had not announced state allocations, at least 90.0 percent of Rhode Island's award must be distributed directly to local education agencies. Local education agencies must also use at least 20.0 percent of the new funds to address learning loss. **The federal government subsequently announced that Rhode Island will receive $415.1 million from the American Rescue Plan Act. The Assembly added $508.9 million from new federal education stabilization funds authorized under the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act. Distribution of funds by district is shown in the Special Reports section of this publication.**

Education Stabilization Funds - Governor's Fund. The CARES Act appropriated $3.0 billion for emergency relief to local education agencies, higher education institutions, and other education related entities within the state. The use of funds is determined by the Governor of each state. Of this amount, Rhode Island received $8.7 million. The state received an additional $11.0 million through the Coronavirus Response and Relief Supplemental Appropriations Act, of which $3.8 million is flexible and $7.1 million must be distributed to private schools. In total, the state received $19.7 million, of which $12.5 million is flexible.

In a January 2021 memo to state directors, Governor Raimondo announced the distribution of $12.5 million of flexible education stabilization funds. The Governor decided that $0.9 million will be used to increase student access to mental health professionals including through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, $2.5 million to expand prekindergarten which will be used in FY 2022, $5.3 million to expand access to the Community College in a manner similar to the Promise program, and $3.9 million for the Office of Postsecondary Commissioner. The Office will use funds to: improve access to higher education and education training opportunities, support innovation of ongoing operations of those institutions of higher education that have been most impacted by COVID-19, and to protect education related jobs and increase the quality of child care programming. Reportedly, the Governor had not yet determined the distribution of the remaining $7.1 million for private schools. As the Council's request predated the Governor's announcement, it excluded the funding for prekindergarten.

The Governor included $2.5 million for FY 2022, consistent with Governor Raimondo's announcement. On March 11, President Biden signed the American Rescue Plan Act which includes an additional $2.8 billion to be distributed to Governors for aid to non-public schools only. **The Assembly added $13.4 million from new federal education stabilization funds authorized under the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act for assistance to non-public schools.**

COVID Relief - Aid to Districts. The enacted budget includes $44.1 million from Coronavirus Relief funds appropriated for local education agencies. The funds were first appropriated in the final FY 2020 budget to be distributed in proportion to federal Title I-A funds in FY 2019. However, funding was reduced for any local education agencies that participated in the federal Paycheck Protection Program by the amount of program funding it received. Due to a delay, the distribution of funds did not begin until FY 2021 and the Assembly included the funds in the enacted budget. The funds are not expected to be available for FY 2022. *Consistent with the request, the Governor excluded the funding.* **The Assembly concurred.**

Group Home Aid. The Council requested $3.0 million to fund beds for communities hosting group homes, consistent with the enacted budget. The request deducts the impact of group home beds from the education funding data which results in a decrease in funding. The reduction is shown in the group home aid total rather than the formula aid total. The 2007 Assembly made statutory changes to align the payment of communities' group home aid to reflect more closely the actual number of group home beds open at the time of the budget. The legislation uses the count of beds that are open as of December 31 for the budget year's aid. The request assumes a bed count of 320, consistent with the enacted budget. The Department of Children, Youth and Families reported that 321 beds were open, one more than assumed in the enacted budget. Based on the updated bed count, total aid would be $2.9 million or $0.1 million less than requested, which reflects the impact of the funding formula on group home aid. *The Governor recommended $0.1 million less than requested based on the December 31 bed count of 321 beds.* **The Assembly concurred.**

Central Falls School District. The Council requested $47.7 million from general revenues to support the Central Falls School District for FY 2021, which is $0.7 million more than enacted from all sources. The request includes $2.6 million more from general revenues, offset by the loss of $1.9 million from one-time federal Coronavirus Relief funds included in the enacted budget. From general revenues, the request reflects an increase from the eleventh year of the funding formula and an allocation of stabilization funds. The formula includes a stabilization fund to provide additional support to the Central Falls School District until the city can begin paying its local share. This is the eighth year stabilization funding has been requested and it includes $8.5 million, which is $1.5 million more than enacted for FY 2021. The request also includes $1.1 million from the funding formula from an increase in the per pupil core instruction amount.

Prior staff presentations to the Council indicated that the school district budget has a structural deficit and had been relying on prior budget surpluses, which reportedly have been exhausted. In 2019, Commissioner Infante-Green stated that the Department met with the Mayor of Central Falls since this issue arose and it was working towards having the city contribute towards the deficit; however, as of the end of February 2021, there is no indication that such a contribution is planned. The Council's revised request also includes an additional $1.4 million from state stabilization funds for the school district.

In 2007, Central Falls enrollment totaled approximately 3,500 students and had 330 certified employees. Since then, the district has reduced its teaching force to 275, compensating for the decline in enrollment, presently totaling 2,781 students. Over the past several years, Central Falls has experienced a significant reduction in enrollment primarily due to the growth of charter schools. From school year 2004-05 through 2007-08, student enrollment ranged from 3,656 students to 3,341 students. Since then, enrollment steadily declined until 2017 when it reached 2,470 and has risen annually since then. *The Governor recommended funding as requested.* **The Assembly added $22.0 million from new federal education stabilization funds authorized under the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act.**

Metropolitan Career and Technical School. The Council requested $9.3 million from general revenues for the Metropolitan Career and Technical School, which excludes $0.4 million from one-time federal Coronavirus Relief funds. From general revenues, the request reflects the impact of the funding formula distribution offset by a like increase from stabilization funds. The Met School is funded pursuant to the funding formula with the state paying its share for each student and the sending districts contributing a local share. The 2016 Assembly enacted a stabilization fund for state schools in order to mitigate some of the losses from the implementation of the funding formula. The fund provided $1.3 million to the Met School in FY 2021. Using projected FY 2022 enrollments of 780 students with 603 students in poverty, total formula aid is projected to be $8.0 million, or $0.3 million more than FY 2021 enacted aid. This increase in formula aid is offset by a like increase from stabilization funding.

In addition to formula and stabilization aid, the Met School also receives funding from the career and technical education categorical, noted separately. For FY 2022, the Council requested additional categorical funding but does not offset the increase with a reduction in direct aid to the Met School. In FY 2020, the school received $576,800 from the career and technical education categorical, or 12.8 percent of the enacted amount. An increase to the career and technical education categorical would likely result in additional funding for the school as well. *The Governor recommended funding as requested.* **The Assembly added $4.7 million from new federal education stabilization funds authorized under the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act.**

Career and Technical Education Categorical Funding. The Council requested $6.0 million for career and technical education categorical funding for FY 2022, $1.5 million more than enacted. The funding formula allows for additional resources from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. Funding is used to help transform existing programs or create new programs and help offset costs associated with facilities, equipment maintenance and repairs, and supplies. The Department developed criteria for the purpose of allocating funds provided by the Assembly each year and prorates the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. For FY 2020, 34 schools and districts received career and technical categorical funding.

Funds are distributed in two priority areas: offset funding to diminish the financial costs incurred by districts that offer career and technical education, and support to schools starting up new career and technical education programming. Funding for this category was intended to grow over the course of the ten-year formula phase-in period; however, it has been level funded at $4.5 million since FY 2017. Along with traditional public and charter schools, the state's career and technical schools also receive funding from this category of aid. In FY 2020, the Met and Davies received a total of $0.9 million from the career and technical education categorical, or 20.1 percent of available funding. Categorical funding is provided in addition to stabilization funding, which mitigates some of the losses in funding from the implementation of the funding formula. The Council's request for additional categorical funds would likely result in additional funding for the schools, which is not reflected in its requests for stabilization funding.

The Council's constrained request excludes the additional funding. *The Governor recommended the enacted level of funding.* **The Assembly concurred.**

Early Childhood Categorical Funding. The Council requested the enacted amount of $14.9 million for early childhood categorical funding as part of the education funding formula. The funding formula allows for additional resources from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. Funding is used to increase access to voluntary, free, high-quality prekindergarten programs.

Beginning in FY 2020, the Department piloted a new "braided" formula model, whereby new classrooms were opened with some seats funded by federal Head Start grants and others by state funds. By leveraging Head Start funds, the program expanded to a total of 78 classrooms and 1,420 students in FY 2020. This is an increase of 340 seats over FY 2019, 223 of which were funded completely from general revenues and the remainder were funded from both state and federal sources. With the addition of $3.0 million from new preschool development federal funds, the program is supporting 1,768 students across 96 classrooms in FY 2021. This is an increase of 366 seats and 19 classrooms over FY 2020. As noted earlier, Governor Raimondo set aside $2.5 million from education stabilization funds to expand the state prekindergarten program, which will be used in FY 2022. As these are one-time federal funds, general revenues would be needed to maintain new classrooms in FY 2023 and beyond.

The Governor recommended the enacted level of funding. It should be noted that out-year estimates submitted with the Governor's budget do not contemplate replacing the $2.5 million of one-time federal funds with state general revenues in FY 2023 or beyond. **The Assembly concurred.**

High Cost Special Education. The Council requested $12.7 million for high-cost special education students as part of the education funding formula, which is $8.2 million more than enacted. The formula allows for additional resources for specific purposes. The state pays expenses related to high cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Department prorates the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. It previously set a goal of $12.5 million of funding for this category by FY 2021, the final year of the funding formula transition period. The increased funding requested for FY 2022 is consistent with that goal. Estimates submitted with the Governor's FY 2021 budget recommendation level fund this category in the out-years.

The Council's constrained request excludes the additional funding. *The Governor recommended the enacted level of funding.* **The Assembly concurred.**

Non-Public School Transportation Categorical Funding. The Council requested $6.0 million for non-public school transportation categorical funding, $3.0 million more than enacted. The funding formula allows for additional resources from the state for specific purposes. The state assumes the costs of non-public out-of-district transportation for those districts participating in the statewide transportation system. The Department prorates the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year.

Prior to FY 2018, funding for transportation costs was allocated through a single category of aid. The Department then divided and separately distributed funding for non-public and regional school transportation. The funds were divided based on each category's share of total transportation costs. The 2017 Assembly enacted legislation creating two distinct categories of aid, one for non-public transportation and one for regional school districts.

The Council's constrained request excludes the additional funding. *The Governor recommended the enacted level of funding.* **Based on actual expenses eligible for reimbursement, the Assembly shifted $0.4 million from the regional transportation aid category to the non-public transportation aid category.**

Regional School District Transportation Categorical Funding. The Council requested $5.9 million for regional school district transportation categorical funding, $1.3 million more than enacted. The funding formula allows for additional resources from the state for specific purposes. The state provides funding to mitigate the excess costs associated with transporting students within regional school districts. The state and regional school districts share equally the student transportation costs net any federal sources of revenue

for these expenditures. The Department prorates the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year.

Prior to FY 2018, funding for transportation costs was allocated through a single category of aid. The Department then divided and separately distributed funding for non-public and regional school transportation. The funds were divided based on each category's share of total transportation costs. The 2017 Assembly enacted legislation creating two distinct categories of aid, one for non-public transportation and one for regional school districts.

The Council's constrained request excludes the additional funding. *The Governor recommended the enacted level of funding.* **Based on actual expenses eligible for reimbursement, the Assembly shifted $0.4 million from the regional transportation aid category to the non-public transportation aid category.**

English Language Learner Categorical Funding. The Council requested $10.8 million for English language learner categorical funding, which is $5.8 million more than enacted. In 2016, the Governor proposed $2.5 million for a new category of funding to support English language learners that are in the most intensive programs. The calculation is ten percent of the core instruction amount, adjusted for the state share ratio, for students based on criteria determined by the Commissioner, prorated to the amount of funds available for distribution. This recommendation emerged from the Governor's funding formula working group. The 2016 Assembly provided $2.5 million for FY 2017 only and the 2017 Assembly made it permanent and doubled the funding to $5.0 million.

For FY 2020 and FY 2021, the Council requested $9.5 million, $4.5 million more than the FY 2019 enacted budget, to fully-fund English language learner categorical funding. The FY 2022 request would similarly fund this category based on most recent data. The Department reported that funded programs are evidence based models and instructional tools.

The Council's constrained request excludes the additional funding. *The Governor recommended the enacted level of funding.* **The Assembly concurred.**

School Resource Officer Support. The enacted budget includes $325,000 from general revenues for school resource officer support, reflecting the final year of the three-year program. Consistent with current law, the Council's request excludes funding for this category for FY 2022. The 2018 Assembly established a voluntary pilot program for a new category of education aid to support new school resource officers for a period of three years beginning in FY 2019. Funding reimburses school districts or municipalities one-half of the total cost of employing new officers at middle or high schools for districts that choose to do so. Staffing levels that exceed one officer per school with less than 1,200 students and two officers per school with 1,200 or more students are not eligible for reimbursement. Through December 2020, reimbursement requests total $310,790 for six school resource officers. *The Governor recommended funding as requested.* **The Assembly concurred.**

School of Choice Density Aid. Consistent with current law, the Council included no funding for the school of choice density aid category. Funding was used to support districts which had at least 5.0 percent of their students enrolled in a charter or state school. Districts were provided $175 per pupil in FY 2017, $100 per pupil in FY 2018, and $50 per pupil in FY 2019 for every student sent to a charter or state school. *The Governor concurred.* **The Assembly reinstated this aid category and provided $1.0 million from general revenues. It enacted legislation to provide aid to traditional school districts with at least 5.0 percent of resident students enrolled in schools of choice, including charter schools, Davies and the Met. For FY 2022, $500 per pupil will be provided for any new students that have enrolled in schools of choice since FY 2019, which was the last year for which there was support from this fund. Beginning in FY 2023, aid will be provided for any new students enrolling in new and expanding**

charter schools in districts with at least 5.0 percent of their students enrolled in a charter or state school.

New Mental Health Professional Support. The Council requested $1.6 million from new Opioid Stewardship funds to expand aid for one year to new mental health professionals in schools, including school counselors, student assistance counselors, social workers, and psychologists. This is consistent with the Governor's recommended FY 2021 budget, but the Assembly did not concur with the proposal. It did include $590,000 from Opioid Stewardship funds to support other mental and behavioral health training in schools, noted separately. *The Governor did not recommend the new funding.* **The Assembly concurred.**

School Housing Aid. The Council requested $80.0 million from general revenues for school housing aid. This includes $79.3 million for the traditional program and $0.7 million for the School Building Authority Capital Fund. This is $1.9 million less that the Budget Office's current service estimate of $81.9 million, reflecting fewer anticipated reimbursements. Compared to the enacted budget, the request shifts $0.2 million from the capital fund to the traditional program reflecting anticipated housing aid distributions. Current law requires that the difference between the annual housing aid appropriation and actual aid go to the fund, therefore funding for capital projects may be revised to reflect actual aid distribution.

On the November 2018 ballot, voters approved $250.0 million from general obligation bonds to be used to support the traditional housing aid program. By approving the ballot measure, voters also approved several temporary incentives that can increase the state's share of local districts' new construction and renovation projects. Districts may be eligible for share ratio increases of up to 20.0 percent for projects that address health and safety deficiencies, specific subject areas, replacing facilities, and consolidating facilities.

Future expenses for the traditional program are expected to increase beyond the annual appropriation of $80.0 million as more districts pursue school housing projects and are temporarily eligible for state share ratio increases. As shown in the table below, approvals averaged $121.7 million annually prior to FY 2018. Approvals have grown dramatically since then with $629.5 million approved for FY 2020. As of December 1, 2020, the School Building Authority projected a total of $513.6 million of traditional school housing aid approvals for FY 2021, including $33.8 million in December and $479.9 million in May.

SBA Approvals	
Approval Period	**Amount**
FY 1999 to FY 2017 (Avg.)	$ 121.7
FY 2018	$ 283.4
FY 2019	$ 383.0
FY 2020	$ 629.5
FY 2021 Projected	$ 513.6

$ in millions

The Governor recommended funding as requested. The out-year estimates submitted with the Governor's FY 2022 budget recommendation assume costs for the traditional program would grow to $93.4 million in FY 2023, $100.6 million in FY 2024, $117.3 million in FY 2025, and $130.8 million in FY 2026, assuming a second $250.0 million school construction bond is approved. **The Assembly concurred.**

School Housing Aid Administration (2.0 FTE). The Council requested $1.0 million from restricted receipts, $0.3 million more than enacted for administration of the school construction program. The request includes funding and authorization for 2.0 new full-time equivalent positions, including a clerk secretary and a school construction finance specialist. The enacted budget assumes a total of four positions to support the program funded from restricted receipts to be collected from the Rhode Island Health and Educational Building Corporation, which would increase to six positions under the request. Receipts are drawn from fee revenue and the Corporation's reserve funding, which is a finite resource and may not be a viable long-

term funding source for this program. The request is consistent with the Governor's FY 2021 recommendation; however, that was not adopted by the Assembly.

The Council's constrained request excludes funding and authorization for the new positions. *The Governor did not recommend funding or authorization for the new positions.* **The Assembly concurred with the total recommended funding but shifted $0.5 million from restricted receipts to general revenues based on the Corporation's projected fee revenue.**

Teacher Retirement. The Council requested $123.9 million to fund the state's share of the employer contribution for teacher retirement costs, an increase of $5.5 million to the FY 2021 enacted level based on a 2.5 percent assumed growth annually in teacher payroll, updated for FY 2020 actual wages. The request is $0.8 million less than Budget Office current service estimate. The Council also requested total expenses of $118.7 million in its revised FY 2021 request, which is $0.3 million more than enacted and also assumes a 2.5 percent growth in teacher payroll over FY 2020 wages.

Teachers contribute 8.75 percent of their salary, a statutory requirement. Employers pay the difference between the teacher's share and the amount needed to support the system as determined annually by the State Employees' Retirement System. The state pays 40.0 percent of the employer's share. The 2015 Assembly passed legislation to codify the settlement arising out of a challenge to the 2011 pension changes that reduced benefits. *The Governor recommended funding as requested.* **The Assembly concurred.**

Education Telecommunication Access Fund. The Council requested $1.5 million, including $0.4 million from general revenues and $1.1 million from restricted receipts, to fund the education telecommunications access fund and related salaries and benefits for FY 2022. This is $78,966 more than enacted from restricted receipts and includes the enacted level from general revenues. The telecommunications education access fund is designed to provide financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the internet. This fund is supported by a $0.26 monthly surcharge levied upon each residence and business telephone access line, supported by general revenues when surcharge revenues are insufficient. The federal allocation varies based on the result of the local education agencies' technology surveys and applications, and the number of students eligible for free and reduced price lunches. Based on actual receipts and a small amount of carry-forward from FY 2020, the Department estimates a total of $1.1 million will be available for use in FY 2022. *The Governor recommended funding as requested.* **The Assembly concurred.**

School Breakfast. The Council requested the enacted level of $270,000 from general revenues for the administrative cost reimbursement to districts for the school breakfast program. State law mandates that all public schools provide a breakfast program and costs, other than transportation, associated with this program in excess of federal money for the meals, shall be borne exclusively by the state. *The Governor recommended funding as requested.* **The Assembly concurred.**

Textbook Reimbursement. The Council requested the enacted level of $240,000 from general revenues for the textbook loan program. The state currently reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. In FY 2020, final program expenditures were $56,251 and are $23,315 in FY 2021. *The Governor recommended funding as requested.* **The Assembly concurred.**

Statewide Student Transportation. The Council requested $35.1 million from restricted receipts for the statewide transportation system, which is $4.6 million more than enacted and $1.8 million more than the revised request. Restricted receipts are collected from districts for transportation expenditures, less aid provided through the transportation categorical fund. The request reflects increased costs based on its most recent contract with system vendors, as well as anticipated utilization by local education agencies for out-of-district transportation for students attending charter schools, vocational schools, and special education

programs. It continues to experience growth in the number of students transported under the Every Student Succeeds Act, which is compounded by regular movement of existing students in state care.

The 2009 Assembly adopted legislation mandating the use of a statewide transportation system for special needs students and the eventual implementation of the transportation system for all students; this has been implemented for special needs students and for out-of-district transportation. Districts reimburse the state for its share of the cost, offsetting this expenditure. All fees paid for transportation services under the statewide system are paid into a restricted receipt account, created by the 2010 Assembly. The legislation allows the Commissioner of Elementary and Secondary Education to grant a variance to the requirement for the purchase of transportation services through the statewide transportation system for non-public and non-shared routes if an alternative system is more cost effective. The Department indicated that some districts are able to transport their non-public students at a cheaper cost than through the statewide system. *The Governor recommended funding as requested.* **The Assembly concurred.**

Providence Public School District Oversight. The Council's request did not include funding for assistance with oversight of the Providence Public School District. In May 2019, the Commissioner of Elementary and Secondary Education first announced the state's intent to temporarily invoke its authority over the school district under the Paul W. Crowley Rhode Island Student Investment Initiative, also referred to as the Crowley Act. This was finalized in October 2019. While the city remains financially responsible for the school district, the Department will review and improve teaching and operating practices, including teacher professional development, curriculum, hiring, and janitorial contracts, among others.

It should be noted that the Council's original FY 2021 budget request included $75,000 from general revenues for contracted legal services related to its oversight of the school district; however, the Governor did not recommend the funding. While the Department is supporting the implementation of the district's Turnaround Action Plan, it reported that no staff are assigned specifically to this effort, and it has not incurred related expenses. Rather, leadership and staff from various program areas support the district when needed, such as with English language instruction support or realigning its capital plan. *The Governor did not include funding for oversight of the Providence Public School District.* **The Assembly concurred.**

Recovery High Schools. The Council requested the enacted amount of $0.5 million from general revenues to continue to support the state's recovery high school. Recovery high schools are specifically designed for students recovering from a substance abuse disorder. The 2016 Assembly enacted legislation to provide state support to the state's recovery high school for FY 2017 only. The legislation also removed districts from the enrollment process and changed the local tuition payments from the local per pupil expenditures to the core instruction amount. The 2017 Assembly removed language in the legislation that limited funding to FY 2017 only. *The Governor recommended funding as requested.* **The Assembly concurred.**

State Assessments. The Council requested $5.0 million for state testing in FY 2022, including World-Class Instructional Design and Assessment ACCESS testing, PSAT/SAT, and the Rhode Island Comprehensive Assessment System. This is $0.3 million less than enacted from all sources, including $0.7 million more from general revenues. Consistent with the revised request, the request includes $115,000 from new general revenues for World-Class Instructional Design and Assessment ACCESS tests, which are used to place and evaluate English language learners. The remaining $600,000 from general revenues reflects rising testing expenses despite limited federal assessment funds. For several years, the Department relied on available carry-forward of federal funds to cover ongoing expenses; however, it expects all remaining balances to be exhausted in FY 2021. Federal testing funds are distributed based on each state's share of students in ages 5 through 17 nationally.

The constrained request reduces the general revenue request by $150,000, which assumes other, unidentified federal sources will be used to offset projected expenses. *The Governor recommended funding consistent with the constrained proposal.* **The Assembly concurred and added $400,000 from general**

revenues to provide advanced placement tests at no cost to low-income students, authorized in Article 10 of 2021-H 6122, Substitute A, as amended.

Advanced Coursework Network. The Council requested the enacted level of $0.5 million from all sources for the advanced coursework network, including $0.3 million from permanent school funds. It should be noted that in addition to the annual appropriation, the program relies on state funds appropriated for career and technical education categorical aid for eligible courses. In FY 2020, $0.4 million of categorical funds supported the program for total funding of $0.9 million.

There are 43 members participating in the network for FY 2022, including public school districts, charter schools, and state schools, with courses offered by ten provider organizations. Provider organizations include other school districts, non-profits, and postsecondary institutions. Courses include advanced science and mathematics courses as well as Advanced Placement, world language, career-focused, and other Prepare RI courses that offer high school and postsecondary credit (i.e., dual or concurrent enrollment). The network covers costs associated with student tuition, fees, exams, textbooks, and other costs that students may incur while participating in the network. It should be noted that the enacted budget includes $3.1 million for the dual and concurrent enrollment program through the Office of Postsecondary Commissioner. Additionally, the Department was awarded a three-year, $10.9 million grant authorized under the CARES Act for the development and expansion of virtual learning, noted separately. *The Governor recommended funding as requested.* **The Assembly concurred.**

COVID Relief - Rethink K-12 Education Grant. The Council requested $0.6 million from new federal funds awarded in response to the coronavirus emergency, $4,063 more than enacted. The federal Coronavirus Aid, Relief and Economic Security Act authorized the use of $180.7 million, or 1.0 percent of total federal education stabilization funds, to be competitively awarded through the Education Stabilization Fund - Rethink K-12 Education Models Grant. Rhode Island was one of 11 states selected for this three-year grant, receiving a total of $10.9 million. Funds are limited in use to the establishment and expansion of virtual learning and course access programs. *The Governor recommended funding as requested. It should be noted that his revised budget recommendation for FY 2021 includes the entire $10.9 million grant award, which the Department anticipated would be used over the three-year grant period.* **The Assembly reduced expenditures in FY 2021 by $9.9 million and shifted $6.3 million to FY 2022 based on projected expenditures. The remaining funds would be available for FY 2023.**

Literacy/Dyslexia Training and Support. The Council requested the enacted level of $250,000 from general revenues for literacy and dyslexia training and support. Funding is used to implement the Department's science of reading and dyslexia action plan, including $0.1 million for a new position. This also included funding to strengthen literacy screenings, coordinate statewide training of educators in the Orton-Gillingham method, and provide additional resources to support improved literacy practices. The Department also received a five-year, $20 million Comprehensive Literacy State Development grant to strengthen literacy development and instruction for children from birth through grade 12 discussed separately. *The Governor recommended funding as requested.* **The Assembly concurred.**

Literacy Development Grant. The Council requested $5.6 million from federal funds to strength literacy programs, $0.2 million less than enacted. The Department received a five-year, $20 million Comprehensive Literacy State Development grant from the U.S. Department of Education. Funding will primarily support communities and local education agencies in strengthening literacy development and instruction for children from birth through grade 12. Most funding will be distributed as grants for districts to develop and implement comprehensive literacy instruction, including professional development. Districts and community-based organizations will also be eligible for grants to engage families and support literacy at home. *The Governor recommended funding as requested.* **The Assembly concurred.**

Principal Empowerment and Training. The Council requested the enacted amount of $0.5 million from general revenues to support its principal empowerment and training initiative. The 2016 Assembly appropriated $0.5 million for FY 2017 to begin this initiative. Funding is used to provide mini-grants for principals and their leadership teams to provide professional development and access to resources on school leadership and support a year-long principal training initiative in partnership with LeadRI, a nonprofit organization comprising executives from companies and nonprofits across the state. The Department will use the remaining funds to support a leadership fellow who will support local education agencies and schools design and implement leadership supports for current principals and teacher leadership models.

The constrained request reduces funding by $0.2 million from eliminating the fellowship. *The Governor recommended funding at the enacted level.* **The Assembly concurred.**

Early Childhood Education Support Staff (1.0 FTE). The Council requested $0.1 million from general revenues and authorization for a new education specialist to support the state's early childhood education or prekindergarten program. The position would provide technical assistance, assist with early childhood programming, make site visits, and provide continuous support and monitoring to the field. The request is consistent with the Governor's FY 2021 recommended budget; however, the Assembly did not concur.

The Council's constrained request excludes funding and authorization for the new position. *The Governor excluded funding and authorization for the position.* **The Assembly concurred.**

High-Quality Curriculum Support (2.0 FTE). The Council requested $0.3 million from general revenues and authorization for 2.0 new full-time equivalent positions to expand access to high-quality curriculum. One position would define high quality professional learning, assist local education agencies in establishing high quality professional learning structures, and other related best practices. The second position would be a social studies specialist to review current regulations, identify high quality curriculum, and support school districts in implementing that curriculum. The request is consistent with the Governor's FY 2021 recommendation; however, the Assembly did not concur.

The Council's constrained request excludes funding and authorization for the new positions. *The Governor included funding and authorization for the social studies specialist only.* **The Assembly concurred.**

Prepare RI Fellow (1.0 FTE). The Council requested $0.1 million from general revenues and authorization for 1.0 full-time equivalent position to replace a fellowship that was supported by a New Skills for Youth grant, which expired in FY 2020. The Department was first awarded $0.1 million in 2016 to launch its Prepare RI initiative and was subsequently awarded $2.0 million for three years to support career pathways, promote work-based learning, and professional development. The Department had two fellows who are from local education agencies and reimbursed those districts for personnel expenses. The position would expand career and technical education programs and work-based learning in schools. The Department unsuccessfully requested funding for the fellowships in FY 2019, FY 2020, and FY 2021.

The Council's constrained request excludes the new funding and authorization. *The Governor excluded funding and authorization for the position.* **The Assembly concurred.**

Transformation Specialist (1.0 FTE). Subsequent to the budget submission, the Department identified additional personnel needs beyond the initial request. This includes 1.0 full-time equivalent position and $0.1 million from general revenues for a transformation specialist. This position would support the transformation of the states' persistently lowest-achieving schools through direct interaction, engagement, strategic planning, and collaboration with districts to address the specific causes of the academic underperformance of these schools. It would also investigate and recommend service providers and consultants and work with districts to support academic achievement. *The Governor recommended funding and authorization as requested.* **The Assembly did not concur with the recommendation.**

Uniform Chart of Accounts. The Council requested the enacted amount of $0.2 million from general revenues for ongoing operating expenses of the Uniform Chart of Accounts (UCOA) system. Its constrained requested lowers expenses by $25,000 from a proposal to reduce staff training on the program. *The Governor concurred with the unconstrained request.* **The Assembly added $0.3 million from general revenues and authorization for 2.0 full-time equivalent positions to assess and report on each local education agency's compliance with the basic education plan. Reporting would occur annually to each local education agency, the General Assembly, and the Governor.**

Communications Manager (1.0 FTE). Subsequent to the budget submission, the Department identified additional personnel needs beyond the initial request. This includes 1.0 full-time equivalent position and $0.1 million from general revenues for a communications manager to support its Communications Director. This position would support the development and production of various types of communication, such as print and online material, and assist in production of external materials, such as press kits, letters to the editor, and web content. *The Governor recommended funding and authorization as requested*. **The Assembly did not concur and excluded funding and authorization for the position.**

World Language Education Specialist (1.0 FTE). Unlike prior requests, the Council excluded funding and authorization for a new full-time equivalent position to support English language learner education. It has previously requested the administrative position to help support school personnel in the implementation of proposed English learner regulations and support the growth of world language and dual language offerings in Rhode Island schools. The Department annually requested funding and authorization for this position from FY 2018 to FY 2021. For FY 2018, the Governor recommended funding the position within its existing authorization, excluding additional funds. The Assembly concurred; however, the position was never filled. *The Governor did not recommend the funding or authorization.* **The Assembly did not concur and included $0.1 million from general revenues and authorization for the new position.**

Child Opportunity Zones. The Council requested the enacted level of $395,000 from general revenues to support child opportunity zones (COZ). Funding is used to strengthen education, health and social services for students and their families as a strategy to accelerate student achievements. *The Governor recommended funding as requested.* **The Assembly concurred.**

Hasbro Children's Hospital School. The Council requested the enacted amount of $90,000 from general revenues to support the hospital school at Hasbro Children's Hospital. *The Governor recommended funding as requested.* **The Assembly concurred.**

Investing in Innovation Grant. The Council requested $1.3 million from new federal funds awarded by the U.S. Department of Education. The investing in innovation program competitively awards funding annually to applicants with a record of improving student achievement and attainment in order to expand innovative practices that improve student achievement, close achievement gaps, decrease dropout rates, increase high school graduation rates, or increase college enrollment and completion rates. *The Governor recommended funding as requested.* **The Assembly concurred.**

COVID Relief - Summer Education Programming. The enacted budget includes $7.2 million from federal Coronavirus Relief funds appropriated for summer education programs and in-person services for children and youth through four separate initiatives. As these are one-time funds, the request excludes this funding. Based on a November 12, 2020 report, a total of $9.6 million was estimated to be used to support the initiatives, including $7.2 million for the Department of Elementary and Secondary Education. This includes $2.5 million for grants to municipal and non-profit summer camps to assist with increased operating costs from providing in-person services, $3.7 million for the Summer Academy for Interactive Learning (SAIL) which offers online summer courses, and $1.0 million for grants to urban communities to provide summer learning activities. Additionally, $2.4 million was reportedly allocated for a summer job

program for youth and young adults through the Department of Labor and Training. *The Governor excluded the funding.* **The Assembly concurred.**

COVID Relief - K-12 Reopening Initiatives. The enacted budget includes $39.4 million from Coronavirus Relief funds appropriated for several initiatives related to reopening elementary and secondary schools. As these are one-time funds, the request excludes the funding. In response to the coronavirus pandemic, the Department contracted with the District Management Group for support to develop state-level guidance to school districts, review and guide school district plans, and provide technical assistance to identified urban districts. The $0.4 million contract also included training for Department staff to continue this work after the contract ended. On November 12, the Department of Administration reported an additional $39.0 million was allocated for kindergarten through grade 12 reopening initiatives, including distributing air purifiers to local education agencies, recruiting and training additional substitute teachers, and providing support to at-risk students. *The Governor excluded the funding.* **The Assembly concurred.**

COVID Relief - Education Stabilization Discretionary Funds. The enacted budget includes $4.6 million from education stabilization funds carried forward from FY 2020. Through the federal Coronavirus Aid, Relief and Economic Security Act, the state received $46.4 million of education stabilization funds for elementary and secondary education. Of this, 90.0 percent or $41.7 million was distributed directly to local education agencies, and the Department retained the remaining funds to be distributed at its discretion. The Council's request excludes these funds. *The Governor excluded the funding.* **The Assembly included $60.0 million from funds authorized under the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act.**

Preschool Development Grant. The Council requested authorization to spend $3.7 million from new Preschool Development Birth through Five funds. In December 2018, the Department of Human Services was awarded a $4.2 million grant from the federal Administration for Children and Families Office of Child Care designed to support development, planning, and coordination of the state's early childhood system, specifically from birth to age five. It worked with the Departments of Health, Elementary and Secondary Education, and Children, Youth and Families on this initiative. Funding was used for a facilities assessment to identify space to expand the state's prekindergarten program, a family needs assessment, and a funding analysis, as well as technical assistance and professional development for providers.

In December 2019, the state was awarded $26.8 million over three years to build on efforts made through the first grant award. Coordinated by the Executive Office of Health and Human Services, the funds will be used to expand access to high quality early childhood education and implement findings from the completed assessments. The request is $0.5 million less than enacted reflecting the Department's share of funding for the second year of the program. Of this amount $3.0 million will be used to maintain new state preschool classrooms opened in FY 2021. Funding will be available through FY 2023; however, state funds will be needed beginning in FY 2024 in order to maintain the preschool classrooms. *The Governor recommended funding as requested.* **The Assembly concurred.**

Nutrition Grants. The Council requested authorization to spend $59.4 million, or $7.9 million less than enacted, from federal nutrition program funds, reflecting anticipated program participation and federal reimbursement. The request is based on meal distribution prior to the pandemic and the end of program waivers authorized through the CARES Act. *The Governor recommended funding as requested.* **The Assembly concurred.**

Vision Services. The Council requested authorization to spend $0.7 million from federal special education funds for the RI Vision Services provided through the Paul V. Sherlock Center on Disabilities at Rhode Island College. This is consistent with the enacted budget. The program provides teaching and consultation services to children who are blind or visually impaired, their families and educational staff within the school environment. Subsequent to the budget submission, the Department reported that the contract to provide

vision services will be solicited through a competitive bidding process. The selected vendor or vendors will provide services with local school districts in the state. It confirmed that this funding will continue to be used to support student vision services. *The Governor recommended funding as requested. Two vendors responded to the request for proposals: the Sherlock Center and the Perkins School for the Blind.* **The Assembly concurred and included proviso language in Article 1 of 2021-H 6122, Substitute A, as amended, requiring that funds be used to support the Sherlock Center program.**

Special Education Grants. The Council requested authorization to spend $50.1 million, or $0.6 million more than enacted, from federal special education funds to reflect updated awards and availability of carry-forward funds from prior years. The majority of funds are distributed to school districts and provide administrative support. Most of the funds must be distributed to local education agencies serving children directly. Federal funds are combined with state and local funds to provide children with disabilities free appropriate public education, including special education and related services. *The Governor recommended funding as requested.* **The Assembly concurred and added $11.7 million from new federal funds authorized under the American Rescue Plan Act.**

Title I Grants. The Council requested authorization to spend $57.5 million from federal Title I funds. This is $0.6 million less than enacted, reflecting updated anticipated awards and available carry-forward funds. Title I funds are passed through to local schools, where they are used to provide extra help to low-achieving students. Title I fund distributions to states are calculated through four distinct formulas based upon different levels of poverty; however, funds are allocated to districts as one amount. *The Governor recommended funding as requested.* **The Assembly concurred.**

Vocational Education Grants. The Council requested authorization to spend $7.5 million from federal vocational education grants, $0.4 million more than enacted. Funds are used to improve vocational education programs statewide. This includes $0.2 million from a grant to support science, technology, engineering and mathematics apprenticeships for high school students. Beginning in the fall of 2019, participating students spend half of their instructional time working on the job while also enrolled in credit-bearing coursework through the Community College of Rhode Island. Most funding is passed through to the Community College and approximately 20 percent is used by the Department to provide professional development and outreach. *The Governor recommended funding as requested.* **The Assembly concurred.**

School Mental Health. The enacted budget includes $3.1 million from all sources for mental health programs in schools, including $590,000 from Opioid Stewardship funds. The Assembly provided new Opioid Stewardship funds in the enacted budget to support mental and behavioral health training, curricula, and other materials for educators. As the request predates the enacted budget, it excludes these funds, but includes $2.8 million from federal grants designated to address adolescent health and school climate. In FY 2019, the Department was awarded two five-year federal grants to address student mental health.

The first, for $9.0 million, supports adolescent health and academic achievement, specifically regarding mental health issues. Funding is used to promote mental health awareness among schools and communities and improve connections to services for school-age youth and their families. The second, for $2.5 million, supports districts in expanding programs that address student social, emotional and behavioral needs. Participating schools conduct needs assessments and develop plans that are tailored to their student population. Grant partners then provide professional development and training to educators to expand and connect intervention efforts. The request is $6,620 more from federal funds than enacted. Funds also support two full-time equivalent positions that oversee the programs. *The Governor recommended $1,639 less than enacted from all sources. This includes the requested amount of federal funds and shifts the $590,000 from Opioid Stewardship funds to general revenues.* **The Assembly concurred.**

ServeRI. The Council requested $3.4 million from federal funds for the ServeRI program based on awards for program sites. In 2018, the Rhode Island Service Alliance transferred the program to the Department

of Elementary and Secondary Education. The program was established by the 1994 Assembly to administer the federally funded AmeriCorps program, including AmeriCorps Vista and City Year. The enacted budget includes funding for staffing and operating costs, as well as grants to participating member sites. The request is $0.8 million more than enacted reflecting award payment schedules. *The Governor recommended funding as requested.* **The Assembly concurred.**

Adult Education Grants. The Council requested $6.7 million for adult education grants from multiple sources, $0.3 million less than enacted from federal funds. The request includes the enacted level of $3.3 million from the Governor's Workforce Board and $1.9 million from general revenues. The Department administers adult education grants that are used to fund local adult education programs and literacy services, including workplace literacy, family literacy, English literacy and civics education programs. Participation in these programs is limited to adults and high school drop outs aged 16 and older. Approximately 6,000 students participate in these programs with 25 percent of the program attendees for GED preparation services, 50 percent for English language learner services, and 25 percent for low level literacy services.

The constrained request eliminates the $1.9 million of general revenue funding. *The Governor recommended $33,194 less than enacted from federal funds.* **The Assembly concurred.**

Other Salaries and Benefits. The Council's request includes $20.3 million for the Department's other 131.1 administrative positions. This is $0.3 million less than enacted, including $0.1 million more from general revenues to reflect current service adjustments and restoration of workshare savings included in the enacted budget. The request also includes $0.4 million less from federal funding, reflecting several grant adjustments, and $206 more from restricted receipts.

The constrained request includes turnover savings of $750,000 from maintaining vacant positions as they arise. *The Governor recommended funding consistent with the unconstrained request.* **The Assembly distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $0.1 million in the Department's budget based on the two individuals who participated during FY 2021. It concurred with the remainder of the recommendation.**

Other Grants and Programming. The Council requested $34.5 million from all sources for all other grants and programming, including $4.3 million from general revenues. From federal funds, the request includes $9.9 million from Title II teacher quality funds, $7.5 million from the Every Student Succeeds Act, and $6.1 million from 21st Century Community learning funds, all of which are passed through to local education agencies. The request is $0.3 million more than enacted from all sources, including $143,000 more from general revenues, $0.2 million less from federal funds, and $10,974 less from restricted receipts. The general revenue request includes $38,000 for contracted legal services for hearings regarding residency determinations for the Department of Children, Youth and Families and $75,000 for software maintenance agreement expenses previously funded from federal sources that are no longer available. The request also increases general revenue supported operating expenses by $30,000; however, the request is $0.2 million more than actual FY 2019 and FY 2020 expenses.

The Council's constrained request reduces expenditures by $0.3 million from various measures, including limiting office repairs, reducing contracted legal services, eliminating a software contract and reducing funding for curriculum development by $50,000. *The Governor recommended $0.1 million less than the unconstrained request from all sources, including $24,400 less from general revenues. From general revenues, the recommendation includes the additional $143,000 request offset by savings from two constrained proposals, including limiting office repairs and reducing information technology expenses.*

The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution

because updated rates for both facilities and information technology services had not yet been finalized. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and removed $42,325 from general revenues in the Department's budget. This includes $22,236 less for facilities and $20,089 less for information technology. It concurred with the remainder of the recommendation.**

Met School Capital. The Council requested $250,000 from Rhode Island Capital Plan funds for asset protection projects at the Metropolitan Career and Technical School. This is consistent with the enacted budget and capital request. *The Governor recommended funding as requested.* **The Assembly concurred. A detailed description of the projects is included in the Capital Budget section of this publication.**

Davies Career and Technical School

Funding Formula. The Council requested $14.4 million from general revenues to fund Davies Career and Technical School for FY 2022, the eleventh year of the funding formula. The request is $0.7 million more than the formula would provide reflecting rising personnel costs. This includes $44,138 to restore workshare savings included in the enacted budget. Beginning with FY 2012, Davies falls under the education funding formula and its state aid is determined by the funding formula calculation just as any other local education agency would. Using enrollments of 885 and free and reduced price lunch students of 544, total formula aid is projected to be $9.1 million or approximately $0.3 million more than FY 2021 enacted aid. The request includes $9.7 million from funding formula aid, $0.9 million more than enacted, which is offset by a $0.2 million reduction from stabilization funds. The 2016 Assembly enacted a stabilization fund for state schools in order to mitigate some of the losses in funding from the implementation of the funding formula, providing $5.0 million in additional funding for Davies in FY 2021.

The Council's constrained request reduces funding by $1.1 million, including turnover savings from layoffs for $1.0 million and reducing stabilization funding by $0.1 million. It should be noted teachers must be notified of layoffs by June 1; if the budget is not enacted prior to this deadline, the savings may not be achievable. *The Governor concurred with the unconstrained request.* **The Assembly provided total funding as recommended.**

Other Operations (-3.0 FTE). The Council requested $5.6 million from all sources of funding outside of the funding formula, $0.3 million less than the enacted level. This primarily reflects the end of one-time Coronavirus Relief funds included in the enacted budget. From restricted receipts, the revised request reflects $26,188 more from local tuition payments, offset by $20,000 less from career and technical education categorical funds that were awarded in prior years. These funds were historically deposited into an escrow account, but that was converted to a restricted receipt account in FY 2021 based on a recommendation from the State Controller and Auditor General.

The request eliminates 3.0 full-time equivalent positions from phasing out the cosmetology program, which experienced a decline in enrollment, along with other position reductions due to restructuring. In partnership with the YMCA, the school will open a new childcare program in FY 2022. The new program is expected to have no more than two teachers based on anticipated enrollment. This request includes authorization for one more full-time equivalent position than the revised request, reflecting the hiring of a childcare teacher position. *The Governor recommended funding and staffing authorization as requested.* **The Assembly concurred and added $3.8 million from new education stabilization funds authorized under the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act.**

Capital. The Council's request includes $0.3 million from Rhode Island Capital Plan funds for capital projects at the Davies Career and Technical School. This is $0.9 million less than enacted and consistent with its capital request. It excludes $0.5 million included in the enacted budget for a major renovation project and reduces funding for its heating, ventilation, and cooling repair project by $0.4 million. *The*

Governor recommended $0.9 million more than enacted for two projects. **The Assembly concurred. A detailed description of the projects is included in the Capital Budget section of this publication.**

Rhode Island School for the Deaf

Restricted Receipts. The Council requested $0.5 million from restricted receipts for the School for the Deaf, including $57,500 collected from school breakfast and lunch, $5,000 from renting its athletic field and gymnasium, and $407,279 from tuition collected for some students. Compared to the enacted budget, the revised request assumes $4,558 less from restricted receipts, primarily from lower than anticipated rent expenses. The School collects tuition for all out-of-state students and those in-state students receiving services beyond the first of four levels of service. As of February 2021, enrollment totaled 81 students, of which four are out-of-state. Of the 77 in-state students, 48.1 percent receive services at a Level 1 and no tuition is collected. *The Governor recommended funding as requested.* **The Assembly concurred.**

Speech Language Pathologist (1.0 FTE). The Council requested $0.1 million from general revenues and authorization for a new, full-time equivalent speech pathologist for the School for the Deaf. The School employs two speech pathologists and contracts with a temporary services provider for another. The School reported that rising student enrollment has exhausted current staff's caseload capacity. Between the fall of 2015 and the winter of 2020, enrollment at the School increased 30.6 percent, from 62 in 2015 to 81 as of February 2021. Each student at the School has an Individualized Education Plan, and within each student's plan is a requirement for speech pathology, though the level of required services varies by student. The additional position would both address rising caseloads and ensure students receive all services required by their education plans. It should be noted that in the fall of 2020, the School repurposed a teacher position, which became vacant upon a retirement, to hire the new speech pathologist. *The Governor did not include funding or authorization for the new position.* **The Assembly concurred.**

Other Salaries and Benefits. The Council's budget request contains $7.1 million in salary and benefit expenditures for 60.0 full-time equivalent positions at the School, which is $0.9 million more than enacted from all sources and $0.6 million more from general revenues. The revised request largely reflects restoration of turnover and workshare savings, as well as negotiated wage increases for teaching staff. The additional federal funds and restricted receipts are made available from reductions to other operating expenses, noted separately. The request is $0.1 million more than the revised request, which also appears to be overstated by $0.2 million from general revenues based on expenses through the second quarter. The student population increased 30.6 percent from 62 in 2015 to 81 in February 2021. Rising student enrollments has led to the hiring of additional staff. As of the pay period ending February 13, all positions at the School were filled. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations. The Council requested $0.8 million for all other expenditures for the School for the Deaf, including $0.7 million from general revenues. The request is $0.7 million less than enacted, including $32,486 less from general revenues, $0.4 million less from federal funds, and $0.3 million less from restricted receipts. The reduction to operating expenses appears to be a result of increased personnel expenditures, but may actually be understand by $0.2 million as the School spent $1.0 million on operating expenses in FY 2020. *The Governor recommended funding as requested.* **The Assembly concurred and added $160,000 from general revenues based on projected expenditures. It also included $0.4 million from new education stabilization funds authorized under the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act.**

Capital. The Council requested $75,000 from Rhode Island Capital Plan funds for asset protection projects at the Rhode Island School for the Deaf. This is $175,000 less than enacted reflecting the end of a surveillance upgrade project and $25,000 more for the annual asset protection appropriation. *The Governor recommended funding as requested.* **The Assembly concurred. A detailed description of the projects is included in the Capital Budget section of this publication.**

Public Higher Education

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Office of Postsecondary Comm.	$ 40,845,050	$ 48,495,293	$ 44,422,696	$ 46,468,206
University of Rhode Island	861,698,584	865,138,989	835,975,084	867,427,334
Rhode Island College	202,851,064	198,851,064	185,305,339	225,778,545
Community College of RI	169,378,742	163,852,742	169,167,430	231,742,795
Total	**$ 1,274,773,440**	**$ 1,276,338,088**	**$ 1,234,870,549**	**$ 1,371,416,880**
Expenditures by Category				
Salaries and Benefits	$ 576,951,696	$ 576,989,893	$ 569,384,422	$ 572,984,422
Contracted Services	32,075,781	40,846,020	31,480,709	31,480,709
Subtotal	**$ 609,027,477**	**$ 617,835,913**	**$ 600,865,131**	**$ 604,465,131**
Other State Operations	253,814,856	231,014,327	206,942,850	209,638,360
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	322,477,309	340,560,050	320,883,772	448,884,593
Capital	17,504,324	14,978,324	33,139,526	35,389,526
Capital Debt Service	71,949,474	71,949,474	67,786,992	67,786,992
Operating Transfers	-	-	5,252,278	5,252,278
Total	**$ 1,274,773,440**	**$ 1,276,338,088**	**$ 1,234,870,549**	**$ 1,371,416,880**
Sources of Funds				
General Revenue	$ 237,951,191	$ 237,874,245	$ 244,078,083	$ 259,968,593
Federal Aid	31,353,488	35,514,152	16,432,748	140,433,569
Restricted Receipts	2,962,936	2,966,504	4,145,833	4,145,833
Other	1,002,505,825	999,983,187	970,213,885	966,868,885
Total	**$ 1,274,773,440**	**$ 1,276,338,088**	**$ 1,234,870,549**	**$ 1,371,416,880**
Uses of Funds				
Unrestricted Use Funds	$ 765,670,944	$ 765,597,360	$ 758,945,101	$ 774,835,611
Restricted Use Funds	509,102,496	510,740,728	475,925,448	596,581,269
Total	**$ 1,274,773,440**	**$ 1,276,338,088**	**$ 1,234,870,549**	**$ 1,371,416,880**
FTE Authorization	**3,860.5**	**3,860.5**	**3,862.5**	**3,862.5**
Limited to Third Party Funds	*523.8*	*523.8*	*523.8*	*523.8*
Total Authorized Positions	**4,384.3**	**4,384.3**	**4,386.3**	**4,386.3**

Summary. The 2019 Assembly created a 17 member Board of Trustees for the University of Rhode Island effective February 1, 2020. The Governor appoints all 17 members with the advice and consent of the Senate to serve terms between one and three years. Authority for a variety of functions transferred from the Council on Postsecondary Education to the new Board, and the University was removed from the authority of the Commissioner of Postsecondary Education. All of the General Assembly's authority over the University was preserved. The budget is still presented with the other entities.

The governing bodies requested $1,234.3 million from all sources, including $254.2 million from general revenues. This is $40.5 million less than enacted from all sources, including $16.3 million more in general

revenue support, $23.5 million less from tuition and fee revenue, $0.3 million more from other unrestricted sources, and $33.5 million less from restricted sources. The request includes $758.7 million from unrestricted use funds and $475.6 million from restricted use funds. The unrestricted request represents 2.7 percent growth over FY 2021 revised expenditure projections; the restricted request represents 4.2 percent growth.

The Governor recommended $1,234.9 million from all sources, which is $39.9 million more than enacted and $0.6 million more than requested. General revenues are $244.1 million, which is $6.1 million more than enacted and $10.1 million less than requested. Excluding debt service, general revenues are $7.7 million more than enacted and $8.7 million less than requested.

The Assembly provided $1,371.4 million from all sources, including $15.9 million more from general revenues, $124.0 million more from federal funds, primarily emergency relief for higher education, $5.6 million less from tuition savings fees, and $2.3 million more from Rhode Island Capital Plan funds.

Staffing. The FY 2022 request includes authorization for 4,386.3 full-time equivalent positions, provided that 523.8 of those positions would be limited to third-party sources. This is two more than the enacted authorization for the Northern Rhode Island Education Center slated to open in the fall of 2021. The 2004 Assembly changed its treatment of research-funded positions to provide the institutions' estimates of staffing needs associated with additional research grants and other third-party funds. Article 1 separately lists the authorization for each institution and the Office of Postsecondary Commissioner and indicates how many positions are reserved for third-party funded activities. *The Governor recommended staffing as requested.* **The Assembly concurred.**

Current Year Revisions. Historically, the analyses have begun with an adjustment for the current year. Until FY 2005, the Board had statutory authority, which did not require legislative approval, to reallocate the enacted budget based on information available to it, including changes to revenues and needs. The 2004 Assembly rescinded that authority and established separate appropriation lines for the four operations. The Assembly did not change the budget request and submission process; the law continues to require the Board of Education to review, develop and submit the higher education budget that it receives and approves from the Council on Postsecondary Education. Also, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees. The governing bodies continue to review and approve each institution's allocation of all current year resources and describes its requested budget year items in terms of changes to those current year allocations. So that the analysis can be in terms of the items the entities specify as requested, staff analysis starts from the allocations. *In a departure from past practice, the Governor recommended expenditures largely at the enacted level.* **The Assembly included $0.1 million in general revenue savings based on actual spending for the Promise scholarship program and concurred with the remainder of the recommendation.**

Higher Education Funding. Expenditures in Public Higher Education increased 18.3 percent during the period FY 2012 through FY 2021, which is an average annual rate of 1.8 percent. They would grow 22.2 percent if the FY 2022 request were funded, an average annual rate of 2.0 percent. It should be noted that beginning in FY 2007, debt service expenditures, which had been shown in the budget of the Department of Administration from FY 2000 through FY 2006, are again shown in Higher Education's budget. *The Governor's recommendation represents 22.3 percent growth during the FY 2012 through FY 2022 period, with an average annual rate of 2.0 percent.* **The enacted budget represents 35.8 percent growth, which is an annual rate of 3.3 percent.**

In Rhode Island, as in many other states, expenditures and sources for public higher education are generally broken into two categories: (1) *unrestricted* budget and (2) *restricted* budget. The distinction is extremely important to the understanding of public higher education funding.

Unrestricted Budget. The unrestricted budget consists of those funds that can be used for any legitimate purpose. Those purposes fall within the education and general operations of the institutions. They include state general revenue appropriations, tuition and general fees, auxiliary indirect costs, a portion of research indirect costs, and miscellaneous revenue. The latter are the indirect costs added to research grants to reimburse the college or university for the items that must exist for research to occur, such as an accounting system, facilities, utilities, and so forth. The unrestricted budget is similar to the general revenue budget of other agencies and departments. The governing bodies' unrestricted budget includes $758.7 million, of which $254.2 million is from general revenues. The general revenue portion is $16.3 million more than the FY 2021 enacted budget; other unrestricted sources including tuition and fee revenue decreases $23.2 million. Compared to the revised allocation, the request is $20.3 million more including $14.7 million from general revenues and $5.6 million from other unrestricted sources.

The Governor recommended $758.9 million from unrestricted sources, which is $6.7 million less than enacted and $0.2 million more than requested. General revenues are $6.1 million more than enacted and $10.1 million less than requested. Excluding debt service, general revenues are $7.7 million more than enacted and $8.7 million less than requested. Other unrestricted sources, including tuition and fees, are $10.4 million more than requested suggesting that the schools will generate more revenue than current projections or constrain spending from the request in order not to exceed available resources. **The enacted budget includes $774.8 million from unrestricted sources, which is $15.9 million more than recommended and $9.2 million more than enacted. General revenues are $260.0 million, $22.0 million more than originally enacted for FY 2021 and $15.9 million more than recommended by the Governor.**

Restricted Budget. The restricted budget is composed of what are generally thought of as restricted receipt funds or enterprise funds. They include the residence hall funds, dining funds, parking funds where they occur, and any other funds whose sources are limited to use for certain purposes. Federal funds, including sponsored research overhead, are considered restricted use; the traditional display in the Governor's budget presentation breaks them out separately. The restricted budget includes $475.6 million for FY 2022. This is a decrease of $33.5 million to the enacted FY 2021 level. Compared to the revised allocation, the request is $19.3 million more.

The Coronavirus Response and Relief Supplemental Appropriations Act, which was signed into law on December 27, 2020, includes an additional $21.2 billion for emergency relief for higher education not reflected in the institutions' requests. *Federal Funds Information for States* indicates that Rhode Island institutions will receive $103.0 million. It shows public institutions will receive $52.9 million of which $14.3 million must be used for student aid; private institutions will receive $50.1 million. By institution the allocations are $17.4 million for the University of Rhode Island, $12.6 million for Rhode Island College, and $22.9 million for the Community College of Rhode Island not reflected in the institutions' requests.

The Governor recommended $475.9 million from restricted sources, which is $33.2 million less than enacted and $0.4 million more than requested, primarily to reflect adjustments to spending from Rhode Island Capital Plan funds.

The enacted budget includes $596.6 million from restricted sources. This is $120.7 million more than recommended and $87.5 million more than enacted.

Salaries and Benefits. The governing bodies requested $569.3 million for salary and benefit expenditures, of which $451.1 million is from unrestricted sources and $118.2 million is from restricted sources. The

request represents a $2.0 million or 0.4 percent decrease from the FY 2021 enacted level in unrestricted funding, and a $5.6 million or 4.5 percent decrease in restricted funding. Compared to the institutions' FY 2021 revised projections, the unrestricted increase is $15.6 million or 3.6 percent more and restricted funding increases by $4.1 million or 3.6 percent. The Council's request includes benefit adjustments consistent with Budget Office planning values, funding for 1.0 of the 2.0 new positions requested for the Northern Rhode Island Education Center, as well as additional funding to restore turnover savings in the revised allocation. It also includes funding for an early retirement program at the College. *The Governor recommended $54,561 more than requested from all sources. The Governor's recommendation also includes authorization and funding for 2.0 new positions for the Northern Rhode Island Education Center as requested.* **The Assembly concurred and added $3.6 million from general revenues for Rhode Island College so that it can meet its contractual obligations and restore turnover savings.**

Contracted Services. The governing bodies requested $31.5 million for contracted services for FY 2022, of which $19.6 million is from unrestricted sources and $11.8 million is from restricted sources. This is $0.6 million less than the enacted budget and $1.0 million more than the FY 2021 revised allocation. Compared to the revised allocation, unrestricted sources increase $0.5 million or 2.5 percent and restricted sources increase $0.5 million or 4.7 percent. *The Governor recommended $30,000 more than requested from general revenues based on a subsequent request by the Office of Postsecondary Commissioner to ensure sufficient funding to support the DataSpark contract.* **The Assembly concurred.**

Operating Expenses. The governing bodies requested $206.1 million for operating expenditures for FY 2022, of which $89.9 million is from unrestricted sources and $116.2 million is from restricted sources. This is $48.0 million less than the FY 2021 enacted budget reflecting the omission of $23.0 million from federal Coronavirus Relief funds as the FY 2021 budget was enacted subsequent to the request submission. Compared to the FY 2021 revised projections, the unrestricted budget increases by $2.2 million or 2.5 percent and the restricted budget decreases by $0.9 million or 0.8 percent. *The Governor recommended $0.8 million more than requested to restore funding for Shepard Building operations that the Office of Postsecondary Commissioner requested reducing.* **The Assembly added $2.3 million from general revenues for Rhode Island College, $350,000 from general revenues for the Small Business Development Center, and $45,510 from general revenues for updated costs of centralized services the Office of Postsecondary Commissioner is billed for through the Department of Administration.**

Grants and Scholarships. The governing bodies requested $317.0 million for total grants and scholarships for FY 2022, a decrease of $5.5 million or 1.7 percent to the enacted FY 2021 budget and $3.2 million or 1.0 percent to the revised allocation. The unrestricted budget accounts for $149.1 million, an increase of $4.0 million or 2.7 percent to the revised allocation. The restricted budget includes $167.9 million, a 4.1 percent decrease of $7.2 million from the revised allocation.

The FY 2022 budget includes $7.0 million for the fifth year of funding for the Rhode Island Promise Scholarship program at the Community College. The 2017 Assembly established the Rhode Island Promise Scholarship program to provide two years of free tuition and mandatory fees at the Community College of Rhode Island for qualifying Rhode Island students. The program is intended to be a "last dollar scholarship," meaning that after a student exhausts all other sources of student aid the program covers the remainder of their tuition bill. Other non-mandatory fees are not covered by this program. Recipients are required to maintain a 2.5 grade point average and must commit to remaining in Rhode Island after graduation. The program was initially authorized for four cohorts of students beginning in FY 2018 with the last cohort entering in the fall of 2020. The 2020 Assembly extended the sunset by one year to include the high school graduating class of 2021.

The CARES Act and the Coronavirus Response and Relief Supplemental Appropriations Act contain a combined $20.0 million from Governor's Emergency Education Relief funds, of which $12.5 million is flexible. Governor Raimondo indicated in January 2021 that $0.9 million will be used to increase student

access to mental health professionals including through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, $2.5 million to expand prekindergarten, $5.3 million to expand access to free tuition at the Community College, and $3.9 million for the Office of Postsecondary Commissioner. The Office will use funds to: improve access to higher education and education training opportunities, support innovation of ongoing operations of those institutions of higher education that have been most impacted by COVID-19, and to protect education related jobs and increase the quality of child care programming.

Total scholarships, grants, waivers and other aid from the three institutions would provide aid equal to 26.9 percent of the tuition and mandatory fees based on the current service budget. Revised FY 2021 estimates are for 26.8 percent. External student aid also includes the Ford Direct Student Loan and Parent Loan programs at the University. The University requested $82.0 million related to the Ford Loans for FY 2022.

The Governor recommended $3.9 million more than requested from all sources. The majority of this, $3.1 million, is from federal Governor's Emergency Education Relief funds in the Office of Postsecondary Commissioner. The recommendation adds $0.7 million from general revenues to reflect the estimated amount for the Rhode Island Promise Scholarship. He also recommended removing the sunset provision, which would have an impact beginning in FY 2023. Finally, the Governor added $125,000 to fund community service grants at the enacted level.

The Assembly added $128.0 million from federal emergency relief for higher education from the Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act. The Assembly also enacted separate legislation making the Promise program permanent.

Capital. The governing bodies requested $41.2 million in total expenditures for capital outlays and improvements for FY 2022. The request includes $39.4 million from Rhode Island Capital Plan funds, of which $21.7 million is for asset protection. *The Governor recommended $15.6 million more than enacted and $8.1 million less than requested.* **The Assembly added $2.3 million from Rhode Island Capital Plan funds. A detailed description of the projects is included in the Capital Budget section of this publication.**

Debt Service. The governing bodies requested $69.2 million for total debt service expenses for FY 2022. Of this total, $48.0 million is unrestricted and is $2.0 million less than the revised allocation and $2.3 million less than enacted. General revenues are used to support general obligation bond debt service. *The Governor recommended $4.2 million less than enacted from all sources, including $1.6 million less from general revenues for general obligation bond debt service based on updated estimates.* **The Assembly concurred.**

Operating Transfers. Operating transfers are transfers between different funds and to component units of state government. They also represent transfers within state agencies from funds distinct from the General Fund. An example is transfers from the Department of Labor and Training to the three Rhode Island institutions of higher education. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies. There are typically no expenditures from this category in this budget.

The Governor's budget shows the $5.3 million from the Governor's Emergency Education Relief funds to expand access to free tuition at the Community College as an operating transfer. **The Assembly concurred.**

Enrollment. Fiscal year 2022 enrollment, based on revised estimates, would be 28,858 full-time equivalent students, which is 4.1 percent less than the enacted FY 2021 level and 176 or 0.6 percent fewer than the revised estimates. Compared to FY 2021 revised estimates, the FY 2022 estimates are consistent at the Community College and the University. The estimates for the College are 516 or 8.3 percent less than the enacted assumption and 176 or 3.0 percent less than the revised estimate.

Because the COVID-19 emergency impacted FY 2021 enrollments, it is illustrative to compare the request to FY 2020 enrollments. Projected FY 2022 enrollment would be 4.1 percent lower than FY 2020 including 175 fewer at the University, a 1.2 percent decline, 585 or 9.3 percent less at the College and 473 or 5.2 percent less at the Community College. Projected enrollment would be 3.9 percent lower than FY 2019 or 1,161 fewer students, including declines of 118 at the University, 736 at the College, and 307 at the Community College. *The Governor's recommendation appears to reflect the governing bodies' enrollment projections.* **The Assembly concurred.**

Tuition and Fees. The FY 2022 request includes $476.9 million from tuition and fees. This represents a $23.5 million or 4.7 percent decrease in revenues compared to the FY 2021 enacted level, and is $1.3 million or 0.3 percent more than the revised allocation. The Council approved tuition rates for FY 2022 for the College and Community College at its December 2020 meeting. These include in-state tuition and mandatory fee increases of 5.9 percent for the College, and 3.6 percent for the Community College compared to rates actually charged during FY 2021.

Both Rhode Island College and the Community College of Rhode Island waived some fees for FY 2021 because of the COVID-19 pandemic. For the FY 2021 academic year, the Community College did not charge the $30 campus service fee or the $24 transportation fee. These fees reflect services that could not be provided to students during the remote learning environment during the COVID-19 emergency. Rhode Island College also temporarily reduced several mandatory fees for the FY 2021 academic year. On Wednesday, July 29, 2020, the Council on Postsecondary Education Chair approved the College's proposed changes which include a $157 reduction comprised of reductions to the athletics, fine arts, dining and student union fees.

The Board of Trustees approved tuition rates for the University for FY 2022 at is October 2020 meeting. These include tuition rate increases of 2.5 percent for both in-state and out-of-state undergraduates and no change to mandatory fees.

The University and the College indicated that tuition rate increases would be required to offset the general revenue reduction contained in the constrained budget instead of making expenditure reductions. The governing bodies would have to approve new rates consistent with the constrained request.

The Governor's budget assumes tuition and mandatory fee increases consistent with the Council's approved rates but also includes $10.4 million more than requested from tuition and fees or other unrestricted sources, suggesting that the schools will generate more revenue than current projections or constrain spending from the request in order not to exceed available resources. **The Assembly concurred.**

Office of Postsecondary Commissioner

Office of Postsecondary Commissioner	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 3,541,663	$ 3,445,996	$ 3,071,382	$ 3,071,382
Contracted Services	1,078,459	9,848,698	1,499,972	1,499,972
Subtotal	**$ 4,620,122**	**$ 13,294,694**	**$ 4,571,354**	**$ 4,571,354**
Other State Operating	9,550,814	9,750,285	9,864,752	9,910,262
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	23,118,864	23,895,064	26,601,340	26,601,340
Capital	2,387,000	387,000	2,213,500	4,213,500
Capital Debt Service	1,168,250	1,168,250	1,171,750	1,171,750
Operating Transfers	-	-	-	-
Total	**$ 40,845,050**	**$ 48,495,293**	**$ 44,422,696**	**$ 46,468,206**
Sources of Funds				
General Revenue	$ 16,793,746	$ 16,716,800	$ 17,339,410	$ 26,979,920
Tuition and Fees	3,154,580	3,157,942	2,589,674	2,589,674
Other Unrestricted	-	-	-	-
Total Unrestricted	$ 19,948,326	$ 19,874,742	$ 19,929,084	$ 29,569,594
Restricted	20,896,724	28,620,551	24,493,612	16,898,612
All Sources	**$ 40,845,050**	**$ 48,495,293**	**$ 44,422,696**	**$ 46,468,206**
FTE Authorizations	**30.0**	**30.0**	**32.0**	**32.0**
Third-Party Funded Positions	1.0	1.0	1.0	1.0
Total Positions	**31.0**	**31.0**	**33.0**	**33.0**

Summary. The Council requested $40.5 million from all sources and 33.0 full-time equivalent positions for the Office of Postsecondary Commissioner for FY 2022 including $15.7 million from general revenues. This is $0.3 million less than enacted, including $1.1 million less from general revenues. The staffing request adds 2.0 positions for the Northern Rhode Island Higher Education Center.

The Governor recommended $44.4 million, which is $3.6 million more than enacted and $3.9 million more than requested. General revenues are $0.5 million more than enacted and $1.6 million more than requested. The Governor recommended 33.0 full-time equivalent positions consistent with the request. **The Assembly provided $2.0 million more than recommended, including $9.6 million more from general revenues. This includes $45,510 for centralized services. It also added $9.6 million from general revenues in lieu of federal and other sources for the Last Dollar Scholarship Program for FY 2022. This would extend guaranty agency funds through FY 2024 and help the state meet the maintenance of effort requirement in order to be eligible for federal Education Stabilization funds through the Coronavirus Response and Relief Supplemental Appropriations Act.**

Staffing. The Office requested authorization for 33.0 full-time equivalent positions, 2.0 more than the authorized level for the Northern Rhode Island Higher Education Center. One of the positions, the Manager of Facilities and Operations, is also requested as part of the FY 2021 revised request. The other position, Executive Assistant I, would begin in FY 2022 when the center is slated to open. The Governor's FY 2021 recommendation included $0.1 million from restricted receipts and authorization for a new operations and facilities manager. This was not approved by the Assembly because of delays in securing a location. The

2020 Assembly did authorize a lease for the center in Woonsocket. *The Governor recommended staffing as requested.* **The Assembly concurred.**

Unrestricted Budget. The unrestricted budget includes $15.7 million from general revenues, which is $1.1 million less than enacted and $0.5 million less than the revised request. The request reflects an additional $0.1 million for the Rhode Island Promise Scholarship and $0.2 million for salaries and benefits offset by $0.8 million less in support for the Shepard Building.

The Governor recommended $19.9 million in unrestricted expenditures, which is $19,242 less than enacted and $1.6 million more than requested. The recommendation includes $17.3 million from general revenues, which is $0.5 million more than enacted and $1.6 million more than requested. **The Assembly added $9.6 million from general revenues. This includes $45,510 for centralized services. It also added $9.6 million from general revenues in lieu of federal and other sources for the Last Dollar Scholarship Program for FY 2022. This would extend the availability of guaranty agency funds through FY 2024 and help the state meet the maintenance of effort requirement in order to be eligible for federal Education Stabilization funds through the Coronavirus Response and Relief Supplemental Appropriations Act.**

Unrestricted Expenditures by Category						
Office of Postsecondary Commissioner		**Request**		**Governor**		**Assembly**
Salaries and Benefits	$	1,836,498	$	1,795,881		1,795,881
Contracted Services		158,000		188,000		188,000
Subtotal	**$**	**1,994,498**	**$**	**1,983,881**	**$**	**1,983,881**
Other State Operations		7,837,515		8,662,515		8,708,025
Assistance, Grants, and Benefits		7,281,525		8,110,938		17,705,938
Capital Debt Service		1,171,750		1,171,750		1,171,750
Total	**$**	**18,285,288**	**$**	**19,929,084**	**$**	**29,569,594**

Current Year Revisions. Historically, the analyses have begun with an adjustment for the current year. Until FY 2005, the Board had statutory authority, which did not require legislative approval, to reallocate the enacted budget based on information available to it, including changes to revenues and needs. The 2004 Assembly rescinded that authority and established separate appropriation lines for the four operations. The Assembly did not change the budget request and submission process; the law continues to require the Board of Education to review, develop and submit the higher education budget that it receives from the Council on Postsecondary Education. Also, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees.

The governing bodies continue to review and approve each institution's allocation of all current year resources and describes its requested budget year items in terms of changes to those current year allocations. So that the analysis can be in terms of the items the entities specify as requested, staff analysis starts from the allocations.

The revised budget includes $16.2 million from general revenues, $0.6 million less than enacted. The decrease includes $0.4 million less for the cost of Rhode Island Promise; apparently requested in error. It also includes $25,000 less for Best Buddies and $100,000 less for support to the College Crusade. The Office indicated that it requested these reductions as part of a strategy to reduce general revenue funded expenditures.

The revised budget also includes $54,569 less for other expenses. Nearly half of the decrease is for parking and operating expenses for the Shepard Building. The Shepard Building's primary use is as the Providence Campus of the University of Rhode Island. It also houses the Department of Elementary and Secondary Education. Over the years as state funding has declined and the Office has been instructed to submit budget

requests with reductions, it has occasionally reduced its support for the Shepard Building, which does not actually reduce costs, it just shifts them to the University.

The revised request excludes the general revenue savings of $11,829 in the enacted budget from workshare savings. Adjusted for that, the revised request includes $2,712 less for salaries and benefits. It also includes $10,037 less for centralized information technology charges, which is $4,726 less than spent in FY 2020.

In a departure from past practice, the Governor recommended funding at the enacted level. He did include $3,168 more than enacted from general revenues to reflect an increase in the assessed fringe benefit rate based on the voluntary retirement incentive. **The Assembly reduced general revenue expenditures by $0.1 million for the Promise scholarship program based on the May update from the Community College and concurred with the remainder of the recommendation.**

Rhode Island Promise. The 2017 Assembly established the Rhode Island Promise Scholarship program to provide two years of free tuition and mandatory fees at the Community College of Rhode Island for qualifying Rhode Island students. The program is intended to be a "last dollar scholarship," meaning that after a student exhausts all other sources of student aid the program would cover the remainder of their tuition bill. Other fees are not covered by this program. Recipients are required to maintain a 2.5 grade point average and must commit to remaining in Rhode Island after graduation. The program authorized four cohorts of students beginning in fall 2017 with the last cohort entering in fall 2020. The 2020 Assembly extended the sunset by one year to include the high school graduating class of 2021.

The Office of Postsecondary Commissioner's request for $7.0 million is $117,729 more than the revised allocation and $146,231 more than FY 2020.

The Governor recommended $7.7 million consistent with the November 2020 report. The Governor also recommended removing the sunset provision. **The Assembly concurred and passed legislation in 2021-H 5224, Substitute A, making the Promise program permanent.**

In January, Governor Raimondo announced her intention to provide $5.3 million from federal Governor's Emergency Education Relief Funds to expand access to free Community College education for students not currently served by the Promise program. She also indicated intent to provide $3.9 million to the Office of Postsecondary Commissioner described below.

Governor's Emergency Education Relief. The CARES Act and the Coronavirus Response and Relief Supplemental Appropriations Act contain a combined $20.0 million from Governor's Emergency Education Relief funds, of which $12.5 million is flexible. Governor Raimondo indicated in January 2021, that $0.9 million will be used to increase student access to mental health professionals including through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, $2.5 million to expand prekindergarten, $5.3 million to expand access to the RI Promise program at the Community College, and $3.9 million for the Office of Postsecondary Commissioner.

The Office will use funds to: improve access to higher education and education training opportunities, support innovation of ongoing operations of those institutions of higher education that have most been impacted by COVID-19, and to protect education related jobs and increase the quality of child care programming. Reportedly, the Governor has not yet determined the distribution of the remaining $7.1 million for private schools. *The Governor recommended $3.1 million for the Office of Postsecondary Commissioner for FY 2022; the remaining $0.8 million is recommended for FY 2021.* **The Assembly concurred.**

Dual Enrollment Program. The request includes $2.3 million from tuition savings fees for the Dual Enrollment program, which is consistent with the enacted budget. This program is in its seventh year and

allows students to take courses on either a higher education institution campus or at their high school. It is intended to allow qualified high school students to earn college credit through dual and concurrent enrollment at no cost to the students. New regulations took effect starting FY 2019. These were necessitated by a lack of oversight for program enrollments and subsequent overspending during FY 2017. Program reimbursement was shifted from a cost per credit basis to the lesser between the cost per credit amount or a cost per course that accounts for the direct cost of personnel, materials and a small indirect cost for administrative functions such as the bursar's office. Local school districts split the cost of administering the program for those students enrolled at the Community College full-time, ceasing full-time enrollment at the other institutions.

It should be noted that this program and the Last Dollar Scholarship program are supported by tuition savings fees and guaranty agency reserve funds, declining revenue sources. The 2019 Assembly enacted Article 13 of 2019-H 5151, Substitute A, as amended, to permit funding from tuition savings fees to be used to support the dual enrollment program. Based on projections, the guaranty agency reserve funds will be exhausted during FY 2023. *The Governor recommended funding as requested and enacted.* **The Assembly concurred.**

Last Dollar Scholarship. The request includes $9.6 million for the Last Dollar Scholarship Program, consistent with the enacted level. This includes $5.6 million from tuition savings fees and $4.0 million from federal loan reserve funds. This program replaced the state's need-based scholarship and grant program with more flexible state grant programs directed by the Commissioner of Postsecondary Education. The 2019 Assembly provided that the lesser of 20.0 percent or $1.5 million annually be allocated to students attending independent, non-profit higher education institutions in Rhode Island with the remaining funding reserved for public higher education institutions in Rhode Island. It should also be noted that based on projected revenues and expenditures, it appears guaranty agency funds, which support this and other programs, will be exhausted during FY 2023.

The Governor recommended funding as requested and enacted. **The Assembly provided $9.6 million from general revenues in lieu of federal and other sources for FY 2022 which would extend guaranty agency funds through FY 2024 and help the state meet the maintenance of effort requirement in order to be eligible for federal Education Stabilization funds through the Coronavirus Response and Relief Supplemental Appropriations Act.**

Shepard Building. The unrestricted budget request includes $1.4 million for operating expenses for the Shepard Building, a decrease of $0.8 million to the revised allocation. The Shepard Building's primary use is as the Providence Campus of the University of Rhode Island. It also houses the Department of Elementary and Secondary Education. Over the years as state funding has declined and the Office has been instructed to submit budget requests with reductions, it has occasionally reduced its support for the Shepard Building, which would shift the cost to the University. *The Governor did not concur with the reduction and recommended $2.2 million, which is $26,914 less than enacted and $0.1 million more than spent in FY 2020.* **The Assembly concurred.**

Salaries and Benefits. The Office requested $1.2 million from general revenues for the salaries and benefits of the 12.0 positions allocated to the Commissioner's Office. This is $0.2 million more than the revised allocation and would fund 10.0 of the Office's 12.0 positions including a full year for a commissioner. A new postsecondary commissioner was appointed effective February 1, 2021 by the Council on Postsecondary Education at its January 6, 2021 meeting. *The Governor recommended $36,460 less than requested which reflects turnover savings equivalent to 0.4 full-time equivalent positions.* **The Assembly concurred.**

New England Higher Education Compact. The Division of Higher Education Assistance represents the state as a member of the New England Higher Education Compact. Established in 1957, this compact

provides educational opportunities and services through a coordinated educational program extending across the six states of New England. The compact enables Rhode Island residents to pursue degree programs across New England at a lower cost than traditional out-of-state tuition, as long as the program is not offered at any public institution of higher education in Rhode Island. During FY 2020, 1,053 Rhode Island residents benefited from reduced tuition at participating institutions throughout New England. Membership in the Compact requires annual fees and withdrawing from the Compact requires notice from the Governor. The Office's request includes the enacted amount of $147,000 from general revenues for the annual fee. *The Governor recommended funding as enacted and requested.* **The Assembly concurred.**

College Crusade Support. The Office requested $3.8 million to support the operations and scholarship programs offered by The College Crusade, including $3.5 million from the GEAR-UP federal grant and $0.3 million from general revenues. This is consistent with the revised allocation but $0.1 million less than the enacted budget from general revenues. The Office indicated that it requested this reduction from the $355,000 in the enacted budget as part of a strategy to reduce general revenue funded expenses. The College Crusade of Rhode Island is a nonprofit organization founded in 1989 to reduce high school dropout rates and increase educational and career success for low-income urban youth. GEAR-UP provides grants to states and partnerships for support and commitment to eligible low-income students, including students with disabilities, to help the students obtain a secondary school diploma and to prepare for and succeed in postsecondary education. *The Governor recommended funding as enacted.* **The Assembly concurred.**

Best Buddies. The Office requested $50,000 from general revenues for the Best Buddies program, which is $25,000 less than enacted and consistent with its revised request. The Office indicated that it requested this reduction from the $75,000 in the enacted budget as part of a strategy to reduce general revenue funded expenses. The mission of the organization is to establish a global volunteer movement that creates opportunities for one-to-one friendships, integrated employment and leadership development for people with intellectual and developmental disabilities. *The Governor recommended funding as enacted.* **The Assembly concurred.**

Other Operations. The request includes $0.5 million from general revenues for all other Office operations, including legal services, conference lecturers and program supplies. This is $79,171 less than the revised request; however, the Office indicates this reduction was made in error and it intended to request expenditures at the FY 2021 revised level. *The Governor recommended $30,000 more than requested from general revenues based on a subsequent request by the Office of Postsecondary Commissioner to ensure sufficient funding to support the DataSpark contract.*

The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $45,510 from general revenues in the Office of Postsecondary Commissioner's budget. This includes $46,442 more for facilities offset by $932 less for information technology.**

Other Grant Awards. The Office requested $0.8 million or $0.6 million less than the enacted budget for other grant awards. The federal funding can be used to fund programs which encourage careers in science, technology and engineering by supporting outstanding research by graduate and undergraduate students pursuing studies in areas of naval concern. The restricted receipts include funding from the Lumina Foundation and Walmart for the RI Best at Work program and assists in the Office's Workers Ahead program, a plan to help Rhode Islanders prepare for successful employment with a balance of degrees and credentials. The request removes the $0.3 million to reflect the end of the Lumina Foundation grant and

includes a $0.1 million reduction to the Walmart grant. *The Governor recommended funding as requested.* **The Assembly concurred.**

Nursing Education Center Lease. The 2014 Assembly authorized the Board of Education and the Department of Administration to enter into a 15-year lease with the developer of the South Street Landing property in Providence for the Nursing Education Center. The Center opened for classes in the fall of 2017. The request for $4.2 million from general revenues includes $1.9 million in base lease costs and $2.3 million for the tenant improvement part of the lease. This is consistent with the enacted budget. *The Governor recommended funding consistent with the request and the enacted budget.* **The Assembly concurred.**

Nursing Education Center Debt Service. The 2014 Assembly also authorized the issuance of $10.5 million from Certificates of Participation to furnish and equip the Nursing Education Center. The terms were 3.69 percent interest over ten years, with debt service of $1.2 million from general revenues. The request for $1.2 million from general revenues for the fourth year of debt service is $4,000 more than the revised allocation and $500 more than the $3,500 increase the debt schedule shows is due for FY 2022. *The Governor recommended $3,500 more than enacted based on the debt service schedule.* **The Assembly concurred.**

Nursing Education Center Operations. The Nursing Education Center provides a centralized nursing program for students enrolled at the University of Rhode Island or Rhode Island College. Staffing and operating expenses are shared between the two institutions, with funding and staffing authorizations reflected in the Office of Postsecondary Commissioner's budget. The Office requested a total of $2.6 million for these expenses of the institutions, $23,810 more than the revised request. The Office's request includes turnover equivalent to 3.8 positions. As of the pay period ending January 16, 2021, the Center had five of its 10.0 authorized positions filled. *The Governor recommended funding as requested.* **The Assembly concurred.**

Westerly Higher Education Center. The Westerly Higher Education and Industry Center is a collaborative job skills and educational center that is partnered with all three public higher education institutions, the Department of Labor and Training, and General Dynamics Electric Boat. The Center offers undergraduate and graduate courses as well as non-credit educational courses, and is structured to be financially self-sustaining as operating costs are supported by program fees and revenues from leasing space. It should be noted that the Community College does pay the salaries and benefits for its staff that teaches at the center from its unrestricted budget. The Office requested $2.6 million from restricted receipts and authorization for 8.0 full-time equivalent positions to staff and operate the Westerly Higher Education and Industry Center. The current request is $0.6 million more than enacted. Of the increase, nearly half is for additional training based on programing activity and $0.2 million is for renovations including building a mezzanine to allow for additional conference rooms and instructor space. *The Governor recommended funding as requested.* **The Assembly concurred.**

Northern Rhode Island Higher Education Industry Center (2.0 FTE). The Office requested $3.3 million, which includes $0.8 million from restricted receipts and authorization for 2.0 new full-time equivalent positions for the Northern Rhode Island Education Industry Center. The 2020 Assembly authorized a lease for the center in Woonsocket which is expected to open July 1, 2021.

The request includes $0.1 million from restricted receipts to fund 1.0 of the 2.0 positions to staff the Center. One of the positions, the Manager of Facilities and Operations, is requested for FY 2021. The other position, Executive Assistant I, would begin in FY 2022 when the Center is slated to open. The request also includes $180,577 for lease costs and $43,472 for contracted security services.

The request includes $2.5 million from Rhode Island Capital Plan funds, which is $0.5 million more than enacted. This is not consistent with the capital budget request that programs $1.9 million for FY 2022,

consistent with the enacted budget. The Center was approved by the 2018 Assembly, which provided $4.0 million from Rhode Island Capital Plan funds to construct one or more education centers and added proviso language that state funding shall comprise no more than 50.0 percent of the total cost of the project. The Office identified $2.3 million in donations as of March 2021.

The Governor recommended the 2.0 new positions as requested and $0.1 million more from restricted receipts than requested to fund both positions. The capital recommendation includes $1.9 million from Rhode Island Capital Plan funds. **The Assembly shifted $2.0 million from Rhode Island Capital Plan funds authorized for FY 2021 to FY 2022 based on construction delays. The Center is now projected to be open later in the fall.**

Division of Higher Education Assistance. The Office requested $0.4 million from federal funds for all Division operations, including $0.1 million for staffing expenses. With the current and requested expenditures, the reserve funding sources will be exhausted by FY 2023. The 2018 Assembly limited the Office's use of guaranty agency funds for personnel and operating costs to 10.0 percent of the guaranty agency funds appropriated for scholarships and grants, equal to $0.4 million. This was done to preserve guaranty agency funding longevity, as the revenues from guaranty work were no longer being generated once the portfolio was sold on June 30, 2018. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital. Consistent with the approved plan and the capital budget request, the Office requested $341,000 from Rhode Island Capital Plan funds for an asset protection project for the Office of Postsecondary Commissioner's current office building located at 560 Jefferson Boulevard in Warwick. The funding will address deferred maintenance of the building. It should be noted that the 2019 Assembly concurred with the recommendation of the Efficiency Commission to co-locate the Office with the Department of Elementary and Secondary Education; however, the Office relocated to another part of the Jefferson Boulevard building during FY 2020 and has no plans to relocate again.

The Governor's capital budget shifts funding for this building to the Department of Administration's budget as the Division of Capital Asset Management and Maintenance is responsible for the building. The capital budget programs $150,000 each year of the capital plan. **The Assembly concurred.**

University of Rhode Island

University of Rhode Island	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 357,321,049	$ 357,321,049	$ 357,942,061	$ 357,942,061
Contracted Services	25,332,903	25,332,903	24,091,381	24,091,381
Subtotal	**$ 382,653,952**	**$ 382,653,952**	**$ 382,033,442**	**$ 382,033,442**
Other State Operating	183,908,133	169,908,133	151,196,345	151,546,345
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	231,609,434	249,049,839	236,981,685	268,083,935
Capital	4,650,501	4,650,501	10,197,784	10,197,784
Capital Debt Service	58,876,564	58,876,564	55,565,828	55,565,828
Operating Transfers	-	-	-	-
Total	**$ 861,698,584**	**$ 865,138,989**	**$ 835,975,084**	**$ 867,427,334**
Sources of Funds				
General Revenue	$ 109,533,078	$ 109,533,078	$ 114,982,755	$ 115,332,755
Tuition and Fees	349,348,470	349,348,470	352,063,419	352,063,419
Other Unrestricted	18,261,459	18,261,459	19,561,976	19,561,976
Total Unrestricted	$ 477,143,007	$ 477,143,007	$ 486,608,150	$ 486,958,150
Restricted	384,555,577	387,995,982	349,366,934	380,469,184
All Sources	**$ 861,698,584**	**$ 865,138,989**	**$ 835,975,084**	**$ 867,427,334**
FTE Authorizations	**2,197.2**	**2,197.2**	**2,197.2**	**2,197.2**
Limited to Third-Party Funds	357.8	357.8	357.8	357.8
Total	**2,555.0**	**2,555.0**	**2,555.0**	**2,555.0**

Summary. The University requested $844.9 million and 2,555.0 full-time equivalent positions for FY 2022, a decrease of $16.8 million or 1.9 percent from the FY 2021 enacted budget and an increase of $31.9 million or 3.7 percent to the revised allocation. General revenues, requested at $118.1 million, are $8.6 million more than the enacted budget and $8.4 million more than the revised allocation. Compared to the enacted budget, restricted expenditures are $26.9 million less, which mainly reflects the exclusion of $14.0 million from federal funds for the University's COVID-19 related costs included in the FY 2021 budget enacted subsequent to the FY 2022 budget submission. The staffing request is consistent with the enacted authorization.

The 2019 Assembly included legislation in Article 9 of the FY 2020 budget to create a 17 member Board of Trustees for the University. The Governor appoints all 17 members with the advice and consent of the Senate to serve terms between one and three years. After the initial terms expire, the Governor retains nine appointments, with the advice and consent of the Senate. The remaining eight members are appointed by the Board. The Article transferred authority for a variety of functions from the Council on Postsecondary Education to the new Board and removed the University from the authority of the Commissioner of Postsecondary Education effective February 1, 2020. It preserves all of the General Assembly's current authority over the University.

The Governor recommended $836.0 million from all sources, which is $25.7 million less than enacted and $9.0 million less than requested. The recommendation includes $115.0 million from general revenues, which is $5.4 million more than enacted and $3.2 million less than requested. The Governor recommended

2,555.0 full-time equivalent positions, consistent with the enacted budget. **The Assembly added $350,000 from general revenues for the Small Business Development Center and $31.1 million from federal emergency relief for higher education from the Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act.**

Tuition and Enrollment. The FY 2022 budget request includes a tuition increase equal to $328 for all in-state students, or 2.2 percent, and $776 for all out-of-state students, or 2.4 percent. There are no changes to mandatory fees. The request also includes an increase of 2.0 percent, or $266 for average room and board costs. In-state enrollment is projected to decrease from 7,471 to 7,267, a decrease of 2.7 percent or 204 full-time equivalent students and out-of-state enrollment is projected to increase from 7,276 to 7,306, an increase of 0.4 percent or 30 full-time equivalent students. This represents a total decrease of 1.2 percent or 174 full-time equivalent students. Compared to FY 2019 enrollment, the FY 2022 assumption is for 118 fewer students. Compared to FY 2020, the request represents 175 fewer students or 1.2 percent.

University Undergraduate Tuition and Fees	**FY 2021**	**FY 2022**	**Change to FY 2021**	
Resident				
Tuition	$ 12,922	$ 13,250	$ 328	2.5%
Fees	2,082	2,082	-	0.0%
Total	**$ 15,004**	**$ 15,332**	**$ 328**	**2.2%**
Nonresident				
Tuition	$ 30,496	$ 31,272	$ 776	2.5%
Fees	2,082	2,082	-	0.0%
Total	**$ 32,578**	**$ 33,354**	**$ 776**	**2.4%**
Average Room and Board	**$ 13,002**	**$ 13,268**	**$ 266**	**2.0%**
Undergraduate and Graduate Enrollment				
In-State	7,471	7,267	(204)	-2.7%
Out-of-State	7,276	7,306	30	0.4%
Total	**14,747**	**14,573**	**(174)**	**-1.2%**

Similar to its last four requests, the University proposed further tuition rate increases to offset the general revenue reduction contained in the budget target instead of making expenditure reductions. The Board of Trustees approved tuition rates as shown in the table at its October 2020 meeting.

The Governor's budget assumes tuition and mandatory fee increases consistent with the Boards approved rates. The Governor's budget includes $2.4 million more than requested from tuition and fees or other unrestricted sources, suggesting that the University will generate more revenue than current projections or constrain spending from the request in order not to exceed available resources. **The Assembly concurred.**

Staffing. The request for 2,555.0 full-time equivalent positions is consistent with the enacted level. The request assumes that 357.8 of the total positions would be limited to funding from third-party sources. *The Governor recommended staffing as requested.* **The Assembly concurred.**

Unrestricted Budget. Including the State Crime Lab, the unrestricted budget accounts for $487.3 million, an increase of $10.2 million or 2.1 percent over the enacted budget and $11.6 million or 2.4 percent over the revised allocation. Sources of funds for the increase from the revised budget include $8.4 million more from general revenues, $1.8 million more from tuition and fees and $1.3 million more from other unrestricted sources. The request assumes that the University will generate $352.1 million in tuition and fee revenue in FY 2022. This is $18.6 million more than FY 2020 and $31.3 million more than FY 2019.

The Budget Office instructed agencies to submit a constrained budget request including a 15.0 percent target reduction, adjusted for certain exclusions. The constrained budget submitted by the University is

$14,564 less than the unconstrained request, including $14.9 million less from general revenues offset by $14.9 million more from tuition and a proposal to shift $0.2 million in general revenue support for the Crime Lab to restricted receipt funding. Similar to its last four requests, the University proposed further tuition rate increases to offset the general revenue reduction contained in the budget target instead of making expenditure reductions.

The Governor recommended $486.6 million in unrestricted expenditures, which is $9.5 million more than enacted and $0.7 million less than requested. General revenues are $5.4 million more than enacted and $3.2 million less than requested. The Governor's recommendation replaces $2.4 million of the general revenue shortfall to the request with other unidentified unrestricted resources. The remaining reduction of $0.7 million reflects debt service savings. The recommendation assumes the University will generate more revenue than its current projection, or constrain spending from the request in order not to exceed available resources. **The Assembly added $350,000 from general revenues for the Small Business Development Center and concurred with the remainder of the recommendation.**

Unrestricted Expenditures by Category			
University of Rhode Island	**Request**	**Governor**	**Assembly**
Salaries and Benefits	$ 259,491,860	$ 259,491,860	259,491,860
Contracted Services	14,398,987	14,398,987	14,398,987
Subtotal	**$ 273,890,847**	**$ 273,890,847**	**$ 273,890,847**
Other State Operations	48,246,394	48,246,394	48,596,394
Assistance, Grants, and Benefits	127,584,375	127,584,375	127,584,375
Capital	175,901	175,901	175,901
Capital Debt Service	37,416,855	36,710,633	36,710,633
Total	**$ 487,314,372**	**$ 486,608,150**	**$ 486,958,150**

Current Year Revisions. Historically, the analyses have begun with an adjustment for the current year. Until FY 2005, the Board had statutory authority, which did not require legislative approval, to reallocate the enacted budget based on information available to it, including changes to revenues and needs. The 2004 Assembly rescinded that authority and established separate appropriation lines for the four operations. The Assembly did not change the budget request and submission process; the law continues to require the Board of Education to review, develop and submit the higher education budget that it receives from the Council on Postsecondary Education. Also, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees.

The governing bodies continue to review and approve each institution's allocation of all current year resources and describes its requested budget year items in terms of changes to those current year allocations. So that the analysis can be in terms of the items the entities specify as requested, staff analysis starts from the allocations.

The University requested $1.4 million or 0.3 percent less from unrestricted sources than enacted. This includes $0.9 million or 0.3 percent more than enacted from tuition and fees to revise expected revenues, $0.2 million more from general revenues, and $2.5 million less from other University sources. Additional sources include earned interest, athletics, and revenue from University centers. The University has since indicated that it does not need the additional general revenues because its budget request predates the enactment of the FY 2021 budget.

The revised FY 2021 enrollment of 14,747 is 174 less than the enrollment assumed in the enacted budget, and includes 204 fewer in-state students and 30 more out-of-state students. The percent of out-of-state students would be 50.1 percent in FY 2021 up from 49.5 percent for FY 2020 and 48.9 percent for FY 2019. Out-of-state tuition at $30,496 is more than double the $12,922 paid by in-state students. The increase in out-of-state students is not sufficient to negate the impact of the tuition loss from fewer in-state students and the University has indicated it will have to use $6.5 million of its $20.7 million uncommitted fund

balance if enrollment numbers do not hold. The FY 2021 enacted budget did provide $5.7 million more than the Governor recommended to reflect a general revenue reduction of $5.5 million offset by the addition of $11.2 million in federal funding authorized by the CARES Act to assist institutions of higher education.

The majority of the revision, $5.1 million, is from maintaining vacancies at the University offset by $3.5 million more for unrestricted student aid. It should be noted that there are workshare savings of $0.4 million in FY 2021 based on 87 individuals that opted to participate in the program. The FY 2021 enacted budget made no adjustment to capture these savings allowing the schools to use them to offset revenue losses.

The Coronavirus Response and Relief Supplemental Appropriations Act, signed into law on December 27, 2020, includes an additional $21.2 billion for emergency relief for higher education not reflected in the institutions' requests. The United States Department of Education published a distribution by institution indicating that Rhode Island will receive $103.0 million. The Department's guidance shows public institutions will receive $51.5 million of which $14.3 million must be used for student aid; private institutions will receive $50.1 million. By institution the allocations are $17.4 million for the University of Rhode Island, $12.6 million for Rhode Island College, and $22.9 million for the Community College of Rhode Island not reflected in the institutions' requests.

In a departure from past practice, the Governor recommended funding consistent with the enacted budget. His budget also removed the $14.0 million from federal Coronavirus Relief funds from the University's budget and shows it in the Department of Administration's budget. **The Assembly concurred.**

Graduate Teaching Expansion. The unrestricted budget includes $475,000 to support 10.0 new graduate teaching assistants, consistent with the University's plan to add 10.0 assistants each year for five years. The request includes $0.2 million for stipends and benefits, and $0.3 million for tuition waivers. This is the fourth year of the Graduate Teaching Assistantship initiative, which supports the University's strategic plan to increase the magnitude, prominence and impact of the University's research, scholarship and creative work. *The Governor recommended funding as requested.* **The Assembly concurred.**

Salaries and Benefits. The unrestricted budget includes $259.5 million for unrestricted faculty and staff expenditures. The request is $8.2 million or 3.3 percent more than the revised allocation. The increase reflects updated benefits consistent with Budget Office planning values, step increases, and salary adjustments consistent with settled contract negotiations. *The Governor recommended funding as requested.* **The Assembly concurred.**

Utilities. The unrestricted budget includes $7.0 million for utility costs, $0.2 million or 2.5 percent more than the FY 2021 revised allocation. The University uses the most recent higher education price index to project growth in operations from year to year, which is 2.5 percent. *The Governor recommended funding as requested.* **The Assembly concurred.**

Insurance. The unrestricted budget includes $2.9 million for insurance, which is $0.6 million or 25.4 percent more than the revised allocation. The University indicated that its loss exposures over the past five years resulted in large settlements and led to premium increases. This request is $1.0 million or 56.9 percent more than spent in FY 2020. *The Governor recommended funding as requested.* **The Assembly concurred.**

Special Olympics. The unrestricted budget includes the enacted amount of $50,000 in general revenue support to Special Olympics Rhode Island. The program provides year-round sports training and athletic competition in a variety of Olympic-type sports for individuals with intellectual disabilities by providing opportunities to develop physical fitness, demonstrate courage, experience joy, and participate in a sharing of gifts, skills, and friendship with family members, other Special Olympics athletes, and the community. *The Governor recommended funding as requested.* **The Assembly concurred.**

Small Business Development Center. The unrestricted budget includes the enacted amount of $350,000 in general revenue support to the Rhode Island Small Business Development Center. The central mission of the Center is to assist in improving economic conditions within the state by providing a range of business assistance and training opportunities for both existing and prospective small business owners. *The Governor recommended funding as requested.* **The Assembly added $350,000 from general revenues to bring total state funding to $700,000. This will be matched by $700,000 from federal funds to provide a total of $1.4 million to support small businesses.**

Student Aid. The unrestricted budget includes $127.6 million for student aid, which is $3.4 million or 2.7 percent greater than the revised allocation and 9.6 percent greater than FY 2020 expenditures. The additional funding is consistent with the tuition and fee increases included in the University's request. Student aid can be seen as a discount to tuition and the expenditure is directly related to tuition and fee revenue.

The institutions also receive additional funding for student aid through the Last Dollar Scholarship program funded in the Office of Postsecondary Commissioner's budget. The University provided Last Dollar Scholarship grant funds to 2,983 students with an average award of $840 during FY 2020. The University awards these funds to students with expected family contributions of $12,000 or less that are enrolled either full or part-time. Expected family contribution is a measure to determine need-based financial aid eligibility. It should also be noted that based on projected revenues and expenditures, it appears guaranty agency funds which support this and other programs, will be exhausted during FY 2023. *The Governor recommended funding as requested.* **The Assembly concurred.**

Debt Service. The unrestricted request includes $37.4 million for debt service costs, $1.2 million or 3.1 percent less than the revised allocation. The unrestricted budget includes $30.6 million in debt service payments on general obligation bonds, $4.8 million for revenue bonds, and $2.0 million through Certificates of Participation for the University's energy performance contract upgrades. The decrease includes $0.1 million for payments on revenue bonds and $1.2 million less for the University's energy efficiency upgrades. *The Governor recommended $0.7 million less than requested for general obligation bond debt based on the current schedule.* **The Assembly concurred.**

Other Operations. The unrestricted budget includes $52.7 million for all other operating and contracted services expenditures not previously noted. These expenses include $10.8 million for contracted lecturers, $5.1 million for subscription expenses, dues and fees, $4.5 million for all building, grounds, and maintenance services, $3.5 million for travel, $1.8 million for leases and rentals, $3.8 million for program supplies, and $2.2 million for advertising. This is $0.5 million or 0.9 percent more than the revised allocation and 6.0 percent less than spent in FY 2020. *The Governor recommended funding as requested.* **The Assembly concurred.**

State Crime Lab. The unrestricted budget includes $1.3 million for the State Crime Lab and its 10.0 authorized positions, $8,895 more than the revised allocation. This reflects $28,232 more for current service adjustments offset by $19,337 less for operations expenses.

The constrained budget request reduces general revenues by $0.2 million and requests that a like amount of funding be provided from an alternate source. The Crime Lab indicated that a possible alternative source of revenue would be to impose a fee on the agencies which use the laboratory services, a practice enacted in 1978 legislation, but repealed in 1984. This is the same proposal submitted annually since the FY 2014 constrained budget request, with the caveat that any reduction in expenditures would result in the loss of its standing as an accredited laboratory under the guidelines for forensic testing laboratories. *The Governor recommended funding consistent with the unconstrained request.* **The Assembly concurred.**

Restricted Budget. The restricted budget request is for $357.6 million, which is $26.9 million or 7.0 percent less than enacted and $20.3 million more than the revised allocation. The decrease to the enacted budget includes $9.3 million less for sponsored research programs and the omission of $14.0 million from federal funds to address the University's COVID-19 related costs included in the enacted budget adopted after the request was submitted. *The Governor recommended $349.4 million, which is $35.2 million less than enacted and $8.3 million less than requested from Rhode Island Capital Plan funds.*

The Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act includes an additional $60.8 billion for emergency relief for higher education not reflected in the Governor's recommended budget. Rhode Island's public institutions will receive $145.4 million; private institutions will receive $127.3 million. By institution the allocations are $48.5 million for the University of Rhode Island, $34.6 million for Rhode Island College, and $62.3 million for the Community College of Rhode Island. **The Assembly added $31.1 million from federal emergency relief for higher education from the Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act.**

Restricted Student Aid. The restricted budget includes $109.4 million for external student aid from restricted sources, including Federal Ford Student and Parent loans, Pell Grants, scholarships and loans from the University of Rhode Island Foundation and the University of Rhode Island Alumni Association. The current request is $1.5 million less than enacted. *The Governor recommended funding as requested.* **The Assembly concurred.**

Restricted Capital. The restricted budget includes $18.2 million for capital improvements funded by Rhode Island Capital Plan funds. The request includes $1.6 million to begin Phase II of fire protection upgrades throughout academic buildings, $1.6 million for mechanical, engineering and plumbing upgrades, and $14.9 million for asset protection projects. This is $13.7 million more than enacted and is consistent with the capital request. *The Governor recommended $8.3 million less than requested.* **The Assembly concurred. A detailed description of the projects is included in the Capital Budget section of this publication.**

Restricted Sponsored Research. The restricted budget includes $105.1 million from sponsored research funding, which is $9.4 million less than enacted and $0.5 million more than the revised allocation. The budget reflects account awards in hand or anticipated as well as current and future proposals. The changes to the enacted budget include $1.7 million more for staffing, $1.0 million less for contracted services, and $0.1 million more for graduate assistantships and fellowships. The remaining $10.1 million decrease is for operating costs associated with this sponsored research. *The Governor recommended funding as requested.* **The Assembly concurred.**

Restricted Operations. The restricted budget includes $128.2 million for all other restricted expenses for auxiliary and enterprise operations, including debt service. The request is $29.8 million less than enacted. Of this, $14.0 million represents the omission of federal funds to address the University's COVID-19 related costs included in the budget enacted subsequent to the request submission. Another $13.6 million decrease relates to auxiliary enterprises negatively impacted by the COVID-19 emergency such as dining services, housing and the bookstore. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island College

Rhode Island College	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 115,888,647	$ 115,888,647	$ 110,607,008	$ 114,207,008
Contracted Services	2,874,843	2,874,843	2,935,960	2,935,960
Subtotal	**$ 118,763,490**	**$ 118,763,490**	**$ 113,542,968**	**$ 117,142,968**
Other State Operating	34,896,316	30,896,316	26,105,192	28,405,192
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	34,235,071	34,235,071	25,853,597	60,426,803
Capital	5,342,535	5,342,535	9,849,853	9,849,853
Capital Debt Service	9,613,652	9,613,652	9,953,729	9,953,729
Operating Transfers	-	-	-	-
Total	**$ 202,851,064**	**$ 198,851,064**	**$ 185,305,339**	**$ 225,778,545**
Sources of Funds				
General Revenue	$ 57,878,556	$ 57,878,556	$ 58,233,153	$ 64,133,153
Tuition and Fees	88,980,939	88,980,939	72,646,480	72,646,480
Other Unrestricted	3,796,900	3,796,900	5,514,840	5,514,840
Total Unrestricted	$ 150,656,395	$ 150,656,395	$ 136,394,473	$ 142,294,473
Restricted	52,194,669	48,194,669	48,910,866	83,484,072
All Sources	**$ 202,851,064**	**$ 198,851,064**	**$ 185,305,339**	**$ 225,778,545**
FTE Authorizations	**873.2**	**873.2**	**873.2**	**873.2**
Limited to Third-Party Funds	76.0	76.0	76.0	76.0
Total	**949.2**	**949.2**	**949.2**	**949.2**

Summary. The Council requested $184.3 million from all sources and 949.2 full-time equivalent positions. This is a decrease of $18.6 million or 9.1 percent from the enacted budget and an increase of $10.2 million or 5.9 percent from the revised allocation. General revenues, requested at $64.5 million, are $6.0 million more than the revised allocation. Compared to the enacted budget, restricted source expenditures are $4.6 million less. The staffing request is consistent with current authorized levels, restricting 76.0 positions to third-party funding.

The Governor recommended $185.3 million from all sources, which is $17.5 million less than enacted and $1.0 million more than requested. The recommendation includes $58.2 million from general revenues, which is $0.4 million more than enacted and $6.2 million less than requested. The Governor recommended 949.2 full-time equivalent positions, consistent with the enacted level. **The Assembly added $5.9 million from general revenues and $34.6 million from federal emergency relief for higher education from the Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act and concurred with the remainder of the recommendation.**

Tuition and Enrollment. The Council approved a tuition and fee increase equal to $599 for all in-state students, or 5.9 percent, and $1,322 for all out-of-state students, or 5.4 percent. The Council also approved an increase of 4.5 percent, or $565, for average room and board costs. In-state enrollment is projected to decrease 3.0 percent or 152 full-time equivalent students and out-of-state enrollment is projected to decrease 2.9 percent or 24 full-time equivalent students. This represents a total decrease of 176 full-time equivalent

students. The FY 2022 estimate has 736 or 11.4 percent fewer students than FY 2019. It is 585 or 9.3 percent less than FY 2020 enrollment.

The Council approved tuition rates as shown in the next table at its October 2020 meeting. Rhode Island College temporarily waived some fees for FY 2021 because of the COVID-19 pandemic. On Wednesday, July 29, 2020, the Council on Postsecondary Education Chair proposed changes which include a $157 reduction comprised of reductions to the athletics, fine arts, dining and student union fees.

As in previous requests, the College indicated that in order to meet its constrained budget target it will implement tuition rate increases to offset the general revenue reduction contained in the budget target instead of making expenditure reductions.

College Undergraduate Tuition and Fees	**FY 2021**	**FY 2022**	**Change to FY 2021**	
Resident				
Tuition	$ 8,835	$ 9,277	$ 442	5.0%
Fees*	1,268	1,425	157	12.4%
Total	**$ 10,103**	**$ 10,702**	**$ 599**	**5.9%**
Nonresident				
Tuition	$ 23,310	$ 24,475	$ 1,165	5.0%
Fees*	1,268	1,425	157	12.4%
Total	**$ 24,578**	**$ 25,900**	**$ 1,322**	**5.4%**
Average Room and Board	**$ 12,596**	**$ 13,161**	**$ 565**	**4.5%**
Undergraduate and Graduate Enrollment				
In-State	5,052	4,900	(152)	-3.0%
Out-of-State	817	793	(24)	-2.9%
Total	**5,869**	**5,693**	**(176)**	**-3.0%**

**Rates originally approved for FY 2021 were $1,360*

The Governor's budget assumes tuition and mandatory fee increases consistent with the Council's approved rates. The Governor's budget includes $5.9 million more than requested from tuition and fees or other unrestricted sources. To close the gap, the College would have to generate more revenue than current projections or constrain spending from the request in order not to exceed available resources. **The Assembly concurred.**

Staffing. The College's request for 949.2 full-time equivalent positions is consistent with the enacted level. The request assumes that 76.0 of the total positions would be limited to funding from third-party sources. *The Governor recommended staffing consistent with the enacted level.* **The Assembly concurred.**

Unrestricted Budget. The unrestricted budget accounts for $136.7 million, which is a decrease of $13.9 million or 9.3 percent from the enacted budget and an increase of $7.8 million or 6.1 percent from the revised allocation. Sources of funds for the increase to the revised allocation include $6.0 million more from general revenues, $1.0 million more from tuition and fees, and $2.9 million more from other unrestricted sources. The request assumes that the College will generate $66.7 million in tuition and fee revenues in FY 2022. This is $1.6 million or 2.3 percent less than FY 2020 and $6.9 million or 9.4 percent less than FY 2019.

The Budget Office instructed agencies to submit a constrained budget request including a 15.0 percent target reduction, adjusted for certain exclusions. Similar to other years, the College proposes further tuition rate increases to offset the general revenue reduction contained in the budget target instead of making expenditure reductions.

The Governor recommended $136.4 million in unrestricted expenditures, which is $14.3 million less than enacted and $0.3 million less than requested. General revenues are $0.4 million more than enacted and $6.2 million less than requested. The Governor's recommendation replaces $5.9 million of the general revenue shortfall to the request with other unidentified unrestricted resources. The remaining reduction of $0.3 million reflects debt service savings. The recommendation assumes the College will generate more revenue than its current projection, or constrain spending from the request in order not to exceed available resources. **The Assembly added $5.9 million from general revenues which will allow the College to meet its contractual obligations, restore turnover savings and make other priority investments.**

Unrestricted Expenditures by Category			
Rhode Island College	**Request**	**Governor**	**Assembly**
Salaries and Benefits	$ 97,348,974	$ 97,348,974	100,948,974
Contracted Services	2,189,376	2,189,376	2,189,376
Subtotal	**$ 99,538,350**	**$ 99,538,350**	**$ 103,138,350**
Other State Operations	19,034,935	19,034,935	21,334,935
Assistance, Grants, and Benefits	10,086,007	10,086,007	10,086,007
Capital	154,353	154,353	154,353
Capital Debt Service	7,894,861	7,580,828	7,580,828
Total	**$ 136,708,506**	**$ 136,394,473**	**$ 142,294,473**

Current Year Revisions. Historically, the analyses have begun with an adjustment for the current year. Until FY 2005, the Board had statutory authority, which did not require legislative approval, to reallocate the enacted budget based on information available to it, including changes to revenues and needs. The 2004 Assembly rescinded that authority and established separate appropriation lines for the four operations. The Assembly did not change the budget request and submission process; the law continues to require the Board of Education to review, develop and submit the higher education budget that it receives from the Council on Postsecondary Education. Also, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees.

The governing bodies continue to review and approve each institution's allocation of all current year resources and describes its requested budget year items in terms of changes to those current year allocations. So that the analysis can be in terms of the items the entities specify as requested, staff analysis starts from the allocations.

The College's revised unrestricted budget request is for $128.9 million, $21.8 million less than enacted. This includes $21.2 million or 23.8 percent less from tuition and fees, and $1.2 million less from other unrestricted sources. General revenue support for debt service is $0.6 million more than the enacted budget. The impact of the COVID-19 emergency on enrollment at the College was significant. Enrollment for FY 2021 is 6.5 percent lower than FY 2020 enrollment and 8.7 percent lower than FY 2019. The FY 2021 enacted budget includes $4.0 million from federal Coronavirus Relief funds to help mitigate the impact of lower tuition revenue and additional expenses related to the COVID-19 emergency.

To accommodate the lower tuition and fee revenues, the revised request includes $9.0 million in salaries and benefits savings by laying off 68.5 full-time equivalent positions and keeping 58.5 vacant positions open. Additionally the College negotiated with its bargaining units in the summer to defer the planned 2.5 percent cost-of-living adjustment for July 1, 2020 until July 1, 2021. The College also implemented administrative pay reductions for senior leadership ranging from 5.0 percent to 10.0 percent. The revised allocation includes $8.9 million less for student aid consistent with lower enrollments, $4.5 million less for operating expenses and $0.6 million more for debt service. In addition to freezing travel, overtime, and planned new investments, each vice president was assigned a reduction savings target for his or her division.

It should be noted that there are workshare savings of $0.4 million in FY 2021 based on 94 individuals that opted to participate in the program. The FY 2021 enacted budget made no adjustment to capture these savings allowing the schools to use them to offset revenue losses.

The Coronavirus Response and Relief Supplemental Appropriations Act, signed into law on December 27, 2020, includes an additional $21.2 billion for emergency relief for higher education not reflected in the institutions' requests. The United States Department of Education published a distribution by institution indicating that Rhode Island will receive $103.0 million. The Department's guidance shows public institutions will receive $51.5 million of which $14.3 million must be used for student aid; private institutions will receive $50.1 million. By institution the allocations are $17.4 million for the University of Rhode Island, $12.6 million for Rhode Island College, and $22.9 million for the Community College of Rhode Island not reflected in the institutions' requests.

In a departure from past practice, the Governor recommended funding consistent with the enacted budget. His budget also removes the $4.0 million from federal Coronavirus Relief funds from the College's budget and shows it in the Department of Administration's budget. **The Assembly concurred.**

Early Retirement Program. The College requested $1.8 million to implement an early retirement program during FY 2022. The purpose is to help the employer manage its future workforce needs and save money by hiring people at lower salaries. The College has indicated that it believes this program could generate annual savings of $2.0 million beginning in FY 2023. During FY 2017 the College implemented a retirement incentive to provide it with the flexibility to hire staff at competitive salaries. The College provided eligible employees who applied during the enrollment period a one-time payment of 50.0 percent of the individual's salary as of June 24, 2017 with a $20,000 minimum payout. The College reports that 19 faculty and staff participated in that program and it generated approximately $250,000 in savings. It anticipates making the new program more attractive in the hopes that a larger number will participate. The Council approved the program at its March 2021 meeting. *The Governor recommended funding as requested.* **The Assembly concurred.**

Recruitment and Retention Initiative. The College requested $2.3 million to expand online programming with additional information technology support, updated platforms and software and additional personnel to be able to offer flexible and accessible programs to adults through night and weekend offerings. The proposal includes $1,150,000 to fund ten faculty, program, and information technology staff within the College's current full-time equivalent position authorization, $500,000 for information technology infrastructure and upgrades, $250,000 for program marketing and enrollment management services, and $150,000 for professional development and operations. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Salaries and Benefits. Unrestricted expenditures for salaries and benefits total $94.4 million, $2.6 million or 2.8 percent more than the revised allocation. This would provide current service adjustments and the final year of the current three-year American Federation of Teachers contract salary increases. The College reported that this will bring faculty salaries in line with peer institutions. A 2.5 percent cost-of-living increase was planned for FY 2021 but the College negotiated with the faculty union to delay that increase until FY 2022. *The Governor recommended funding as requested.* **The Assembly added $3.6 million from general revenues which will allow the College to meet its contractual obligations and restore turnover savings.**

Student Aid. The unrestricted budget includes $10.1 million for student aid, which is $0.4 million or 4.0 percent greater than the FY 2021 allocation. The additional funding is consistent with the tuition and fee increases included in the College's request. Student aid can be seen as a discount to tuition and the expenditure is directly related to tuition and fee revenue.

The institutions also receive additional funding for student aid through the Last Dollar Scholarship program funded in the Office of Postsecondary Commissioner's budget. The College provided Last Dollar Scholarship grant funds to 497 students with an average award of $4,599 during FY 2020. The College awards these funds to full-time, Pell-eligible students that have completed their first year of study with a cumulative grade point average of 2.74. It should also be noted that based on projections, it appears guaranty agency funds, which support this and other programs, will be exhausted during FY 2023. *The Governor recommended funding as requested.* **The Assembly concurred.**

Debt Service. The unrestricted budget includes $7.9 million for debt service costs, $22,414 more than the revised allocation. The unrestricted budget funds debt service payments on general obligation bonds, revenue bonds, and Certificates of Participation for the College's energy performance contract upgrades. Debt service of $6.3 million on general obligation bonds accounts for most of the cost. The request also includes $18,900 more for payments on the College's energy efficiency upgrades. *The Governor recommended $0.3 million less in debt service on general obligation bonds based on the current schedule.* **The Assembly concurred.**

Other Operations. The unrestricted budget includes $20.3 million for all other operations and contracted services not noted previously, which is $0.8 million or 4.3 percent more than the revised allocation. This increase reflects restoring funding to items reduced in response to the COVID-19 emergency including computers and other technology purchases. The request is $0.6 million or 2.9 percent more than FY 2020 spending. *The Governor recommended funding as requested.* **The Assembly added $2.3 million from general revenues, which will allow the College to make priority investments.**

Restricted Budget. The restricted budget request is for $47.6 million, which is $4.6 million or 8.8 percent less than enacted and $2.4 million more than the revised allocation. Compared to the enacted budget, the request includes $2.8 million more for capital expenditures funded from Rhode Island Capital Plan funds, consistent with the capital request, and $0.4 million more for capital projects funded from auxiliary balances. The majority of the decrease reflects the exclusion of $4.0 million from federal funds to address the University's COVID-19 related costs included in the budget enacted subsequent to the request submission. There is also a $1.8 million decrease to salaries and benefits.

All auxiliary programs, except for residential life, used prior year balances to pay for FY 2020 expenses. The bookstore used only $1,327, but dining and the student union used $0.2 million each. Because the COVID-19 emergency has affected use of these services, the College anticipates using fund balances of $0.8 million for dining and $0.2 million for the student union in FY 2021.

The Governor recommended $1.3 million more than requested from Rhode Island Capital Plan funds.

The Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act includes an additional $60.8 billion for emergency relief for higher education not reflected in the Governor's recommended budget. Rhode Island's public institutions will receive $145.4 million; private institutions will receive $127.3 million. By institution the allocations are $48.5 million for the University of Rhode Island, $34.6 million for Rhode Island College, and $62.3 million for the Community College of Rhode Island. **The Assembly added $34.6 million from federal emergency relief for higher education from the Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act and concurred with the remainder of the recommendation. All projects are described in detail in the Capital Budget section of this publication.**

Community College of Rhode Island

Community College of Rhode Island	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 100,200,337	$ 100,200,337	$ 97,763,971	$ 97,763,971
Contracted Services	2,789,576	2,789,576	2,953,396	2,953,396
Subtotal	**$ 102,989,913**	**$ 102,989,913**	**$ 100,717,367**	**$ 100,717,367**
Other State Operating	25,459,593	20,459,593	19,776,561	19,776,561
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	33,513,940	33,513,940	31,447,150	93,772,515
Capital	5,124,288	4,598,288	10,878,389	11,128,389
Capital Debt Service	2,291,008	2,291,008	1,095,685	1,095,685
Operating Transfers	-	-	5,252,278	5,252,278
Total	**$ 169,378,742**	**$ 163,852,742**	**$ 169,167,430**	**$ 231,742,795**
Sources of Funds				
General Revenue	$ 53,745,811	$ 53,745,811	$ 53,522,765	$ 53,522,765
Tuition and Fees	58,928,033	58,928,033	57,542,568	57,542,568
Other Unrestricted	5,249,372	5,249,372	4,948,061	4,948,061
Total Unrestricted	$ 117,923,216	$ 117,923,216	$ 116,013,394	$ 116,013,394
Restricted	51,455,526	45,929,526	53,154,036	115,729,401
All Sources	**$ 169,378,742**	**$ 163,852,742**	**$ 169,167,430**	**$ 231,742,795**
FTE Authorizations	**760.1**	**760.1**	**760.1**	**760.1**
Limited to Third-Party Funds	89.0	89.0	89.0	89.0
Total	**849.1**	**849.1**	**849.1**	**849.1**

Summary. The Community College requested $164.5 million from all sources and 849.1 full-time equivalent positions for FY 2022. This is a decrease of $4.9 million or 2.9 percent from the enacted budget and a decrease of $3.3 million or 2.0 percent from the revised allocation. General revenues, requested at $55.9 million, are $0.8 million more than the revised allocation. Compared to the enacted budget, restricted source expenditures are $3.3 million less. The staffing request is consistent with the enacted authorization with 89.0 positions restricted to third-party sources.

The Governor recommended $169.2 million from all sources, which is $0.2 million less than enacted and $2.7 million more than requested. The recommendation includes $53.5 million from general revenues, which is $0.2 million less than enacted and $2.4 million less than requested. The Governor recommended 849.1 full-time equivalent positions, consistent with the enacted budget. **The Assembly added $250,000 from Rhode Island Capital Plan funds and $62.3 million from federal emergency relief for higher education from the Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act and concurred with the remainder of the recommendation.**

Tuition and Enrollment. The Council approved a tuition and fee increase equal to $174 for all in-state students, or 3.6 percent, and $376 for all out-of-state students, or 2.9 percent. Enrollment is projected to be equivalent with the enacted budget with 8,592 full-time equivalent students. The Council on Postsecondary Education approved the tuition rates in the table that follows at its October 2020 meeting.

The Community College of Rhode Island waived some fees for FY 2021 because of the COVID-19 pandemic. Specifically for the FY 2021 academic year, it did not charge the $30 campus service fee or the $24 transportation fee. These fees reflect services that could not be provided to students during the remote learning environment during the COVID-19 emergency.

The FY 2022 enrollment estimate is for 473 or 5.2 percent fewer students than FY 2020 and 307 or 3.4 percent less than FY 2019.

Community College Tuition and Fees	**FY 2021**	**FY 2022**	**Change to FY 2021**	
Resident				
Tuition	$ 4,414	$ 4,524	$ 110	2.5%
Fees*	392	456	64	16.3%
Total	**$ 4,806**	**$ 4,980**	**$ 174**	**3.6%**
Nonresident				
Tuition	$ 12,492	$ 12,804	$ 312	2.5%
Fees*	392	456	64	16.3%
Total	**$ 12,884**	**$ 13,260**	**$ 376**	**2.9%**
Enrollment	**8,592**	**8,592**	**-**	**0.0%**

**Rates originally approved for FY 2021 were $446*

The Governor's budget assumes tuition and mandatory fee increases consistent with the Council's approved rates. The Governor's budget includes $2.0 million more than requested from tuition and fees or other unrestricted sources, suggesting that the College will generate more revenue than current projections or constrain spending from the request in order not to exceed available resources. **The Assembly concurred.**

Staffing. The Community College's request for 849.1 full-time equivalent positions is consistent with the enacted level. The request assumes that 89.0 of the total positions would be limited to funding from third party sources. *The Governor recommended staffing consistent with the enacted level.* **The Assembly concurred.**

Unrestricted Budget. The unrestricted budget accounts for $116.4 million, which is $1.5 million or 1.3 percent less than the enacted budget, and $1.3 million or 1.2 percent more than the revised allocation. General revenues are $2.2 million more than enacted. Tuition and fees are $0.5 million more than the revised allocation. The request assumes that the Community College will generate $55.5 million in tuition and fee revenue in FY 2022. This is $1.8 million or 3.2 percent less than FY 2020 and $0.4 million or 0.7 percent less than FY 2019.

The Budget Office instructed agencies to submit a constrained budget request including a 15.0 percent target reduction, adjusted for certain exclusions. The Community College's constrained request removes $9.8 million in expenditures including $7.0 million for salaries and benefits. These items are noted in the analysis where appropriate.

The Governor recommended $116.0 million in unrestricted expenditures, which is $1.9 million less than enacted and $0.4 million less than requested to reflect revisions to debt service costs. General revenues are $0.2 million less than enacted and $2.4 million less than requested. The Governor's recommendation replaces the $2.4 million general revenue shortfall to the request with $2.0 million from other, unidentified unrestricted resources. The remaining reduction of $0.4 million reflects debt service savings based on the current debt service schedules. This assumes the Community College will generate more revenue than its current projection or constrain spending from the request in order not to exceed available resources. **The Assembly concurred.**

Unrestricted Expenditures by Category			
Community College of Rhode Island	**Request**	**Governor**	**Assembly**
Salaries and Benefits	$ 92,414,138	$ 92,414,138	$ 92,414,138
Contracted Services	2,867,863	2,867,863	2,867,863
Subtotal	**$ 95,282,001**	**$ 95,282,001**	**$ 95,282,001**
Other State Operations	14,829,038	14,829,038	14,829,038
Assistance, Grants, and Benefits	4,113,798	4,113,798	4,113,798
Capital	692,872	692,872	692,872
Capital Debt Service	1,486,945	1,095,685	1,095,685
Total	**$ 116,404,654**	**$ 116,013,394**	**$ 116,013,394**

Current Year Revisions. Historically, the analyses have begun with an adjustment for the current year. Until FY 2005, the Board had statutory authority, which did not require legislative approval, to reallocate the enacted budget based on information available to it, including changes to revenues and needs. The 2004 Assembly rescinded that authority and established separate appropriation lines for the four operations. The Assembly did not change the budget request and submission process; the law continues to require the Board of Education to review, develop and submit the higher education budget that it receives from the Council on Postsecondary Education. Also, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees.

The governing bodies continue to review and approve each institution's allocation of all current year resources and describes its requested budget year items in terms of changes to those current year allocations. So that the analysis can be in terms of the items the entities specify as requested, staff analysis starts from the allocations.

The Community College requested $2.9 million or 2.4 percent less than enacted from unrestricted sources. This includes $1.3 million more from general revenues, $3.9 million or 6.6 percent less than enacted from tuition and fees, and $0.3 million less from other unrestricted sources. The FY 2021 enacted budget includes $5.0 million from federal Coronavirus Relief funds to help mitigate the impact of lower tuition revenue and additional expenses related to the COVID-19 emergency.

The Community College has since indicated that it does not need the additional general revenues because its budget request predates the enactment of the FY 2021 budget.

The revised enrollment projection assumes 8,592 full-time equivalent students, 543 or 5.9 percent fewer than the enacted budget assumed. It is 473 or 5.2 percent less than FY 2020 enrollment and 307 or 3.4 percent less than FY 2019 enrollment. The reduction to other unrestricted sources aligns expected revenues with those reported for FY 2020. The revised allocation includes $3.2 million less than enacted for salaries and benefits offset by $0.3 million more for other operating expenses. To accommodate the lower tuition and fee revenues, the Community College instituted layoffs, froze pay increases that were due on July 1, 2020, and implemented pay reductions for vice presidents, associate vice presidents, and the president. At the beginning of March 2021, the President announced that the College would retroactively reinstate the salary increases and resume hiring critical positions including a chief information officer, academic deans, student advisors, payroll staff and information technology staff.

It should be noted that there are workshare savings of $0.3 million in FY 2021 based on 60 individuals that opted to participate in the program. The FY 2021 enacted budget made no adjustment to capture these savings allowing the schools to use them to offset revenue losses.

The Coronavirus Response and Relief Supplemental Appropriations Act, signed into law on December 22, 2020, includes an additional $21.2 billion for emergency relief for higher education not reflected in the institutions' requests. The United States Department of Education published a distribution by institution indicating that Rhode Island will receive $103.0 million. The Department's guidance shows public

institutions will receive $51.5 million of which $14.3 million must be used for student aid; private institutions will receive $50.1 million. By institution the allocations are $17.4 million for the University of Rhode Island, $12.6 million for Rhode Island College, and $22.9 million for the Community College of Rhode Island not reflected in the institutions' requests.

In a departure from past practice, the Governor recommended funding consistent with the enacted budget. His budget also removes the $5.0 million from federal Coronavirus Relief funds from the Community College's budget and shows it in the Department of Administration's budget. **The Assembly concurred.**

Salaries and Benefits. Unrestricted expenditures for salaries and benefits total $92.4 million, $1.7 million or 1.8 percent more than the revised allocation. The increase reflects salary adjustments consistent with settled contract negotiations and current service adjustments. The request is $3.3 million or 3.7 percent more than spent in FY 2020.

The constrained request removes $7.0 million which is equivalent to approximately 58 vacant positions. *The Governor recommended funding consistent with the unconstrained request.* **The Assembly concurred.**

Rhode Island Promise. The 2017 Assembly established a new Rhode Island Promise Scholarship program to provide two years of free tuition and mandatory fees at the Community College of Rhode Island for qualifying Rhode Island students. The program is intended to be a "last dollar scholarship," meaning that after a student exhausts all other sources of student aid, the program would cover the remainder of their tuition bill. Other non-mandatory fees are not covered by this program. Recipients are required to maintain a 2.5 grade point average and must commit to remaining in Rhode Island after graduation. The law provides exceptions to certain requirements for maintaining a full-time caseload. In the case of a student with a disability, students remain eligible while taking fewer than 12 credits per semester, however, the program has been implemented to cover two years of courses. The Community College has indicated it is updating this policy to base the allowance for students with disabilities on total credits equivalent to two years.

The program initially authorized four cohorts of students beginning in FY 2018 with the last cohort entering in fall 2020. The legislation requires a program evaluation be conducted on or before July 1, 2020, after the second cohort finishes. The 2020 Assembly extended the sunset by one year to include the high school graduating class of 2021.

Promise Experience FY 2018 - FY 2020

FY 2018	**Nov. Update**	**May Update**	**Final**	**Change from Nov.**
Average Award	$ 2,309	$ 2,308	$ 2,308	$ (1)
Promise Students	1,291	1,324	1,292	1
Total	**$ 2,980,919**	**$ 3,055,792**	**$ 2,981,086**	**$ 167**
FY 2019				
Average Award	$ 2,353	$ 2,345	$ 2,345	$ (8)
Promise Students	2,467	2,387	2,387	(80)
Total	**$ 5,804,851**	**$ 5,597,515**	**$ 5,597,515**	**$ (207,336)**
FY 2020				
Average Award	$ 2,350	$ 2,314	$ 2,314	$ (36)
Promise Students	3,058	2,964	2,964	(94)
Total	**$ 7,186,300**	**$ 6,858,696**	**$ 6,830,194**	**$ (356,106)**

The funding for Rhode Island Promise is not reflected in the Community College's budget request, as it is a scholarship awarded by the Office of Postsecondary Commissioner. The table above illustrates the experience of the Promise program for the first three full years, FY 2018, FY 2019, and FY 2020. The

table's data comes from the November and May updates submitted by the Community College. It should be noted that the number of students reflected in the table are only those who are supported by general revenues. Because the Promise program is a last dollar scholarship, Pell grants, other scholarships and waivers are applied first.

The Office of Postsecondary Commissioner's request for $7.0 million is $117,729 more than the revised allocation and $146,231 more than FY 2020. *The Governor recommended $7.7 million consistent with the November 2020 report. The Governor also recommended removing the sunset provision.* **The Assembly concurred and passed legislation in 2021-H 5224, Substitute A, making the Promise program permanent.**

Governor's Emergency Education Relief. The CARES Act and the Coronavirus Response and Relief Supplemental Appropriations Act contain a combined $20.0 million from Governor's Emergency Education Relief funds, of which $12.5 million is flexible. Governor Raimondo indicated in January 2021 that $5.3 million is to expand access to free tuition at the Community College. The Community College has indicated that it will use this funding to provide "COVID Recovery Scholarships" over the next two years on a first come, first serve basis for two different populations of students. The first is for 2020 high school graduates that did not enroll in college and the second is for students that have either 30 college credits or have credits equal to half of those necessary for a certificate. These two groups will receive two years of last dollar scholarships with requirements similar to the Promise program. Those eligible for the second group would not have to attend full-time as it is expected most people in this group will be working adults.

The Community College also allocated $3.0 million of its $22.0 million awarded under the Coronavirus Response and Relief Supplemental Appropriations Act to provide two free summer courses over the 2021 summer for any student that attended the Community College of Rhode Island during any one semester during the COVID-19 emergency. Funding for all three programs is not reflected in the request as the request predates enactment of the Act. *The Governor's budget includes the $5.3 million.* **The Assembly concurred.**

Student Aid. The unrestricted budget includes $4.1 million for student aid, $0.1 million more than the revised allocation and $0.7 million or 19.3 percent more than FY 2020 expenditures. The additional funding is consistent with the tuition and fee increases included in the Community College's request. Student aid can be seen as a discount to tuition and the expenditure is directly related to tuition and fee revenues.

The institutions also receive additional funding for student aid through the Last Dollar Scholarship program funded in the Office of Postsecondary Commissioner's budget. The Community College provided Last Dollar Scholarship grant funds to 3,338 students with an average award of $991 during FY 2020. The Community College awards these funds to Pell-eligible students with expected family contributions of $5,198 or less that are enrolled in a minimum of six credits with at least a 2.0 cumulative grade point average. It should also be noted that based on projected revenues and expenditures, it appears guaranty agency funds, which support this and other programs, will be exhausted during FY 2023. *The Governor recommended funding as requested.* **The Assembly concurred.**

Debt Service. The unrestricted budget includes $1.5 million for debt service expenditures. This is $0.8 million less than the revised allocation to reflect FY 2021 completion of debt payments on Certificates of Participation issued for the Community College's energy conservation project. *The Governor recommended $0.4 million less than requested for debt service on general obligation bonds based on the current schedule.* **The Assembly concurred.**

Insurance. The unrestricted budget includes $0.9 million for property and casualty insurance, which is $0.2 million or 20.5 percent more than the revised allocation and 25.4 percent more than spent in FY 2020.

The Community College reported this trend is happening nationally with policy renewals being between 20 and 30 percent higher based on a June market update, analytics and an alternative risk financing property renewal report commissioned by Willis Towers Watson. *The Governor recommended funding as requested.* **The Assembly concurred.**

Unpaid Accounts. The unrestricted budget request includes $0.9 million for unpaid accounts. Accounting standards require the practice of accounting for uncollected accounts in the budget. A year-end accounting entry records bad debt allowance based on a formula applied to unpaid accounts receivables. This is $0.2 million or 28.6 percent more than the revised allocation but only $55,389 or 5.8 percent less than spent in FY 2020. FY 2019 spending was $0.7 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations. The unrestricted budget includes $16.6 million for all other operations and contracted services not noted previously. This is $0.3 million or 2.1 percent more than enacted and $0.1 million or 0.4 percent more than the revised allocation. The request is $0.2 million or 0.9 percent more than spent in FY 2020. The majority of the increase to the revised allocation is for contracted information technology services.

The constrained request lowers these expenditures by $2.8 million. This includes reversing the $0.2 million increase for contracted information technology services as well as reductions of $0.4 million to maintenance and repairs, $0.7 million to computers, and $1.5 million to various office supplies and other operating expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

Restricted Budget. The restricted budget request is for $48.1 million, which is $3.3 million or 6.5 percent less than the enacted budget and $4.7 million or 8.9 percent less than the revised allocation. Compared to the enacted budget, the request includes decreases of $0.9 million for salaries and benefits and $2.2 million for student aid. The majority of the decrease reflects the exclusion of $5.0 million from federal funds to address the Community College's COVID-19 related costs included in the budget enacted subsequent to the request submission. Adjusted for that, it is $1.7 million more than enacted. The request also includes $6.2 million more for capital projects funded from Rhode Island Capital Plan funds. *The Governor recommended $0.2 million less than requested from Rhode Island Capital Plan funds and recommended all other restricted expenses as requested.*

The Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act includes an additional $60.8 billion for emergency relief for higher education not reflected in the Governor's recommended budget. Rhode Island's public institutions will receive $145.4 million; private institutions will receive $127.3 million. By institution the allocations are $48.5 million for the University of Rhode Island, $34.6 million for Rhode Island College, and $62.3 million for the Community College of Rhode Island. **The Assembly added $250,000 from Rhode Island Capital Plan funds and $62.3 million from federal emergency relief for higher education from the Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act and concurred with the remainder of the recommendation. A detailed description of the projects is included in the Capital Budget section of this publication.**

Rhode Island State Council on the Arts

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 944,811	$ 1,077,977	$ 1,053,667	$ 1,053,667
Contracted Services	47,500	74,004	-	-
Subtotal	**$ 992,311**	**$ 1,151,981**	**$ 1,053,667**	**$ 1,053,667**
Other State Operations	242,659	223,926	225,418	205,964
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,623,582	2,623,582	2,028,582	3,491,662
Capital	590,000	232,229	510,000	510,000
Operating Transfers	-	-	-	-
Total	**$ 3,448,552**	**$ 4,231,718**	**$ 3,817,667**	**$ 5,261,293**
Sources of Funds				
General Revenue	$ 2,002,026	$ 2,004,658	$ 2,088,105	$ 2,048,651
Federal Aid	828,776	1,959,310	1,164,562	2,677,642
Restricted Receipts	15,000	5,000	70,000	40,000
Other	602,750	262,750	495,000	495,000
Total	**$ 3,448,552**	**$ 4,231,718**	**$ 3,817,667**	**$ 5,261,293**
FTE Authorization	**8.6**	**8.6**	**9.6**	**9.6**

Summary. The Rhode Island State Council on the Arts requested $4.2 million, $0.8 million more than enacted from all sources, including $0.6 million more from general revenues, $0.3 million more from federal funds, $30,000 more from restricted receipts, and $0.1 million less from Percent for Art funds. The Council also submitted a constrained request that totals $1.8 million from general revenues, $0.8 million less than the unconstrained request. The request includes 8.6 full-time equivalent positions. The Governor requested an amendment on September 21, 2020 to increase the Council's FY 2021 authorization by 1.0 full-time equivalent position which the Assembly did not approve.

The Council posted the position requested in the Governor's amendment in early September and filled it in late November, before the Assembly enacted the FY 2021 budget. As there have been no vacancies to accommodate this position, the Council's staffing is in excess of its authorized staffing level, and as of mid-January is in violation of Section 11 of Article 1 of 2020-H 7171, Substitute A.

The Governor recommended $3.8 million from all sources of funds, which is $0.4 million more than enacted, including $86,079 more from general revenues. The recommendation includes 9.6 full-time equivalent positions, one more than the authorized level. Subsequent to submission of the budget, the Budget Office identified $1.5 million of federal funds from the American Rescue Plan Act to include in the Council's budget. **The Assembly provided $1.4 million more than recommended. This includes $39,454 less from general revenues, $1.5 million more from federal funds, reflecting the requested amendment, and $30,000 less from restricted receipts. It increased the staffing authorization to 9.6 full-time equivalent positions.**

Grants. The Rhode Island State Council on the Arts supports a multitude of grants funded through different sources. Its FY 2022 request totals $2.5 million, including $1.6 million from general revenues, $0.9 million

from federal funds, and $45,000 from restricted receipts. General revenue funded grants include a $375,000 designated grant for Waterfire Providence identified annually in Article 1 of the Appropriations Act, and $200,000 provided for the Council's competitive pool grants in place of the community service grant program ended by the 2016 Assembly. The Council's annual grant support also includes $0.6 million from general revenues and federal National Endowment for the Arts support which it has wide discretion to distribute, and is typically between $0.4 million and $0.5 million annually, as well as restricted support from the Rhode Island Foundation and ArtPlace America for its Expansion Arts and Arts in Healthcare Network programs. The CARES Act provided the Council a supplemental award totaling $424,300; the 2020 Assembly authorized $355,000 to account for its estimated FY 2020 COVID-19 expenses, of which $294,437 was spent. The table below shows grant support to the Council since FY 2018.

Fund Source	Grant Pool	FY 2018	FY 2019	FY 2020	FY 2021 Enacted	FY 2022 Gov. Rec.	FY 2022 Enacted
General Revenue	Discretionary Grants	$ 590,000	$ 590,000	$ 590,000	$ 590,000	$ 640,000	$ 590,000
	Competitive Pool	200,000	200,000	200,000	200,000	200,000	200,000
	Waterfire Providence	375,000	375,000	375,000	375,000	375,000	375,000
	Governor's Portrait	-	-	-	-	25,000	25,000
	Subtotal	***$ 1,165,000***	***$ 1,165,000***	***$ 1,165,000***	***$ 1,165,000***	***$ 1,240,000***	***$ 1,190,000***
Federal Funds	National Endowment for the Arts	$ 390,309	$ 417,097	$ 813,582	$ 458,582	$ 813,582	$ 1,577,322
	National Endowment for the Humanities	-	-	-	-	-	749,340
	Coronaviru Relief Funds	-	-	-	-	-	-
Restricted Receipts	Expansion Arts	$ 7,950	$ 5,776	$ 4,195	$ 5,000	$ 5,000	$ 5,000
	Arts & Health Network Grant	-	-	39,125	10,000	40,000	10,000
	Governor's Portrait	-	-	-	-	25,000	25,000
Total Grant Funding		**$ 1,563,259**	**$ 1,587,873**	**$ 2,021,902**	**$ 1,638,582**	**$ 2,123,582**	**$ 3,556,662**

The Governor recommended $0.5 million more than enacted and $0.4 million less than requested, including $25,000 each from general revenues and restricted receipts for a Governor's portrait. The Governor also included language in Article 2 of 2021-H 6122 authorizing a restricted account for portrait donations. Subsequent to submission of the budget, the Governor requested an amendment to add $1.5 million of federal funds, including pass-through funding for the Rhode Island Council for the Humanities. **The Assembly maintained the enacted level of general revenues for grants, concurred with the requested amendment, and reduced restricted receipts to reflect available funding.**

Discretionary Grants. The Council requested $1.0 million from general revenues for discretionary grants to various education, individual artist and arts organizational programs, which is $0.4 million more than enacted, in order to achieve its goal of $1.0 million in discretionary grant funding. The discretionary grant pool supports a variety of grant programs, and in some cases may be the sole source of grant support. It should be noted that these funds contribute to the federal National Endowment for the Arts grant state cost sharing requirement. The Council administers a number of discretionary grant programs funded through a variety of its sources. The increase is not directed to any specific grant program. As part of its constrained request, the Council excluded its request for increased funding and further reduced the request by $0.3 million. *The Governor recommended $50,000 more than enacted.* **The Assembly did not concur.**

Arts Workforce Development Grant. The Council requested $30,000 from general revenues to continue its program to support the development of a skilled arts workforce in Rhode Island, through a curriculum developed by the Council in conjunction with the Providence Department of Art, Culture + Tourism, the Steel Yard and Roger Williams University. The program launched September 4, 2019 with an initial cohort of nine adults aged 19-25. The Council requested and the Governor recommended general revenue funding for the program for FY 2020 and FY 2021. In neither instance did the Assembly concur. The Council previously supported this as a pilot program using its federal funds to provide direct financial support for a young adult cohort, their mentors, and program operations. Program participants apprentice with a local

arts organization, attend formal classes covering financial literacy, legal issues, marketing, and other business topics as they relate to an artist's practice and life. *The Governor did not recommend this initiative, specifically. Subsequently, the Council reported it was likely to use some portion of its increased discretionary funds to support this initiative.* **The Assembly maintained the enacted level from general revenues.**

Racial and Cultural Equity Grant. The Council requested $30,000 from general revenues to launch a new program aimed at developing diversity, equity and inclusion among the state's non-profits arts and cultural organizations. The program is based on a joint initiative between the Council and the Rhode Island Foundation. It includes training and technical assistance to attract and retain staff, volunteers and board members, and a corresponding professional development program to prepare minority participants to serve as active leaders and members of boards and state government agencies. Participating organizations interested in diversifying their boards will be required to add at least two people of color and participate in racial equity training. *The Governor did not recommend this initiative, specifically. Subsequently, the Council reported it was likely to use some portion of its increased discretionary funds to support this initiative.* **The Assembly maintained the enacted level from general revenues.**

Public Health Artist in Residence Grants. The request includes $45,000 from new federal funds for an initiative the Council administers in conjunction with the Department of Health, based on the Rhode Island State Arts and Health Plan. The program embeds an artist in residence within a state department of health to drive creative arts-based approaches to achieving health equity, addressing the social determinants of health, and attaining population health goals. The request essentially shifts the support for this program from waning restricted receipts to Centers for Disease Control and Prevention federal grant funds. *The Governor did not recommend this initiative, specifically. Subsequently, the Council reported it was likely to use some portion of its increased discretionary funds to support this initiative.* **The Assembly maintained the enacted level from general revenues.**

National Endowment from the Arts Grants. The Council requested $813,582, $355,000 more than enacted from federal National Endowment for the Arts funds for grant support for individuals and organizations to help support the arts and encourage artists to continue to make the arts visible in the community. The amount requested appears to reflect CARES Act funding provided to the Council in the final FY 2020 appropriation; these funds have no state match requirement. As noted previously, the Council's discretionary grant funds contribute to the cost sharing requirement for federal National Endowment for the Arts grants.

The Council was provided $424,300 from the federal CARES Act; the Assembly authorized $355,000 to account for its estimated COVID-19 expenses, of which $294,437 was spent during FY 2020. The Council is estimated to have federal resources totaling $440,549 available for FY 2021. It is unclear how much, if any, of this funding will remain available for FY 2022. *The Governor recommended funding as requested.*

Subsequent to submission of its request, the Council reported that the use of these funds has been extended over multiple years. Concurrent with submission of the Governor's budget, the American Rescue Plan Act was signed into law which provides an additional $0.8 million supplemental grant for the Council with no state match or maintenance of effort requirement. Subsequent to submission of the budget, the Governor requested an amendment to add $1.5 million of federal funds, including pass-through funding for the Rhode Island Council for the Humanities. **The Assembly concurred with the amended request.**

Other State Grants. Consistent with the enacted budget, the Council requested $575,000 from general revenues for its remaining state supported grant programs. The request includes the enacted amounts of $200,000 for the competitive pool grants and $375,000 for Providence Waterfire. The 2016 Assembly ended the community service grant program and provided these appropriations in place of the prior funding. *The Governor concurred.* **The Assembly concurred.**

Restricted Grants. The Council requested $30,000 more than enacted from restricted receipts to reflect grants which support two programs. The Council receives $5,000 annually from the Rhode Island Foundation to support arts opportunities for its Expansion Arts program. The Council's current restricted authorization is limited to funds received from the Rhode Island Foundation. In April 2019, the Council received funding from ArtPlace America to support its Arts and Healthcare Network program over two years. During FY 2020, the Council spent $39,125. The Council anticipates spending the remaining $10,875 from the grant to support its Rhode Island State Arts and Health Plan during FY 2021. It appears this funding was included inadvertently. Subsequently, the Council also reported that ArtPlace America has closed. *The Governor recommended funding as requested.* **The Council's third quarter report showed no spending for the arts and healthcare program for FY 2021; the Assembly provided $30,000 less to reflect carryforward of those available resources.**

Governors' Portrait. Rhode Island General Law, Section 37-8-9 requires the Secretary of State to have a Governors' portrait painted for a Governor inducted into office, or for a living Governor whose portrait is missing. *The Governor recommended $25,000 each from general revenues and restricted receipts, and includes a proposal in Article 2 of 2021-H 6122 to establish a restricted receipt account in the Rhode Island State Council of the Arts to receive donations to supplement the purchase of the portrait.* **The Assembly concurred, and included additional language in Article 2 which expands the Council's existing restricted authorization to receive and utilize donations from 501(c)(3) organizations.**

Senior Administrative Aide. The Council's request removes $25,000 from federal funds provided in the enacted budget requested by the Council for a marketing consultant two days a week to increase visibility with the state's art community through strategic targeting, messaging, and social media, including the development of materials and ensuring its communications are responsive to its community. Subsequent to the Coronavirus pandemic, the CARES Act provided the Council with a supplemental National Endowment for the Arts grant award. The Council reported that it intended to use a $50,000 administrative allocation from that award for a new communications and outreach position in lieu of the consultant. The Governor requested an amendment to add 1.0 full-time equivalent position. The position was posted from September 2, 2020 through September 23, 2020 despite the Council's legal authorization being filled at 8.6 full-time equivalent positions. The Council filled the position for the December 5, 2020 pay period, prior to the passage of the FY 2021 budget. The Assembly did not authorize the position. The revised request does not reflect the additional staff.

The Governor recommended $0.1 million from federal funds and increased the Council's staffing authorization accordingly. The revised recommendation funds the position, but does not include the authorization. **The Assembly concurred.**

Film Commission Staffing. The Council requested $0.4 million, including $58,305 more than enacted from general revenues to support 2.6 full-time equivalent positions and operations. The enacted budget includes $13,189 of one-time workshare savings, and adjusted for this, the request is $45,116 more than enacted. The additional funding appears to support its 0.6 full-time equivalent position as a whole position. It appears that funding was added erroneously. *The Governor recommended $11,392 more than enacted to restore the one-time savings, including current service adjustments.* **The Assembly concurred.**

Staffing Upgrades. The Council requested $50,000, of which $40,000 is from general revenues to reorganize its hierarchy, upgrade a number of its positions and increase salaries throughout the agency. The Council was seeking to have new titles approved and requested additional funding for the Council's four program directors. *The Governor did not concur.* **The Assembly concurred.**

Other Staffing and Operations. The Council requested $0.8 million, which is $0.1 million less than enacted from all sources, including $313 less from general revenues. The request supports the Council's remaining 6.0 full-time equivalent positions. The enacted budget includes $1,746 of one-time workshare

savings. Adjusted for this, the staffing request is $5,732 more than enacted and includes adjustments to staffing costs consistent with the current service level offset by benefit selection savings. The requested reduction to operations expenses includes $591 less for the Council's share of centralized services, which is $3,238 less than actual FY 2020 expenditures. The federal funds reduction includes $53,700 less for travel expenses, $15,000 less for honorariums to artists, and $15,700 less for all other expenses. *The Governor recommended $2,607 less than requested to reflect current service adjustments to staffing expenses.*

The Governor's recommended budget includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution. This is inconsistent with how internal service funds should work. **The Assembly made adjustments to all affected agencies so that expenses are shown where they are anticipated to occur. For the Council, this adds $10,546 from general revenues for information technology expenses. It concurred with the remainder of the recommendation.**

Percent for Art Program. The Council requested $0.5 million, $0.1 million less than enacted for the Percent for Art program for public art projects at various new state-owned facilities. The request includes $250 less for project expenses and $7,500 less for honorariums for participating artists. Two projects at Rhode Island College are currently inactive pending approval of a new master plan. *The Governor concurred.* **The Assembly concurred.**

Rhode Island Atomic Energy Commission

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 1,163,957	$ 1,168,190	$ 1,202,365	$ 1,202,365
Contracted Services	-	-	-	-
Subtotal	**$ 1,163,957**	**$ 1,168,190**	**$ 1,202,365**	**$ 1,202,365**
Other State Operations	198,900	667,964	197,652	682,172
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	153,000	153,000	75,036	75,036
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 1,515,857**	**$ 1,989,154**	**$ 1,475,053**	**$ 1,959,573**
Sources of Funds				
General Revenue	$ 1,059,645	$ 1,063,124	$ 1,068,650	$ 1,076,170
Federal Aid	7,936	477,000	-	477,000
Restricted Receipts	99,000	99,000	25,036	25,036
Other	349,276	350,030	381,367	381,367
Total	**$ 1,515,857**	**$ 1,989,154**	**$ 1,475,053**	**$ 1,959,573**
FTE Authorization	**8.6**	**8.6**	**8.6**	**8.6**

Summary. The Rhode Island Atomic Energy Commission requested $1.5 million, which is $40,707 less than enacted from all sources, including $9,005 more from general revenues, $7,936 less from federal funds, $73,964 less from restricted receipts, and $32,188 more from University of Rhode Island Sponsored Research funds. The Commission also submitted a constrained request that is $0.2 million less than the unconstrained request. The proposal to achieve the reduction is noted where appropriate. *The Governor recommended $97 less from Rhode Island Capital Plan funds than requested and concurred with the remainder of the recommendation.* **The Assembly added $0.5 million from federal funds to reflect a new grant from the Department of Energy, added $7,520 from general revenues for centralized information technology charges and concurred with the remainder of the recommendation.**

Reactor Fee Receipts. The Commission charges reactor fees for commercial utilization of the reactor based on the organizational status of the requesting agency and the amount of reactor time requested. Reactor fees were historically deposited as general revenues. The 2018 Assembly created a restricted receipt account for the reactor fee revenues to be used for the maintenance of the Commission's equipment. The current balance of the account is $33,250. The enacted budget assumes $99,000; the Commission's request lowers this by $73,964 to $25,036 to reflect expected commercial utilization of the reactor. *The Governor recommended funding as requested.* **The Assembly concurred.**

Centralized Services. The Commission requested $9,558 with $4,558 from general revenues and $5,000 from University of Rhode Island sponsored research funds for the centralized services provided through the Department of Administration. This is $545 more than enacted but equal to actual charges during FY 2020. However, the FY 2020 charges were only from general revenues; the Commission's request to split the fund sources is new. *The Governor recommended funding as requested. The Governor's recommended*

budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $7,520 from general revenues in the Commission's budget for information technology.**

Federal Grants. The enacted budget includes $7,936 from federal funds to cover student project costs. These funds have been carried forward for the last couple of years as students in the past have been able to get alternate funds for their projects. The Commission's request excludes this funding, consistent with its revised request, expecting alternate fund sources to make this funding unnecessary. However, the Commission inadvertently excluded a new $0.5 million federal grant from the Department of Energy from its request. This funding will support upgrades to reactor control instrumentation set to commence in October 2020; the Commission indicates delays will extend the project beyond September 2021, the original end date. *The Governor recommended funding as requested.* **The Assembly included the $0.5 million from federal funds.**

Staffing and Operations. The Commission requested $1.4 million from all sources for staffing and operational costs. This includes $1.1 million from general revenues and $0.4 million from University research funds; it is $40,551 more than enacted including $13,460 more from general revenues and $27,188 more from University research funds. For operational costs, the request is $2,240 more than enacted and mainly reflects building maintenance deferred from last year. For staffing costs, the request is $38,408 more than enacted mostly as a result of overstated University research funds. The request also restores the one-time $4,922 general revenue savings realized from the workshare program that was included in the enacted budget.

The Commission also submitted a constrained request which would reduce general revenues by $0.2 million, mostly from staffing costs. The Commission would need to maintain more than one vacancy for the entire fiscal year to achieve this proposal. As of the pay period ending January 16, 2021, the Commission was fully staffed.

The Governor recommended funding consistent with the unconstrained requested. **The Assembly concurred.**

Capital Projects. The Commission requested $50,097 from Rhode Island Capital Plan funds for asset protection projects at the Rhode Island Nuclear Science Center in Narragansett; this is not consistent with the enacted budget or its capital budget submission as it adds $97, reflecting the FY 2020 final budget. *The Governor recommended funding consistent with the enacted budget*. **The Assembly concurred. A detailed description of the project is included in the Capital Budget section of this publication.**

Historical Preservation and Heritage Commission

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 1,751,870	$ 1,654,996	$ 1,849,111	$ 1,799,111
Contracted Services	-	-	-	-
Subtotal	**$ 1,751,870**	**$ 1,654,996**	**$ 1,849,111**	**$ 1,799,111**
Other State Operations	415,678	365,678	450,445	329,115
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	507,203	520,869	548,569	530,619
Capital	1,000	1,000	3,500	3,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 2,675,751**	**$ 2,542,543**	**$ 2,851,625**	**$ 2,662,345**
Sources of Funds				
General Revenue	$ 1,562,984	$ 1,414,237	$ 1,562,034	$ 1,390,704
Federal Aid	544,043	559,215	715,112	697,162
Restricted Receipts	422,100	422,100	424,100	424,100
Other	146,624	146,991	150,379	150,379
Total	**$ 2,675,751**	**$ 2,542,543**	**$ 2,851,625**	**$ 2,662,345**
FTE Authorization	**15.6**	**15.6**	**15.6**	**15.6**

Summary. The Historical Preservation and Heritage Commission requested $2.9 million, which is $175,874 more than enacted from all sources, including $950 less from general revenues. The request includes the authorized level of 15.6 full-time equivalent positions.

The Commission also submitted a constrained request that is $0.2 million less than the unconstrained request. *The Governor recommended $2.9 million from all sources, including $1.6 million from general revenues consistent with the Commission's unconstrained request.* **The Assembly provided $0.2 million less from all sources.**

Department of Transportation Project Review. The Commission requested $150,624 from Department of Transportation reimbursement funds for personnel and operating expenditures related to project review, which is $3,755 more than enacted. Expenditures include $98,104 for one full-time equivalent position that conducts project review and funding for another position to conduct geographic information system related projects. This is $3,755 more than enacted and reflects current service adjustments for the one position. The Commission also uses approximately $50,000 to pay for staff that occasionally help on these projects which is incorrectly budgeted as operating expenses. Because these positions are budgeted elsewhere, the request may overstate the total amount needed for salaries and benefits. *The Governor recommended funding as requested.* **The Assembly corrected the errors in the request and the Governor's recommendation; total funding is unchanged.**

Other Salaries and Benefits. The Commission requested $1.8 million from all sources for the remaining 14.6 full-time equivalent positions, which is $93,686 more than enacted, including $45,767 less from general revenues. The enacted budget includes $54,478 of one-time savings based on nine individuals from

the Commission participating in the workshare program in FY 2021. Adjusting for this, the request is $39,208 more than enacted from all sources, including $80,812 less from general revenues. The request reflects current service adjustments and utilizing more federal survey and planning funds. The Commission has received increasingly higher grants since FY 2018, freeing up more general revenues. The estimated grant award for FY 2022 is $613,543 for which the Commission budgeted $602,668; the remaining will be used for grants to municipalities.

The Commission's constrained request includes general revenue savings of $194,692 from the director retiring in June 2021 and the position remaining vacant for a year and by imposing six furlough days on all staff. *The Governor recommended funding consistent with the Commission's unconstrained request.* **The Assembly provided $100,000 less from general revenues to reflect overstated personnel costs included in the Governor's budget and the request.**

Survey and Planning. The Commission requested $94,494 from the U.S. National Park Service Historical Preservation Act Grant for certified local grants to conduct surveys, preservation plans, National Register nominations, architectural plans and specifications, historic structures reports, and engineering studies necessary to restore or repair properties listed on the National Register of Historic Places. The request is $13,666 more than enacted which reflects a higher share to municipalities based on higher grant awards. *The Governor recommended funding as requested.* **The Assembly concurred.**

Fort Adams Trust. Consistent with the enacted budget, the Commission requested $30,000 from general revenues to support the Fort Adams Trust restoration. Fort Adams Trust is a nonprofit that protects historic places and public spaces in Narraganset Bay and Newport, most notably Fort Adams, a former U.S. Army post established in 1799. The Trust has been restoring the historic fort since 1995. *The Governor recommended funding as requested.* **The Assembly concurred.**

Revolving Historic Preservation Loan Fund. Consistent with the enacted budget and the revised request, the Commission requested $400,000 from restricted receipts to issue loans through the Revolving Historic Preservation Loan Fund. These funds are available to preserve properties listed on the State Register of Historic Places by providing low-interest loans to public, non-profit, or private owners, and municipalities, up to $200,000. No loans have been issued in the last three fiscal years. *The Governor recommended funding as requested.* **The Assembly concurred.**

Centralized Services. The Commission requested $308,367 from general revenues for centralized information technology services and facilities management provided through the Department of Administration, which is $26,175 more than enacted. This is the amount budgeted in the FY 2020 final budget, but the Commission actually spent $24,445 less. The Commission also requested this amount in its FY 2021 revised request. *The Governor recommended funding as requested. The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized.* **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and removed $0.1 million from general revenues in the Commission's budget. This includes $12,627 less for information technology and $58,703 less for facilities management.**

Other Operations. The Commission requested $101,078 for other expenses which is $38,592 more than enacted including $18,642 more from general revenues. This includes $17,950 more from federal funds for the National Maritime Heritage grant, which was inadvertently included. The increase to general revenues reflects $11,000 more for internet and cell phone services and to upgrade computer equipment consistent with the Department of Administration's Division of Information Technology's recommendations. *The Governor recommended funding as requested.* **The Assembly excluded the overstated federal grant.**

Office of the Attorney General

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Criminal	$ 20,885,090	$ 20,981,207	$ 20,515,248	$ 21,361,053
Civil	6,812,514	6,848,993	6,867,083	7,070,246
Bureau of Criminal Identification	1,814,266	3,116,136	2,842,701	3,080,701
General	4,284,284	4,197,987	4,311,573	4,286,361
Total	**$ 33,796,154**	**$ 35,144,323**	**$ 34,536,605**	**$ 35,798,361**
Expenditures by Category				
Salaries and Benefits	$ 28,235,130	$ 28,334,519	$ 29,024,688	$ 29,326,439
Contracted Services	1,420,269	2,701,545	1,917,043	2,249,043
Subtotal	**$ 29,655,399**	**$ 31,036,064**	**$ 30,941,731**	**$ 31,575,482**
Other State Operations	3,344,664	3,290,185	3,068,458	3,108,463
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	166,667	273,910	-	-
Capital	629,424	544,164	526,416	1,114,416
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 33,796,154**	**$ 35,144,323**	**$ 34,536,605**	**$ 35,798,361**
Sources of Funds				
General Revenue	$ 29,581,867	$ 29,498,840	$ 29,884,934	$ 29,820,364
Federal Aid	2,890,200	3,116,066	2,524,560	3,444,560
Restricted Receipts	1,146,296	2,451,626	1,977,111	2,383,437
Other	177,791	77,791	150,000	150,000
Total	**$ 33,796,154**	**$ 35,144,323**	**$ 34,536,605**	**$ 35,798,361**
FTE Authorization	**239.1**	**239.1**	**243.1**	**247.1**

Summary. The Office of the Attorney General requested $35.8 million from all sources, including $31.2 million from general revenues. This is $2.0 million more than enacted, including $1.6 million more from general revenues, $0.4 million less from federal funds, $0.8 million more from restricted receipts and $27,791 less from other funds. The Office requested 247.1 full-time equivalent positions, 8.0 more than the enacted authorization.

The Governor recommended $34.5 million from all sources, which is $0.7 million more than enacted including $0.3 million more from general revenues. The recommendation is $1.3 million less than requested primarily from general revenues. The Governor recommended 243.1 full-time equivalent positions, 4.0 positions above the current authorization. He subsequently requested an amendment to add 4.0 new positions and increase expenditures from federal funds and restricted receipts. **The Assembly provided $35.8 million, or $1.3 million more than recommended, including $0.1 million less from general revenues and 247.1 full-time equivalent positions.**

Multi-State Settlement Funds. The Office requested $65,000 from restricted receipts for fees and membership dues from its multi-state initiatives, which is the only allowed use under current law. Under

current law, the General Treasurer transfers, from any multi-state settlements that the Office of the Attorney General has been a party to, ten percent of the proceeds not to exceed $65,000 in any fiscal year. *The Governor recommended funding as requested. He subsequently requested legislation to increase the amount the Office can retain from any settlement to $600,000 in a fiscal year with any balance above that reverting to the General Fund and eliminates the ten percent cap.* **The Assembly increased the authorization to $750,000 and included Section 10 of Article 3 of 2021-H 6122, Substitute A, as amended, for the change.**

Civil Division - Enhanced Staffing (4.0 FTE). The Office requested $0.4 million from general revenues for four new positions, two staff attorneys and two paralegals, to support the Division's activities related to complex investigations and legal matters including those involving unfair and deceptive trade practices.

The Office's constrained request excludes the positions. *The Governor included $0.2 million from general revenues for one attorney and one paralegal. He subsequently requested an amendment to add one attorney and one paralegal to bring the recommendation to four new positions, consistent with the request. He included $0.4 million from restricted receipts from proposed changes to the retention of proceeds from multi-state settlements for the positions and shifted $0.2 million from general revenues to fund new positions in the Criminal Division.* **The Assembly concurred.**

Criminal Division - Enhanced Staffing (4.0 FTE). The Office requested $0.4 million from general revenues for four new positions in the Criminal Division: three attorneys and a paralegal. The Office reports that two attorneys and a paralegal will be assigned to the Special Victims Unit that handles all cases involving domestic violence, sexual assault, child abuse and/or molestation and elder abuse.

The third attorney will be assigned to the Diversion and Intake units but primarily work in the Superior Court Diversion program. This program offers an alternative to traditional conviction, sentencing and incarceration by providing eligible defendants with supervision and services instead of incarceration.

The Office's constrained request excludes the positions. *The Governor included $0.2 million for one attorney and one paralegal. He subsequently requested an amendment to add two new attorneys and shifted $0.2 million from the Civil Division and added $38,687 from general revenues to bring the recommendation to four new positions consistent with request.* **The Assembly concurred with the amended recommendation.**

Salaries and Benefits. The Office requested $28.7 million from all sources, including $26.6 million from general revenues for other salaries and benefits for the remaining 239.1 positions. This is $0.5 million more than enacted primarily from general revenues. It should be noted that the enacted budget includes one-time savings of $94,435 from 18 individuals participating in the workshare program which ended in September 2020. Adjusting for this, the request is $0.4 million more than enacted and reflects updates for Budget Office planning values and position upgrades to current staff. The request assumes keeping four positons vacant, consistent with the enacted budget.

The Governor included $0.1 million less than requested, primarily from general revenues, which includes additional savings from vacant positons consistent with FY 2020 levels. **The Assembly concurred and also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $0.1 million in the Office's budget based on two individuals who participated during FY 2021.**

Fingerprint Checks. The Office requested $1.0 million from restricted receipts for payments to be made to Gemalto to operate the automatic fingerprint identification system. As part of the FY 2019 audited closing, the State Controller and Auditor General reclassified a number of escrow accounts as restricted receipts including this one. The request includes the maintenance fee of $0.5 million and payments made

to the Federal Bureau of Investigation for fingerprint analysis. The revised request includes $1.2 million for the system. FY 2020 collections totaled $1.1 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

Computer System Replacement. The Office requested $514,419 from all sources, including $487,962 from general revenues, to replace its current information technology infrastructure system. This is $0.3 million more than enacted, including $0.2 million from general revenues. The project includes replacing servers and the storage used to operate services across nine locations. Completion is projected for FY 2022. The revised request includes $0.6 million, including $0.3 million from general revenues and $0.4 million from available federal National Criminal History Improvement program funds. The request is $1.1 million over two years. *The Governor recommended $0.2 million less than requested from general revenues and assumes the project will continue into FY 2023.* **The Assembly concurred.**

Health Care Advocate. The Office requested $125,673 from all sources, including $73,400 from general revenues for contracted health care oversight assistance and monitoring mergers, including those that have been approved by the Attorney General and involve non-profit entities in the Office of the Health Care Advocate. This is $25,793 less from general revenues and $773 more from federal funds. The enacted budget includes $26,993 reappropriated from FY 2020 and the Office essentially excludes that funding in its request. It should be noted that while the revised request totals the enacted level of $150,694, there were no expenses made for this activity in either FY 2018 or FY 2019 and $31,380 was spent in FY 2020. *The Governor recommended funding as requested.* **The Assembly concurred.**

Complex Litigation Expenses. The Office requested $350,000 from general revenues for costs that might occur for complex litigation cases in the Civil Division that often require expert witnesses and additional legal services. The enacted budget includes $23,367 reappropriated from FY 2020 and the Office excludes it for FY 2021. *The Governor recommended $205,000, or $145,000 less than requested*. **The Assembly concurred.**

Other Contracted Services. The Office requested $0.6 million for all other contracted services which is $30,125 more than enacted, including $19,844 more from general revenues primarily for landscaping and building maintenance. The request includes $0.2 million for information technology support, $0.2 million for landscaping and maintenance, and $0.2 million for medical and security services and education outreach. *The Governor recommended $8,387 more than enacted, including $1,894 less from general revenues to align with historical expenditures.* **The Assembly concurred.**

Rhode Island Victims Outreach. The Office's request excludes $324,150 from federal Crime Victim Assistance funds included in the enacted budget for software to enable case management system data to integrate with the current victim notification system maintained by the Department of Corrections. This system provides a platform where victims of crime are able to access pertinent information relating to their cases, centralizing data currently maintained separately by the Attorney General, Department of Corrections and the Treasury. *The Governor recommended funding as requested.* **The Assembly concurred.**

New Federal Grants. The Office was awarded three new federal grants totaling $1.0 million that are not reflected in the budget request. This includes $450,000 from a three-year Victim Liaison grant and a Department of Justice grant to enhance violent crime prosecution strategies that totals $340,000 and is available through September 30, 2022. There is also $264,444 to improve disposition reporting in the state's computerized criminal history record system.

The Governor's recommendation includes funding in the revised budget only. He subsequently requested an amendment to add $315,000 for the new grants. **The Assembly added $570,000 from federal funds to reflect projected spending in FY 2022.**

Volkswagen Settlement. The Office excluded the $166,667 from Volkswagen settlement funds that was in the FY 2021 enacted budget for the Healthy Homes Healthy Rhode Island initiative through Roger Williams University in conjunction with HousingWorks Rhode Island. FY 2021 was the third and final year for the initiative.

The state was awarded $18.5 million from the settlement of which $4.1 million was awarded to the Office of the Attorney General and will be spent on "environmentally beneficial projects." Funding was completely disbursed in FY 2019 for all projects except the Healthy Homes Healthy Rhode Island initiative. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Improvements. The Office requested $150,000 from Rhode Island Capital Plan funds to support ongoing capital improvement projects. The request does not reflect the $350,000 from Google Settlement funds included in the capital budget request for FY 2022 to complete any outstanding, smaller projects at the new building on the Pastore Campus. *The Governor recommended funding as requested.* **The Assembly added $350,000 from Google Settlement funds and concurred with the remainder of the recommendation. A detailed description of the projects is included in the Capital Budget section of this publication.**

Other Operations. The Office requested $3.5 million from all sources, including $2.4 million from general revenues, $0.8 million from federal funds and $0.2 million from restricted receipts for all other expenses to support its facilities and operations. This includes $80,060 more than enacted, primarily from general revenues.

The largest expenses are $0.5 million for computer supplies, $0.7 million for office equipment, supplies and leased space, $0.8 million for maintenance and facility services, $0.4 million for subscriptions, dues and fees, and $0.5 million for centralized services, utilities and telephone and internet services. *The Governor recommended $0.3 million less than enacted, primarily from general revenues to align with historical expenditures.*

The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $40,005 from general revenues in the Office of the Attorney General's budget for information technology services. It also concurred with the remainder of the recommendation.**

Department of Corrections

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Central Management	$ 16,966,875	$ 17,851,190	$ 15,762,495	$ 15,823,807
Parole Board	1,509,356	1,613,802	1,479,649	1,479,649
Custody and Security	146,667,954	141,629,237	139,760,436	139,724,692
Institutional Support	31,880,280	33,369,495	26,705,243	29,417,177
Institutional Based Rehab/Pop	13,357,593	14,570,536	12,046,396	12,609,646
Healthcare Services	26,337,032	27,792,758	28,314,857	28,175,754
Community Corrections	18,020,656	17,519,543	18,756,719	18,690,425
Total	**$ 254,739,746**	**$ 254,346,561**	**$ 242,825,795**	**$ 245,921,150**
Expenditures by Category				
Salaries and Benefits	$ 196,483,612	$ 195,223,141	$ 190,479,505	$ 190,333,488
Contracted Services	16,110,566	16,433,497	15,579,046	16,033,168
Subtotal	**$ 212,594,178**	**$ 211,656,638**	**$ 206,058,551**	**$ 206,366,656**
Other State Operations	29,665,837	30,210,192	29,222,739	32,009,989
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,241,546	2,241,546	2,149,637	2,149,637
Capital	10,238,185	10,238,185	5,394,868	5,394,868
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 254,739,746**	**$ 254,346,561**	**$ 242,825,795**	**$ 245,921,150**
Sources of Funds				
General Revenue	$ 163,246,644	$ 110,852,822	$ 233,115,486	$ 236,349,944
Federal Aid	80,641,212	132,626,767	2,246,289	2,107,186
Restricted Receipts	960,082	975,164	2,339,020	2,339,020
Other	9,891,808	9,891,808	5,125,000	5,125,000
Total	**$ 254,739,746**	**$ 254,346,561**	**$ 242,825,795**	**$ 245,921,150**
FTE Authorization	**1,411.0**	**1,411.0**	**1,424.0**	**1,424.0**
Prison Population	**2,267**	**2,155**	**2,354**	**2,354**

Summary. The Department of Corrections requested $247.5 million, $7.3 million less than enacted from all sources of funds, including $78.2 million more from general revenues. The Department requested 1,426.0 full-time equivalent positions, which is 15.0 more than the authorized level. The request assumes a population of 2,387 which is 120 more than assumed in the FY 2021 enacted budget and the revised request.

The Department submitted a constrained request which reduces general revenue expenditures by $34.0 million. The proposals to achieve the reductions are noted among the items described below. *The Governor recommended $242.8 million from all sources, which is $11.9 million less than enacted, including $69.9 million more from general revenues. The recommendation is $4.7 million less than requested, including $8.3 million less from general revenues. The Governor recommended 1,424.0 full-time equivalent positions*

which is 12.0 more than the enacted authorization. The Governor assumed a population of 2,354 which is 33 less than the Department's request.

The Governor subsequently requested amendments to include $0.6 million more for inadvertently understated mental health contract costs and to remove $0.1 million in COVID relief funding that did not have a fund source. **The Assembly included $3.2 million more from general revenues and $0.1 million less from federal funds, including funding consistent with the amended recommendation.**

Staffing. The Department requested $196.6 million for 1,426.0 full-time equivalent positions which is 15.0 more than enacted. This is $0.1 million more than enacted from all sources. The request includes 3.0 more positions in Central Management, 5.0 more positions for Healthcare Services, 6.0 more positions in Institutional Based Rehabilitation and 1.0 more position in its internal service program. As of the pay period ending January 2, 2021, there were 1,347.0 filled positions and 64.0 vacancies. By fund source, this includes $78.6 million more from general revenues, offset by $78.5 million less from federal funds, primarily because the enacted budget shifted $78.6 million from general revenues to Coronavirus Relief funds and the request was submitted before the FY 2021 budget was enacted.

The Governor recommended $190.5 million, or $6.0 million less than enacted, for 1,424.0 positions which is 13.0 more than the enacted authorization, or 2.0 less than requested within Central Management. This reflects $1.5 million more for new positions, offset by overtime savings, primarily from closing modules and a new absenteeism policy. **The Assembly concurred.**

Population. The FY 2022 request is based on a population of 2,387 which is 120 more than assumed in the enacted budget and the revised request. The Department contracts with a firm to prepare population estimates. *The Governor's recommendation assumed a population of 2,354, which is 33 less than assumed in the request and the enacted budget primarily based on proposed probation and parole initiatives.* **The Assembly concurred.**

The following table depicts the recent history of budgeted and actual prison population from FY 2013 through FY 2022.

History	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Request	*3,231*	*3,152*	*3,170*	*3,292*	*3,260*	*3,059*	*2,865*	*2,762*	*2,671*	*2,387*
Governor	3,231	3,152	3,170	3,292	3,200	3,059	2,865	2,691	2,549	2,354
Enacted	3,194	3,152	3,170	3,292	3,200	3,000	2,849	2,671	2,267	2,354
Revised Request	3,146	3,192	3,239	3,206	3,058	2,853	2,760	2,671	2,267	-
Governor Revised	3,146	3,192	3,239	3,182	2,999	2,853	2,730	2,671	2,267	-
Final	3,146	3,192	3,239	3,183	2,999	2,837	2,730	2,633	2,155	-
Actual	*3,160*	*3,214*	*3,183*	*3,068*	*2,958*	*2,784*	*2,665*	*2,544*	*2,144*	-

Probation and Parole Reform

Governor McKee proposed several probation and parole reform initiatives that he has identified as part of equity and social justice reform measures. They involve limiting inmate incarceration for technical violations and increased opportunities to shorten time on probation and parole. The budget assumes these proposals would result in savings of $0.3 million as shown in the table and described below.

Governor's Proposal	Budget Impact
Probation Reform	$ (46,046)
Parole Reform	(49,886)
Juvenile Offender Parole	(17,268)
Medical & Geriatric Parole	(149,997)
Home Confinement Expansion	(17,260)
Total	**$ (280,457)**

Probation Reform. Probation refers to a sentence by a judge made as an alternative to prison or in addition to prison. According to the Department, in FY 2020, 21 percent of sentenced men and 13 percent of sentenced women entered the Adult Correctional Institutions on probation violations. Of that amount, 2.5 percent of prison admissions were driven by technical violations and not new crimes. Technical violations are violations that include failure to: report to a probation officer, remain within the state without authorization, notify a probation officer for a change of address, telephone number or employment, remain steadily employed or attend school, or pay restitution court costs and fines.

The Governor proposed legislation to limit re-incarceration for probation violations to only those who pose a public safety risk, as determined by the Department. The Governor also recommended legislation authorizing people who have served three years or more of their probation sentence to earn 10 days per month off their probation if no probation violation occurs. These compliance credits would apply prospectively. The Department would be required to track the probationer's sentence and the proposal would exclude people convicted of certain violent crimes, including murder and sexual assault. The Governor's budget includes per diem savings of $46,046 from eight individuals not being re-incarcerated for technical violations.

The Governor subsequently requested an amendment with clarifying language on probation revocation and changes the circumstances of being held without bail for probation violations to preserve discretion for the Judiciary. **The Assembly concurred.**

Parole Reform. Parole release allows inmates to serve the remainder of a prison sentence under community supervision. To be considered for parole, an individual must have a sentence over six months and parole eligibility usually occurs after serving one-third of a prison term. The Parole Board has limited discretion to respond to violations, as current law requires a warrant to be issued every time a parolee violates a condition of parole.

The Department reported that of the 67 re-incarcerations from parole violations in 2020, 48 were from technical violations. Technical violations are violations that include failure to report to a probation officer, remain within the state without authorization, notify probation officer for a change of address, telephone number or employment, remain steadily employed or attend school, or pay restitution court costs and fines.

The Governor recommended legislation expanding the Parole Board's discretion to respond to technical violations without requiring a re-arrest of the parolee. The Governor's budget includes per diem savings of $49,886 assuming nine inmates remain on parole who would otherwise be incarcerated for technical violations under current law. The Governor also recommended legislation authorizing compliance credits for good behavior by parolees. The proposal would also provide five days off of a parole sentence if no parole violation occurs. The Department would be required to issue guidance on compliance credits which must include disqualifying actions and rescission or suspension of credits. The Department would also be required to calculate termination dates at the end of each calendar quarter and inform the parolee.

The Governor requested an amendment with clarifying language on termination date calculations. **The Assembly concurred.**

Juvenile Offender Parole. According to the Department, as of March 2021, there were 83 inmates serving time for offenses committed under the age of 22. All offenders currently follow the same parole consideration track, with appearances before the Parole Board when the inmate becomes eligible for parole consideration. Parole consideration typically occurs for inmates who have served one-third of their prison term and were sentenced to incarceration for a minimum of six months.

The Governor recommended legislation requiring the Parole Board to develop specific rules and regulations for parole consideration for individuals serving a sentence for a crime committed under the

age of 18. When addressing the offenders parole case, the Board must consider the following: education and court documents, participation in rehabilitative and education programs while in prison, age at the time of the offense, immaturity at the time of the offense, home and community environment at the time of the offense, efforts made toward rehabilitation, evidence of remorse, consideration of the diminished culpability of juveniles as compared to that of adults, the growth of the prisoner during incarceration, and other factors the Board considers relevant. The proposal also requires that any person sentenced to an offense after 10 years of incarceration committed under the age of 22 would be eligible for parole consideration. The Governor's budget includes savings of $17,268 from three incarcerated inmates being paroled out of the 32 potentially-eligible people. **The Assembly altered the minimum time served for parolee consideration to 20 years and concurred with the remainder of the recommendation.**

Medical and Geriatric Parole. The Department allows medical leave for inmates that are not sentenced to life without parole and are physically incapacitated or chronically ill to the point that incarceration is no longer punitive and rehabilitative. To apply for medical parole, the inmate or family member must file an application for consideration to the Director with a medical note that includes a medical report and an appropriate discharge plan. When such criteria are met, the Parole Board considers release. If the health status of the inmate changes after release, the Parole Board may order the inmate to return to custody to await a hearing or whether or not the release should be invoked. Governor Raimondo proposed expanding medical parole and the creation of a geriatric parole option in her FY 2021 recommended budget. In her proposal, to be eligible, the inmate had to have served the lesser of 10 years or 75 percent of their total sentence regardless of the crime committed. The individual would have had to go through the same process as an inmate applying for medical parole. The proposal also expanded authorization for medical parole for inmates who are cognitively incapacitated.

Governor McKee recommended the same proposal, except he broadens the proposal to include all eligible inmates, regardless of time served. His budget includes $149,997 in savings from this initiative, assuming that at least thirteen potentially-eligible people could be released under this proposal in FY 2022. **The Assembly concurred.**

Home Confinement Expansion. Home confinement is a community placement that allows for an inmate to live at home. When sentencing, the judge may split time between prison and home confinement. This type of placement is usually for low-risk offenders only. The Director of the Department has the authority to grant home confinement to individuals who are within six months of the projected good time release and have completed at least one half of the term of their incarceration. If an inmate is sentenced to less than six months, they must complete at least three-fourths of their term of incarceration before becoming eligible for home confinement.

The Governor proposed expanding the eligibility of individuals who can receive home confinement through the director's discretion. Inmates sentenced to more than six months in prison would be eligible for home confinement if they have served half of their sentence and are within one year of projected good time release, which is six months shorter than current law requires. Those sentenced to less than six months would be eligible upon serving only half of their sentence. The recommended budget includes savings of $17,260, assuming three inmates are reclassified to home confinement. **The Assembly concurred.**

Institutional Corrections - Per Diem Expenditures

Population: Per Diem Expenditures - Healthcare. The Department requested $7.0 million for population related medical expenditures that are calculated on a per diem basis. This is $0.3 million more than enacted and assumed in the revised request. These expenses include items such as inpatient and outpatient care, doctor and dental costs, and medical testing. The Department continues to experience increasing medical costs. According to the federal Centers for Medicare and Medicaid Services, healthcare costs are expected to grow at an average annual rate of 5.4 percent between 2019 and 2028. For comparison, the Department

expected its average inmate medical costs of $3,528 in FY 2020 to increase in FY 2021 to $3,945 per inmate or an annual increase of 11.9 percent. However, the FY 2022 request assumes a cost of $3,886 per inmate which is 1.5 percent less than assumed in the revised request. The Department appeared to base per diem projections on the most recent authorized budget with adjustments for updated population information and certain contract values. The Department bases per diem projections on the most recent updated population information, contract costs and prior year spending. It is worth noting the increase is largely for contracted medical costs, from what the Department indicates are updated contracted healthcare costs. These medical costs had decreased or remained consistent over the past three fiscal years; the FY 2018 cost per inmate was $1,731, FY 2019, and FY 2020 were $1,703. The Department's request assumed costs of $2,207 which is $504 more per inmate than the FY 2020 cost. *The Governor recommended $44,588 less than requested to reflect a lower inmate population, unrelated to the initiatives.* **The Assembly concurred.**

Population: Per Diem Expenditures - All Other Expenses. The Department requested $5.3 million from general revenues for all non-medical population related expenditures that are calculated on a per diem basis. This is $0.2 million more than assumed in the enacted budget and revised request. These expenses include items such as food, inmate clothing and linens, and kitchen and janitorial supplies. The FY 2022 request assumed an average cost of $2,208 per inmate which is $30 less than the FY 2021 revised request average cost per inmate of $2,243 for these expenses. The Department bases per diem projections on the most recent updated population information, contract costs and prior year spending. *The Governor recommended $28,600 more than requested for those expenses, reflecting higher kitchen supply and food costs, unrelated to the aforementioned initiatives.* **The Assembly concurred.**

Hepatitis C Treatment. Consistent with the enacted budget and the revised request, the Department's FY 2022 request includes $2.3 million to treat a monthly average of 30 people with Hepatitis C for 12 months. As the treatment regimen lasts for several weeks, this equates to $19,331 per inmate for 120 inmates. The Department began treating all inmates with curative medication for Hepatitis C based on changes in the Executive Office of Health and Human Services interpretation of Medicaid standards in July 2018 which the Department follows.

The FY 2020 budget also includes $2.3 million with the same assumptions. Actual FY 2020 expenditures were only $0.4 million covering 24 inmates at an average cost of $17,300 per inmate which is similar to FY 2019 per inmate treatment costs. This suggested there may be additional savings from budgeted amounts for FY 2022. *The Governor recommended funding as requested.* **The Assembly concurred.**

Reduced Offsite Care - Healthcare Staff (4.0 FTE). The Department requested $0.2 million from expanding the Department's in-house medical capabilities, consistent with a proposal included in the Governor's FY 2021 recommendation but not enacted. The Department has limited in-house medical capabilities resulting in patients being sent to external hospitals with correctional officer escorts. The request includes $0.5 million and 4.0 new positions for FY 2022, including two health program administrators, one hospital case manager, and one data analyst II. These positions are assumed to begin in March 2021. The request assumed per diem savings of $0.3 million. Annualized, these positions are expected to cost $0.5 million, which would be offset by $0.6 million in overtime savings from reduced correctional officer escorts to hospitals and $165,000 in per diem savings, for total savings of $0.3 million.

The constrained budget excluded this proposal. *The Governor recommended savings of $0.3 million from expanding the Department's in-house medical capabilities, consistent with the intent of the request.* **The Assembly concurred.**

Institutional Corrections - Other

COVID-19 Supplies. On March 13, 2020, President Trump declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75

percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided $1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to "second-order" effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related to public health measures. For FY 2020, the Assembly provided $1.2 million for personal protective equipment and cleaning services of which the Department spent $0.6 million. No funding was provided in the Department's FY 2021 enacted budget or the FY 2021 revised request. *The Governor recommended $0.2 million from federal funds for the Department's share of these expenses. This includes $0.1 million for which a specific grant source had not been identified at the time of the submission. This appeared to assume that the expenses would be suitable for some of the funding in the American Rescue Plan.*

The Governor subsequently requested an amendment to exclude the $0.1 million of these costs, including all funding without a specific grant source. **The Assembly concurred with the amended recommendation.**

Healthcare Utilization Review. Consistent with the revised request, the Department's request excluded the enacted funding of $46,000 from general revenues to conduct a multi-year review to monitor its state physicians and healthcare contractors to assess whether or not hospital trips are valid and if all medical needs of inmates are being met. At the time of its request, the Department indicated it does not intend to conduct this review in FY 2021 or FY 2022. *The Governor recommended funding as requested.* **The Assembly concurred.**

New Vehicles. The Department requested $128,804 from general revenues to purchase four new vehicles to replace vehicles that are reportedly no longer sufficient to fulfill its needs. This is consistent with the revised request which also includes four new vehicles for a total of eight over the two years. In FY 2018, the Department purchased several vehicles totaling $0.5 million from general revenues despite no funding being allocated for such an expense. In FY 2019, the Department purchased two vehicles for $0.2 million despite no funding being approved for these expenses. The Department also placed an order during FY 2020, but the order was not filled because there was no appropriation to support it. It is worth noting that the state typically purchases vehicles through the state fleet fund which are paid back by the Department acquiring the vehicle over a three-year period.

The constrained budget excluded this proposal. *The Governor did not recommend these funds.* **The Assembly concurred.**

Salaries and Benefits. The Department requested $167.1 million for salaries and benefits for other institutional corrections staffing which is $2.2 million less than enacted. The request also restores $77.7 million from Coronavirus Relief funds to general revenues that were included in the enacted budget for one-time staffing expenses in FY 2021. The enacted budget assumed savings of $0.2 million from general revenues based on employee participation in the workshare program which ended in September 2020. Adjusted for these items, the request is $2.5 million less than the enacted budget, including $2.3 million less from general revenues which primarily reflects overtime savings partially offset by a reduction in turnover savings. Overtime expenses are $17.7 million, which is $3.7 million less than enacted, primarily reflecting correctional officer Class 84 to begin working in the final pay period of June 2021.

The Department's request assumes 40 correctional officers will graduate from Class 84 in June 2021 and will begin work in the final pay period of FY 2021. The FY 2022 request assumes the Department would

graduate another correctional officer class, Class 85, which would start in October 2021 and begin work immediately upon graduation.

The Department's constrained budget request includes savings of $0.8 million from a 10 percent reduction in some non-correctional officer staff salaries and benefits, and does not reduce the requested number of positions. These savings are equivalent to approximately 5.0 positions. *The Governor recommended $5.5 million less than enacted, largely from a reduction of overtime costs related to the significant population decrease that has occurred since the start of the COVID-19 emergency. The recommendation also includes $72.2 million being restored to general revenues from Coronavirus Relief Funds.* **The Assembly concurred. It also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $146,017 in the Department of Corrections budget based on the four individuals who participated during FY 2021. Of this amount, $35,744 is included for institutional corrections staff.**

Litter Crews. Consistent with the revised request, the Department included correctional overtime savings of $0.2 million from general revenues from the reduction of the use of litter crews by the Department of Transportation. Since the COVID-19 emergency began, the Department of Transportation has not requested the use of these crews and reportedly is doing the litter crew work with its own staff. *The Governor recommended funding as requested.* **The Assembly concurred.**

Absenteeism Initiative. The Department's constrained budget request includes $0.4 million in general revenue turnover savings from changes to the Department's absenteeism policies by implementing a new discipline policy. The Department indicated that previous to the changes to tracking sick time abuse and disciplines from abuse did not allow for impetus to correct this behavior. The Department has changed the procedures in which it disciplines abuse of sick time. Sick time abuse is referred to each program manager for discipline at the time of each trimester review. The trimester review report will be provided to managers that reflect employees who have used more than 40 hours of sick time with an option to recommend discipline. The new discipline programs have two tracks; one for issues involving absenteeism, tardiness, and involuntary-mandatory overtime and one for all other suspected abuses. Examples of potential discipline include documented counseling, oral reprimands, suspensions and terminations.

The Department implemented these new policies in September 2019, but they were put on hold due to the unfair labor practice charge filed by the Rhode Island Brotherhood of Correctional Officers which is still pending. The Department notes that the reduction in abuse will require changes over time and will likely have some impact in FY 2022 and a greater impact in FY 2023. *The Governor recommended $1.0 million from a reduction in overtime from enforcement of absenteeism policies.* **The Assembly concurred.**

State Criminal Alien Assistance Program. The Department requested $1.0 million for its anticipated award from the State Criminal Alien Assistance Program which is $0.1 million more than enacted and $1.0 million more than its revised request which assumes no funding. These federal funds provide support for costs of incarcerating undocumented criminals, with at least one felony or two misdemeanor convictions for violations of state or local law, for at least four consecutive days. The Department indicated that it does not anticipate receiving an award for FY 2021, as it had not received its application, which typically arrives in the fall at the time of the budget request submission. *The Governor recommended $94,154 less than enacted to reflect updated award information, offsetting a like amount of general revenues.* **The Assembly concurred.**

Discharge Planning (7.0 FTE). The Department requested $2.5 million from general revenues, which is $0.4 million more than enacted and reflects providing the services in-house rather than through a vendor, consistent with a proposal included in Governor's FY 2021 recommendation. Discharge planning provides services to prevent recidivism including residence, employment or qualifying for entitlement programs. Services were previously provided by three different vendors, but were consolidated into a single provider

contract in FY 2019. The vendor continued to experience high levels of turnover resulting in service delivery issues. At the time of the request, the Department had existing staff deliver minimal discharge services.

The request includes $0.8 million from general revenues for seven positions for FY 2022 and assumed the positions would begin in FY 2021. These are offset by $0.3 million from the elimination of the vendor contract costs assumed in the enacted budget. As discharge services include enrolling inmates in Medicaid, the Department indicated these positions are eligible for Medicaid match and is in the process of drafting a proposal for a vendor to track eligible Medicaid expenses within the Department. The Department assumed Medicaid match of approximately $132,000.

The Department's constrained budget request includes savings of $0.6 million. This includes savings of $0.8 million from the exclusion of the new positions, offset by restoring $0.1 million from general revenue savings included from Medicaid reimbursement. It does not appear to include the contract costs.

The Governor recommended bringing discharge planning services in-house as requested. The recommendation includes $0.7 million for 7.0 new positions, including $551,164 from general revenues for staffing costs, $112,000 from general revenues for a time tracking system to facilitate required timekeeping for Medicaid eligibility and $155,458 for the federal share of eligible Medicaid expenses. These costs are offset by the exclusion of the $583,355 provided for a contracted vendor and $79,809 in turnover savings, assuming a delayed hiring schedule, as the Department had filled four of these positions in FY 2021. **The Assembly concurred.**

Medication Assisted Treatment. The Department requested $2.4 million, which is $1.1 million less than enacted from all funds, for the medication assisted treatment program for opioid users that began in FY 2017. This includes $0.1 million less from general revenues and $0.8 million less from restricted receipts to exclude the opioid stewardship funding included for FY 2021. The Opioid Stewardship funds included in the enacted budget were to expand treatment to inmates on day one of entering Department care. The Department did not include general revenues to continue this initiative after FY 2021, although it had indicated that it intended to do so.

The funds are used to screen for opioid use and disorders and conduct an assessment of new inmates to determine treatment options. An inmate who starts medication-assisted treatment prior to release receives community referral for ongoing treatment upon release. The Department reported that over two-thirds of inmates suffer from drug and/or alcohol abuse. In FY 2020, the Department served 1,332 commitments, or 1,003 unique inmates, accounting for the repeat treatments. *The Governor recommended $0.8 million more than requested from the Opioid Stewardship Fund to continue the treatment of inmates on day one of entering Department care. He also shifted $0.7 million of general revenue expenses to the Opioid Stewardship Fund. The recommendation includes $1.5 million from general revenues.* **The Assembly concurred.**

Mental Health Services. The Department requested $2.2 million from general revenues for mental health services for inmates, consistent with federal guidance. This is $0.6 million less than enacted, to more closely reflect FY 2020 costs, and is $0.1 million more than the revised request to reflect increased contract costs. This reflected anticipated usage of therapists, clinicians and other mental health support services which are largely delivered in the correctional facilities by external vendors. Facility access was restricted by the COVID-19 emergency in FY 2020, and the request appeared to expect a continued impact in FY 2022.

The Department contracts with several mental health providers with the largest being Lifespan. The services provided by Lifespan include on-site psychiatrist services Monday through Friday, as well as on call hours for weekends in sentenced facilities. For the awaiting sentencing population, services are

provided on-site seven days a week and on call for 12 hours per day all week. This includes a clinical nurse on-site with the psychiatrist. The Department spent $1.4 million in FY 2020 during which service delivery was impacted by the COVID-19 emergency. The Department subsequently indicated the request understates general revenue contract costs by $0.6 million. *The Governor recommended total funding as requested and shifted $0.7 million of contract costs to the Opioid Stewardship Fund.*

The Governor subsequently requested an amendment to include the $0.6 million in general revenue contract costs inadvertently excluded in the request. **The Assembly concurred with the amended recommendation.**

Inmate Apprenticeship, Training and Employment (2.0 FTE). The Department requested $0.3 million for 2.0 new positions and operating costs, beginning in March 2021, to establish a workforce development program through the Real Jobs RI program. One position would manage the program and the other would collaborate with the Department of Labor and Training to help former inmates and connect vendors and former inmates to improve access to employment. This would replace the license plate program as license plate production is no longer deemed a best practice in correctional programming. The proposal was that the Department continue to produce specialty plates using its current equipment, but that 3M will take over the full license plate reissuance and production beyond that. This is consistent with a proposal in the Governor's FY 2021 recommendation that was not approved by the Assembly.

The constrained request excluded this proposal. *The Governor recommended funding consistent with the unconstrained request.* **The Assembly concurred.**

Temporary Staff. The Department requested $0.3 million, which is $0.1 million more than enacted, to offset vacancies in institutional corrections until positions can be filled. The Department assumed a greater amount of turnover than the enacted budget and the Department fills vacant, essential positions with temporary staff positions until a full time employee begins.

The constrained request excluded this funding. *The Governor recommended funding consistent with the constrained budget.* **The Assembly concurred.**

Nursing Pool Contract. The Department requested $145,000 from general revenues, which is $5,000 less than enacted, for contracted nursing pools which are used to cover necessary shifts when state employees refuse overtime. The revised request is $6,064 more than spent in FY 2020 and is consistent with the revised request. *The Governor recommended $6,064 less than requested, consistent with FY 2020 costs.* **The Assembly concurred.**

Education Contracts. The Department requested $145,000 from general revenues, which is $5,000 less than enacted, for classes provided through the Community College of Rhode Island for inmates who demonstrate good behavior. The revised request is $427 less than spent in FY 2020 and is consistent with the revised request. *The Governor recommended funding as requested.* **The Assembly concurred.**

Education and Development Grants. The Department requested $0.3 million from federal education and development grants which is $47,331 less than enacted based on updated information on award amounts. These grants are used to provide academic opportunities to prepare inmates for reentry into society. This includes special education grants which are administered by the Department of Elementary and Secondary Education. *The Governor recommended funding as requested.* **The Assembly concurred.**

Building Maintenance. The Department included $3.2 million from general revenues, which is $0.8 million more than enacted, for building maintenance to bring repair costs to be more consistent with recent experience. This is consistent with the Department's revised request. Any repair costs that are under $50,000 are ineligible for Rhode Island Capital Plan funds and must be covered through the Department's

operating budget. However, agencies are expected to make repairs, typically through their asset protection projects, to mitigate these costs. In FY 2019, the Department spent $2.5 million from general revenues on these expenses which increased by $0.7 million in FY 2020 to $3.1 million. *The Governor recommended $0.4 million less than requested, holding maintenance costs at the enacted level, but funded supply and equipment costs as requested.* **The Assembly concurred.**

Other Institutional Corrections Operations. The Department requested $4.7 million, including $4.6 million from general revenues, for all other institutional corrections expenses which is $35,009 less than enacted. This includes $1.1 million for inmate payroll, $0.6 million for utilities, $0.6 million from its share of state fleet costs, $0.4 million for office equipment and repairs, $0.2 million for grounds maintenance, $0.1 million for furniture replacement and $1.4 million for all other costs. The request is $28,714 less than enacted from general revenues, including less for inmate payroll. Expenditures for federal funds from family reunification services are also lower based on awards. *The Governor recommended $179,610 less than enacted, including $207,179 less from general revenues, largely reflecting a reduction in office supplies and equipment costs.* **The Assembly concurred.**

Other Programs

Correctional Officer Class 85. The Department requested $2.8 million for its training unit for Correctional Officer Class 85. This is $24,962 less than enacted for Class 84 although it intended to request expenses consistent with the enacted budget. The Department's request assumed Class 85 would graduate in October 2021 with 40 candidates who would all begin work following graduation. *The Governor recommended $46,491 less than enacted and $21,529 less than requested from excluding advertising costs for recruitment.* **The Assembly concurred.**

Cognitive Behavioral Therapy. The Department requested $0.3 million from general revenues for the cognitive behavioral therapy program which is $53,810 less than enacted and consistent with the revised request. The savings reflect the actual cost of its service contract. As part of the FY 2021 recommended budget, the Governor proposed shifting $0.2 million from general revenues from the Department of Corrections to the Judiciary in support of the cognitive behavior therapy program. Beginning in FY 2020, the Judiciary began overseeing the offenders who are sentenced to these services. Funding was to be used to support a clinician to assess if cognitive behavior therapy intervention would be beneficial to a defendant. Based on that assessment, the clinician would make a recommendation to the judge. If a defendant's healthcare would not cover the cost of any necessary therapy, funding could also be used to pay for that. *The Governor recommended funding as requested.* **The Assembly concurred.**

Audit Positions (2.0 FTE). The Department included $0.2 million from general revenues for 2.0 new audit positions to begin in July. In 2020, the Office of Internal Audit conducted an audit on the Department to determine if the processes for award and tracking of sentence reductions for inmates are operating efficiently and effectively in accordance with applicable laws, rules and regulations. The Office recommended a number of improvements the Department should implement to strengthen the process including, a detailed review of good time recommendations, data validation controls in the information system to prevent awards for unattended classes, standardized attendance and scoring practices in programming, ensure removal of access rights for terminated employees, perform management reviews of user activity and implementing a process to reconcile good time reductions to disciplinary penalties.

The first position would develop and refine data entry procedures and analysis tools to ensure consistent quality through the data entry process and the second position would oversee quality controls of inmate program participation credits, including the development of standard operating procedures and standardized attendance forms for each facility.

The positions are excluded in the constrained request. *The Governor did not recommend funding or authorization for the new positions.* **The Assembly concurred.**

Other Salaries and Benefits. The Department requested $24.6 million for salaries and benefits for staffing costs for central management, community corrections and the Parole Board. This is $0.9 million more than enacted, including $0.5 million for overtime which is $0.3 million more than enacted. The request also restored $0.9 million from Coronavirus Relief funds to general revenues that were included for one-time staffing expenses in FY 2021. The enacted budget assumed savings of $0.5 million from general revenues based on employee participation in the workshare program which ended in September 2020. Adjusted for these items, the request is $0.5 million more than the enacted budget from general revenues. The Department planned on filling additional positions in community corrections, probation and parole to reflect its current probation and parole workload. The request would fund 199.0 of the 208.0 positions allocated to these programs.

The Department's constrained budget request includes savings of $2.4 million within non-institutional corrections in some non-correctional officer staff salaries and benefits and does not reduce the requested number of positions. The savings are equivalent to approximately 18 positions.

The Governor recommended $0.1 million more than enacted reflecting restoration of turnover savings equivalent to 1.5 positions. The recommendation also restored general revenues of $0.9 million from one-time Coronavirus Relief funds included in the enacted budget. **The Assembly concurred. It also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $146,017 in the Department of Corrections budget based on the four individuals who participated during FY 2021. Of this amount, $110,273 is included for all non-institutional corrections staff.**

Temporary Staff. The Department requested $0.1 million from general revenues which is $26,970 less than enacted for temporary staff, consistent with the revised request. The savings are from the Parole Board program, as it is completely staffed and there is no need for temporary positions.

The constrained request excluded this funding. *The Governor recommended funding consistent with constrained request.* **The Assembly concurred.**

Persistently Mentally Ill Inmates. The Department requested $0.2 million from general revenues, or $52,044 more than enacted, consistent with the revised request, for expert witnesses expenses related to ongoing lawsuits. The Department is a defendant in several pending federal lawsuits challenging the housing of seriously and persistently mentally ill individuals in a restrictive housing setting. Restrictive housing refers to placement of an individual in a cell for 22 hours a day or more. In its capital request, the Department requested $5.0 million from Rhode Island Capital Plan funds for FY 2023 to create a transitional care unit within the High Security facility. This unit would house between 75 and 100 inmates. *The Governor recommended $750,000 more than requested from general revenues and language in Article 1 allocating this funding for the design of a transitional care unit. The Governor did not include any funding for this unit in his capital recommendation.* **The Assembly concurred.**

System Maintenance. The Department requested $400,340 from general revenues for all system maintenance, including $251,000 for its case management system, which is $0.1 million less than enacted and is consistent with the revised request. Since the revised request reflected a delay with getting the case management system online, these costs are likely understated, as presumably this system would be online for all of FY 2022. Costs for developing this system were included in the Department of Administration's Information Technology Investment Fund, but funding for the maintenance of the system is included in the Department's budget. This is in compliance with Rhode Island General Law, Section 42-56-7(h), which mandates the development of an automated case management system for probation and parole officers. As

of the beginning of March, this system is expected to come online in April or May 2021. *The Governor included funding essentially as requested.* **The Assembly concurred.**

Computer and Database Maintenance. The Department requested $0.9 million, including $68,519 more than enacted from general revenues for computers, software and database maintenance based on updated scheduling for repairs and replacements for FY 2022. As of November 10, 2020, the Department has 897 computers and replaces approximately 50 annually. *The Governor recommended $45,971 less than enacted and $0.1 million less than requested, reflecting the exclusion of requested funding for new computers.* **The Assembly concurred.**

Victim Services Grants. Consistent with the revised request, the Department requested $18,498 less than enacted from federal funds to support existing victim services programs based on its most recent award information. These formula driven grants are awarded by the Department of Justice and given to states to provide direct services to crime victims. *The Governor recommended funding as requested.* **The Assembly concurred.**

Justice Reinvestment Initiative Grant. The Department excluded the enacted funding of $0.1 million from federal funds from a grant award for its role in the Justice Reinvestment Initiative, the goal of which is to assist in the development of evidence-based practices. The Department included all award funding of $0.3 million in its FY 2021 request which includes unspent funding of $0.2 million from FY 2020. *The Governor recommended funding as requested.* **The Assembly concurred.**

Parking. The enacted budget included $54,000 for parking costs based on shifting debt service expenses related to the Garrahy Garage to user agency budgets. The request predates the budget enactment and does not include this expense. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Projects. The Department requested $4.1 million from Rhode Island Capital Plan funds which is $5.8 million less than enacted for projects scheduled for FY 2022. This reflects $6.8 million less than enacted for the Medium facility renovations which are expected to be completed in FY 2021, partially offset by $1.0 million more for asset protection projects. This is consistent with the Department's capital request. *The Governor recommended $1.0 million more than requested.* **The Assembly concurred. A detailed description of the projects is included in the Capital Budget section of this publication.**

Centralized Services. The Department requested $13.5 million for centralized services provided through the Department of Administration to reflect the FY 2020 experience. The Department's request is $0.7 million less than enacted and consistent with the revised request. This includes $0.1 million more for centralized information technology services, $0.7 million less for facilities management, and $0.1 million less for human resources. In FY 2020, the Department spent $13.5 million which is $8,124 less than requested for FY 2021.

The Governor recommended funding as requested. The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and included $2.8 million more from general revenues in the Department of Corrections' budget. This includes $2.7 million more for facilities and $0.1 million more for information technology.**

Other Operations. The Department requested $1.8 million, including $1.7 million from general revenues for all other expenses, which is $26,195 less than enacted from all sources. Expenses include $1.0 million

for services and supplies in the probation and parole unit, $0.2 million for its home confinement unit equipment, $0.1 million for security, and $0.4 million for other expenses including utilities, office supplies, and postal and printing services. This includes increases in stenographic services and janitorial services and largely reflects FY 2020 spending. *The Governor recommended $61,761 less than enacted, including $52,910 less from general revenues largely reflecting a reduction for postal costs and office supplies.* **The Assembly concurred.**

Target - Inmate Programming. The Department's constrained budget request includes general revenue savings of $11.1 million from the elimination of all inmate programming, except for religious services and education services for the under 22 population. The reduction includes programming savings of $6.4 million from reductions in cognitive behavior therapy, substance abuse therapy, anger management, sex offender treatment, and discharge planning, among others. The reduction also includes savings of $4.7 million from reduced costs within the Rehabilitative Services program for the employees involved with delivering these services. The Department noted that this would result in longer sentences for these individuals as they would not be able to earn program participation time. *The Governor did not recommend this proposal.* **The Assembly concurred.**

Target - Closure of Women's Facility. The Department's constrained budget request includes general revenue savings of $4.2 million from closing the Women's Correctional facility which has averaged 129 inmates in FY 2020 and 86 through January of FY 2021. The proposal would transfer all but 10 inmates out of state, with the remaining transferred to home conferment. The savings reflect costs of $2.9 million from transferring the inmates out-of-state, offset by $6.5 million in reduced staffing costs, largely from transferring correctional officer staff to other facilities, and $0.7 million from a reduction in operating costs. *The Governor did not recommend this proposal.* **The Assembly concurred.**

Target - Closure of Minimum Facility. The Department's constrained budget request includes general revenue savings of $10.4 million for FY 2022 from closing the Minimum Security facility and transferring all inmates to the Medium Security facility. In FY 2020, the Department averaged 199 placements at the Minimum facility and 109 through January of FY 2021. The savings include $10.1 million in overtime from transferring correctional officer staff to other facilities and a reduction of staff supervision of inmates working outside of the facility and $0.3 million from a reduction in operating costs. It is worth noting that all inmates without a medical condition are employed either within the institution, on public service projects, work release, or are seeking employment. *The Governor did not recommend this proposal.* **The Assembly concurred.**

Target - Transferring Costs to Other Agencies. The Department's constrained budget request proposes to transfer $2.9 million of expenses from its budget to other agency budgets which does not actually achieve savings to the state. *The Governor did not recommend this proposal.* **The Assembly concurred.**

Judicial Department

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Supreme Court	$ 35,049,057	$ 36,123,409	$ 39,255,786	$ 38,937,799
Defense of Indigent Persons	5,079,035	4,137,249	5,075,432	5,075,432
Commission on Judicial Tenure & Discipline	154,779	155,231	155,863	155,863
Superior Court	23,761,893	23,621,127	25,613,173	25,541,140
Family Court	26,041,057	26,281,136	26,938,259	26,614,395
District Court	14,200,491	14,367,637	14,782,954	15,074,578
Traffic Tribunal	8,966,306	8,978,219	9,786,908	9,716,034
Workers' Compensation Court	8,874,787	8,901,431	9,309,410	9,310,113
Total	**$ 122,127,405**	**$ 122,565,439**	**$ 130,917,785**	**$ 130,425,354**
Expenditures by Category				
Salaries and Benefits	$ 91,375,694	$ 91,788,366	$ 97,332,189	$ 96,574,291
Contracted Services	2,205,988	2,221,893	2,452,971	2,838,591
Subtotal	**$ 93,581,682**	**$ 94,010,259**	**$ 99,785,160**	**$ 99,412,882**
Other State Operations	13,648,287	14,656,199	13,291,803	13,291,803
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	11,104,983	10,146,894	11,231,183	11,111,030
Capital	3,792,453	3,752,087	6,609,639	6,609,639
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 122,127,405**	**$ 122,565,439**	**$ 130,917,785**	**$ 130,425,354**
Sources of Funds				
General Revenue	$ 103,483,394	$ 102,511,550	$ 108,788,654	$ 107,908,680
Federal Aid	3,456,888	3,919,294	3,541,877	3,928,259
Restricted Receipts	12,863,388	13,851,226	13,637,254	13,638,415
Other	2,323,735	2,283,369	4,950,000	4,950,000
Total	**$ 122,127,405**	**$ 122,565,439**	**$ 130,917,785**	**$ 130,425,354**
FTE Authorization	**726.3**	**726.3**	**726.3**	**726.3**

Summary. The Judiciary requested $130.8 million from all sources, including $111.4 million from general revenues for FY 2022. This is $8.7 million more than enacted, including $7.9 million more from general revenues. Consistent with the enacted authorization, the Department requested 726.3 full-time equivalent positions. *The Governor recommended $130.9 million from all sources, which is $8.8 million more than enacted and $0.1 million more than requested. General revenues are $5.3 million more than enacted and $2.6 million less than requested. The Governor recommended 726.3 full-time equivalent positions, as enacted and requested.*

The Governor subsequently requested an amendment to add $0.4 million from federal funds for the Veterans Treatment Court. **The Assembly provided $0.9 million less from general revenues and concurred with the remainder of the amended recommendation.**

Staffing. The Judiciary requested $100.2 million from all sources for salaries and benefits for 726.3 positions, which is $8.8 million more than enacted from all sources, which would fully fund all of its positions. The Judiciary noted that it requested to work with the Budget Office to identify turnover savings the Department believes are reasonable and attainable. The FY 2022 request is $9.3 million more than spent in FY 2020 when there was an average of 685.3 filled positions. As of the January 16 pay period, the Judiciary had 59.9 vacant positions and had averaged 672.1 filled for the year.

The enacted budget includes $1.1 million of one-time savings based on 183 individuals from the Judiciary opting to participate in the workshare program. Adjusted for those savings, the request is $7.7 million more than enacted.

The Governor recommended $97.3 million for salaries and benefits, which is $6.0 million more than enacted and $2.9 million less than requested. This represents turnover savings of approximately three percent which is similar to FY 2020 experience. As of the pay period ending March 13, 2021, the Judiciary had 56.9 vacant positions. Turnover savings in the Governor's recommended budget is equivalent to approximately 22 positions.

The Assembly distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $0.8 million in the Judiciary's budget based on the 23 individuals who participated during FY 2021. The Assembly also added $0.1 million from all sources to account for the base adjustment to agency budgets for FY 2022 resulting from a settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages and concurred with the remainder of the recommendation.

Garrahy Parking Garage. The 2014 Assembly authorized the Convention Center Authority to issue up to $45.0 million for the construction of the Garrahy Parking Garage. The bonds were issued in March 2018. The cost for the Judiciary's 128 spaces is $342,900 including $291,600 from general revenues and $51,300 from restricted receipts. *The Governor recommended funding as requested.* **The Assembly concurred.**

Indigent Defense Services. The Judiciary requested $5.0 million from general revenues for indigent defense services, which is $0.1 million less than enacted and consistent with its revised request for FY 2021. This program assigns private attorneys to clients that the Office of the Public Defender is unable to provide legal representation services to because of conflicts of interest. These expenditures have been steadily increasing over the years; $4.0 million was spent in FY 2017, $4.1 million was spent for FY 2018, $4.6 million was spent for FY 2019 and $4.5 million was reportedly spent for FY 2020. *The Governor recommended funding as requested.* **The Assembly concurred.**

Overhead Functions

Pay-Go Judges Pensions. The Judiciary requested $5.2 million from all sources, including $4.5 million from general revenues for retirement costs for judges and magistrates hired before 1990 who are not part of the state employees' retirement system. The request is consistent with the enacted budget. The pension costs are paid through an annual appropriation on a pay-as-you-go basis rather than the retirement trust fund. There are currently five remaining active judges whose pensions will be paid this way and they are all eligible to retire. *The Governor recommended funding as requested.* **The Assembly provided $0.1 million less based on the Judiciary's third quarter report.**

Court Technology. The Judiciary requested $6.9 million for court computer technology expenses including 17.0 full-time equivalent positions and the case management system. This is $0.1 million more than enacted from general revenues. This unit is responsible for overseeing the development and implementation of a technology system that includes computer maintenance systems, software, intragency technical training, 24/7 network monitoring and the help desk. The request includes $0.2 million more to

reflect current service adjustments and no turnover savings offset by $0.1 million less for maintenance costs based on anticipated need. *The Governor recommended funding as requested.* **The Assembly concurred.**

Facilities and Operations. The Judiciary requested $7.8 million from general revenues for the maintenance of the judicial complex facilities including 12.0 full-time equivalent positions. This is $0.1 million more than enacted for salaries and benefits to reflect current service adjustments and no turnover savings. The facilities and operations division is responsible for the execution and coordination of various services relating to the courthouses, infrastructure and grounds. *The Governor recommended funding as requested.* **The Assembly concurred.**

Finance, Budget and Employee Relations. The Judiciary requested $2.8 million from general revenues to support the finance, budget and employee relations function including 16.0 full-time equivalent positions. This is $0.4 million more than enacted to reflect current service adjustments and no turnover savings. *The Governor recommended funding as requested.* **The Assembly concurred.**

Community Outreach and Public Support. The Judiciary requested $1.1 million from general revenues to support the community outreach and public support function including interpreters for FY 2022. This is $0.1 million more than enacted almost entirely for salaries and benefits to reflect current service adjustments and no turnover savings for 6.0 full-time equivalent positions. *The Governor recommended funding as requested.* **The Assembly concurred.**

Planning. The Judiciary requested $0.3 million from general revenues to support its planning function which includes $14,002 more than enacted, almost all for salaries and benefits for 2.0 full-time equivalent positions. The Office develops the Judiciary's quarterly statistics reports and performance measures by compiling data from all courts, provides staff support to Supreme Court committees and outside committees as requested, coordinates diversity training programs for court employees and new attorneys, applies for and monitors certain judicial grants, and assists in special technology projects. *The Governor recommended funding as requested.* **The Assembly concurred.**

Education. The Judiciary requested $0.3 million from general revenues for the education function which is $24,476 more than enacted. This includes $4,567 more for salary and benefit expenditures to reflect current service adjustments for 2.0 full-time equivalent positions consistent with Budget Office planning values and approximately $19,000 for out-of-state conferences. The enacted budget excluded funding for such conferences because of the COVID-19 pandemic. The education function includes overseeing mandatory continuing legal education for attorneys and the education program for judges and magistrates. *The Governor recommended funding as requested.* **The Assembly concurred.**

Clerks/Records Center. The Judiciary requested $3.9 million for the clerks and record center functions. This is $0.4 million more than enacted for salaries and benefits for 14.0 full-time equivalent positions. The request reflects no turnover savings and current service adjustments consistent with Budget Office planning values.

The Judicial Records Center is located in rented property on Hill Street in Pawtucket and serves as the central repository for the state's semi-active, inactive and archival court records. Current records that are still necessary for the daily operations of the courts remain stored at the Clerk's Office of the respective court. Clerks also provide legal research and writing assistance to the judges and magistrates of the Superior, Family, District, and Workers' Compensation Courts and the Traffic Tribunal. *The Governor recommended funding as requested.* **The Assembly shifted $0.2 million in rent costs among accounts to properly budget the Records Center's rent and concurred with the remainder of the recommendation.**

Disciplinary Board/Counsel. The Judiciary requested $1.2 million from restricted receipts to support the Rhode Island Supreme Court Disciplinary Counsel Office for FY 2022. This is $4,864 less than enacted for salaries and benefits for 6.0 full-time equivalent positions. According to Supreme Court Article IV, Rule 1, this restricted receipt account collects annual fees of $200 from each active attorney in the Rhode Island Bar to fund the Disciplinary Board and Counsel functions. The goal of the Disciplinary Board is to process disciplinary complaints filed against Rhode Island attorneys as expeditiously and fairly as possible and to reduce the number of complaints filed by increasing awareness of and compliance with the Rules of Professional Conduct. *The Governor recommended funding as requested.* **The Assembly concurred.**

Law Library. The Judiciary requested $1.2 million from general revenues to support the law library for FY 2022 including 5.0 full-time equivalent positions. The Law Library is a complete, publicly accessible legal reference service with over 110,000 volumes and computer aided legal research. This is $0.1 million more than enacted almost entirely for salaries and benefits to reflect current service adjustments and no turnover savings. *The Governor recommended funding as requested.* **The Assembly concurred.**

Appellate Screening Unit. The Judiciary requested $1.0 million from general revenues to support the activities of the appellate screening unit for FY 2022. The Appellate Screening Unit is the central staff attorney's office for the Supreme Court. The unit screens all civil and criminal appeals that come before the Supreme Court and schedules pre-briefing conferences. The request is $0.1 million more than enacted for salaries and benefits for 3.0 full-time equivalent positions. *The Governor recommended funding as requested.* **The Assembly concurred.**

Board of Bar Examiners. The Judiciary requested $0.2 million from general revenues to support the Board of Bar Examiners for FY 2022. The Board of Bar Examiners tests the legal knowledge of bar applicants by administering the Rhode Island Bar examination. The request is $8,497 more than enacted. This includes $2,171 more to reflect current service adjustments for the 1.0 full-time equivalent position that supports the Board and $6,326 more for operating expenses such as food and dues and fees. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Projects. The Department requested $2.0 million from Rhode Island Capital Plan funds for its capital projects for FY 2022. This is $0.3 million less than enacted to reflect revisions to several projects. *The Governor recommended $2.6 million more than enacted and $3.0 million more than requested.* **The Assembly concurred. A detailed description of the projects is included in the Capital Budget section of this publication.**

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. The Judiciary requests $0.1 million from general revenues for its share of centralized information technology services, $18,724 more than enacted and $31,170 more than spent in FY 2020. *The Governor recommended funding as requested.* **The Assembly concurred.**

Supreme Court

Salaries and Benefits. The Judiciary's request includes $5.4 million from general revenues for salaries and benefits to support 33.8 positions in the Supreme Court not associated with the previously described overhead functions. This is $0.3 million more than enacted and reflects current service adjustments consistent with Budget Office planning values and no turnover savings. *The Governor recommended $0.4 million less than requested from general revenues, which reflects turnover savings equivalent to 3.4 full-time equivalent positions.* **The Assembly included $0.3 million in general revenue savings to reflect the**

Supreme Court's share of statewide savings from the voluntary retirement incentive and also added $18,864 from all sources to account for the base adjustment to agency budgets for FY 2022 resulting from a settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages.

Criminal Injuries Compensation. Rhode Island General Law, Section 12-25-29 appropriates 15.0 percent, not to exceed $150,000, of the court fees collected that support the Crime Victim Compensation Program in the Office of the General Treasurer. The Court's portion is used to support Justice Assistance which runs its victim outreach program. The Judiciary requested the enacted level of $166,667 from restricted receipts, which is $16,667 more than the maximum $150,000 allowed by law. Receipts have been declining since FY 2013 and as court fees have been declining, so too has the value of the 15.0 percent. *The Governor recommended that the Courts only retain 15.0 percent of receipts consistent with current law. As this would result in $80,000 less for the victim outreach program, the Governor also recommended an additional $80,000 from general revenues to backfill the lost restricted receipts.* **The Assembly concurred.**

Rhode Island Legal Services. The FY 2021 enacted budget includes $90,000 from general revenues for Rhode Island Legal Services, Inc. to provide housing and eviction defense to indigent individuals as identified in Article 1 of 2020-H 7171, Substitute A. The Judiciary requested funding as enacted. It should be noted that Legal Services also receives $5 of each filing fee of action in district court and $10 of each filing fee of action in superior and family court which amounts to $0.3 million annually. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island Coalition Against Domestic Violence. The FY 2021 enacted budget includes $230,000 from general revenues for the Rhode Island Coalition Against Domestic Violence for the domestic abuse court advocacy project as identified in Article 1 of 2020-H 7171, Substitute A. The Judiciary requested funding as enacted. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations. The Judiciary requested $3.6 million from all sources including $1.1 million from general revenues for all other expenses of the Supreme Court. Expenditures are programmed for equipment maintenance, information technology and other expenses. The request is $0.3 million more than enacted and includes $0.2 million more from indirect cost recovery restricted receipts for computer purchases, consistent with the revised request. It also includes $21,600 for eight spaces in the new Garrahy Garage. *The Governor recommended funding as requested.* **The Assembly shifted $0.2 million in rent costs among accounts to properly budget the Records Center's rent and concurred with the remainder of the recommendation.**

Superior Court

Superior Court Diversion Program. The Judiciary requested the enacted level of $50,000 from general revenues for an assessment tool for use by the Superior Court's diversion program. The additional risk assessments are for defendants who score as high risk on a risk screen required by Chapter 342 of the 2017 Public Laws, one of several justice reinvestment bills signed into law on September 28, 2017. The program is supported by three staff that are responsible for monitoring and maintaining records on defendants in the program and includes two case managers and one supervisor.

As part of the FY 2021 recommended budget, the Governor proposed shifting $0.2 million from general revenues from the Department of Corrections to the Judiciary in support of the cognitive behavior therapy program. Beginning in FY 2020, the Judiciary began overseeing the offenders who are sentenced to these services. Funding was to be used to support a clinician to assess if cognitive behavior therapy intervention would be beneficial to a defendant. Based on that assessment, the clinician would make a recommendation to the judge. If a defendant's healthcare would not cover the cost of any necessary therapy, funding could

also be used to pay for that. The Judiciary's estimate of projected costs reflected court closures related to the COVID-19 emergency and private insurance covering the cost of therapy and the Assembly removed the additional $0.2 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

Salaries and Benefits. The Judiciary's request includes $22.8 million, primarily from general revenues for the salaries and benefits of the Superior Court's 166.7 full-time equivalent positions. The request is $2.5 million more than enacted and $2.9 million or 14.6 percent more than spent in FY 2020 and does not include any turnover savings. *The Governor recommended $0.6 million less from general revenues than requested, which reflects turnover savings equivalent to 4.8 full-time equivalent positions.*

The Assembly included $44,269 in general revenue savings to reflect the Superior Court's share of statewide savings from the voluntary retirement incentive and also added $14,169 from all sources to account for the base adjustment to agency budgets for FY 2022 resulting from a settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages.

Other Operations. The Judiciary requested $1.8 million for all other expenses of the Superior Court including rental expenses, services related to specialty courts, outside legal services, and insurance. The request is $7,038 less than enacted from general revenues and includes $31,966 more for contracted security expenses based on FY 2020 spending offset by a $39,004 reduction in various other operating expenses. The largest reduction is $32,403 less for insurance based on FY 2020 spending. *The Governor recommended funding as requested.* **The Assembly concurred.**

District Court

Salaries and Benefits. The Judiciary's request includes $13.1 million from general revenues, which is $0.7 million more than enacted and $0.6 million or 5.1 percent more than spent in FY 2020 for the salaries and benefits for the District Court's 95.0 full-time equivalent positions. The requested changes reflect current service adjustments and no turnover savings. *The Governor recommended $0.3 million less from general revenues than requested, which reflects turnover savings equivalent to 2.3 full-time equivalent positions.*

The Assembly included $0.1 million in general revenue savings to reflect the District Court's share of statewide savings from the voluntary retirement incentive and also added $22,221 from general revenues to account for the base adjustment to agency budgets for FY 2022 resulting from a settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages.

Other Operations. The Judiciary requested $0.8 million for all other expenses for the District Court, including $0.5 million from general revenues and $60,000 from restricted receipts. Major expenditures include office supplies, printing and insurance. This is $19,390 more than enacted from general revenues and reflects minor revisions to various operating expenses. The request also includes $0.2 million from a new federal grant for substance abuse services provided through the Veterans Treatment Court. It also includes $62,100 for use of 23 spaces in the new Garrahy parking garage. *The Governor recommended funding as requested.*

The Governor subsequently requested an amendment to add $0.4 million from federal funds to expand access to the Veterans Treatment Court to more potential clients. Funding will be used over five years with a goal of expanding the pre-plea and pre-sentence treatment court. The grant would allow the Court to serve 115 unduplicated clients annually with a total of 575 unduplicated clients served over the five-year grant period. **The Assembly concurred with the amended recommendation.**

Family Court

Salaries and Benefits. The Judiciary's request includes $24.3 million from all sources, including $22.0 million from general revenues, for the salaries and benefits of the Family Court's 172.7 full-time equivalent positions. The request is $1.9 million more than enacted and $2.0 million or 9.1 percent more than spent in FY 2020. The request reflects current service adjustments and no turnover savings. *The Governor recommended $0.6 million less from general revenues than requested, which reflects turnover savings equivalent to 4.9 full-time equivalent positions.* **The Assembly concurred and also included $0.3 million in general revenue savings to reflect the Family Court's share of statewide savings from the voluntary retirement incentive.**

Other Operations. The Judiciary requested $2.0 million for all other Family Court expenses for FY 2022. These include mileage reimbursement, office supplies, services related to specialty programs, insurance and auditing services. This is $0.3 million less than enacted, including $66,386 more from general revenues and $0.4 million less from federal funds. The largest change, consistent with the revised request, is a $0.5 million reduction in the federal child support enforcement grant for two reasons. The first is a reduction in the indirect cost recovery rate allowed to be charged to the grant and the second is that the implementation of the Judiciary's case management system has created a more efficient process for the child support calendar which resulted in fewer costs being allocated to the grant. The request includes $0.2 million for use of 77 spaces in the new Garrahy parking garage. *The Governor recommended funding as requested.* **The Assembly concurred.**

Traffic Tribunal

Salaries and Benefits. The Judiciary's request includes $9.5 million from general revenues for the salaries and benefits of the Traffic Tribunal's 76.2 full-time equivalent positions. The request is $1.4 million more than enacted and $1.5 million or 18.5 percent more than spent in FY 2020. The request includes current service adjustments and no turnover savings. *The Governor recommended $0.7 million less from general revenues than requested, which reflects turnover savings equivalent to 5.9 full-time equivalent positions.*

The Assembly included $0.1 million in general revenue savings to reflect the Traffic Tribunal's share of statewide savings from the voluntary retirement incentive and also added $16,966 from general revenues to account for the base adjustment to agency budgets for FY 2022 resulting from a settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages.

Other Operations. The request includes $0.7 million from general revenues for all other expenses of the Traffic Tribunal such as postal services, printing, travel costs, and office supplies. This is $0.1 million more than enacted for contracted security services based on FY 2020 spending. Other minor changes are requested in various operating expenditures that partially offset the increase for security services. *The Governor recommended funding as requested.* **The Assembly concurred.**

Worker's Compensation Court

Salaries and Benefits. The Judiciary requested $7.8 million from restricted receipts for the salaries and benefits of the Workers' Compensation Court's 50.0 full-time equivalent positions. This is $0.5 million more than enacted and $1.0 million or 14.5 percent more than spent in FY 2020 and represents current service adjustments and no turnover savings. *The Governor recommended $0.2 million less from restricted receipts than requested, which reflects turnover savings equivalent to 1.2 full-time equivalent positions.* **The Assembly added $703 from restricted receipts to account for the base adjustment to agency budgets for FY 2022 resulting from a settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages.**

Other Operations. The request includes $1.0 million from restricted receipts for all other expenses, which is $58,704 more than enacted of which $51,300 is for use of 19 spaces in the new Garrahy parking garage. *The Governor recommended funding as requested.* **The Assembly concurred.**

Judicial Tenure and Discipline

Judicial Tenure and Discipline. The Judiciary requested $0.2 million from general revenues, which is $1,084 more than enacted to support the Commission on Judicial Tenure and Discipline for FY 2022. The requested increase includes $879 for staffing costs to reflect current service adjustments, $186 for staff training and $19 for printing. The Commission is responsible for conducting investigations of judges suspected of, or charged with, misconduct. *The Governor recommended funding as requested.* **The Assembly concurred.**

Military Staff

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 15,172,282	$ 9,301,194	$ 9,232,738	$ 9,354,031
Contracted Services	2,315,023	2,367,981	2,367,221	2,367,221
Subtotal	**$ 17,487,305**	**$ 11,669,175**	**$ 11,599,959**	**$ 11,721,252**
Other State Operations	18,914,815	19,110,772	19,781,457	19,775,025
Aid to Local Units of Government	-		-	-
Assistance, Grants, and Benefits	297,300	439,335	297,800	297,800
Capital	9,462,800	9,463,300	9,430,694	9,430,694
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 46,162,220**	**$ 40,682,582**	**$ 41,109,910**	**$ 41,224,771**
Sources of Funds				
General Revenue	$ 3,275,354	$ 3,191,158	$ 2,608,853	$ 2,723,714
Federal Aid	40,291,970	34,896,528	36,614,294	36,614,294
Restricted Receipts	55,000	55,000	55,000	55,000
Other	2,539,896	2,539,896	1,831,763	1,831,763
Total	**$ 46,162,220**	**$ 40,682,582**	**$ 41,109,910**	**$ 41,224,771**
FTE Authorization	**92.0**	**92.0**	**92.0**	**92.0**

Summary. The Military Staff requested FY 2022 expenditures of $41.4 million from all sources, including $3.2 million from general revenues. The request is $4.8 million less than enacted, including $0.1 million less from general revenues, $3.7 million less from federal funds and $1.0 million less from Rhode Island Capital Plan funds. The request includes staffing of 92.0 full-time equivalent positions, consistent with the enacted budget. The Military Staff also submitted a constrained request that is $1.2 million less than the unconstrained request, including $0.7 million less from general revenues. The proposals to achieve the reduction is noted among the items below where appropriate.

The Governor recommended $41.1 million from all sources, which is $5.1 million less than enacted, including $0.7 million less from general revenues. The recommendation is $0.3 million less than requested, including $0.6 million less from general revenues.

The Governor subsequently requested an amendment to add $0.1 million from general revenues to correct overstated injured on duty savings. **The Assembly concurred with the amended recommendation and also included $6,432 less from general revenues for centralized services.**

Firefighters. The Military Staff requested $3.9 million, including $0.4 million from general revenues and $3.4 million from federal funds, which is $57,798 more than enacted for the Rhode Island National Guard firefighters program. Firefighter costs are paid from federal funds, except for those who have an injured on duty status in which case the state is responsible for the cost of those individuals. The fund shift represents one position assumed to have an injured on duty status that will return to active service. As of the February 26 pay period, there is one firefighter with an injured on duty status. The request assumes all 30.0 firefighter positions are filled throughout FY 2022.

The constrained request removes $0.3 million from general revenues for injured on duty costs through unidentified legal changes. *The Governor recommended $0.4 million less than requested from general revenues from the exclusion of any expenses for firefighters with an injured on duty status. It appears savings are overstated by $71,293, bringing total funding below zero, as recommended savings exceed the amount of enacted general revenues.*

The Governor subsequently requested an amendment to add $121,293 to correct the overstated savings, bringing total funding to $50,000 for short-term injured on duty costs. **The Assembly concurred with the amended recommendation.**

Airport Agreement. The Military Staff requested $0.5 million for its agreement with the Airport Corporation for use of the Quonset State Airport for training and parking of military planes which is $51,429 more than enacted, including $12,857 more from general revenues. This is consistent with the revised request. The last agreement expired in September 2017, and the two sides reached a new agreement in August 2019. The increase reflects the actual cost of the contract for FY 2022 which was understated in the enacted budget. There is a 180-day notice built into the contract's termination clause if the Military Staff seeks to renegotiate or leave the contract. From October 2018 through September 2027, the Military Staff must pay annually for use and its portion of shared costs such as snow removal, removing disabled government aircrafts and standard wear and tear. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Salaries and Benefits. The Military Staff requested $5.8 million from all sources to fully fund the remaining 62.0 full-time equivalent positions, consistent with the distribution of staffing costs attributable to federal funds as agreed upon with the Department of Defense. The request is $19,380 less than enacted, including $21,070 more from general revenues offset by $40,450 less from federal funds. As of the pay period ending February 13, there were 9.0 vacant positions. The enacted budget assumes $16,835, including $12,562 from general revenues, in one time savings from two individuals who participated in the workshare program which ended in September 2020. Adjusted for this, the request is $36,215 less than the enacted budget, including $8,508 more from general revenues.

The constrained request removes 7.0 full-time equivalent positions which appear to be filled as of February 13, including two electricians and five maintenance personnel for total savings of $0.6 million, including $0.2 million from general revenues. *The Governor recommended funding consistent with the unconstrained request.* **The Assembly concurred.**

Cybersecurity and Activations. The Military Staff requested $49,383 from general revenues for the Rhode Island National Guard to participate in the Governor's Cybersecurity Commission working groups and for activation for emergency responses during storms and power outages which is consistent with the revised request. The request is $62,255 less than enacted and excludes the $60,000 provided for activation in response to the 2020 election. The funding also supports the activation of National Guard troops to provide support to civil authorities during both emergency and non-emergency events. This does not include activation costs related to the COVID-19 emergency which is discussed separately below. *The Governor recommended funding as requested.* **The Assembly concurred.**

COVID-19 National Guard Activation. Beginning in August 2020, the federal government required the state to be responsible for a portion of the National Guard state activation costs related to the COVID-19 emergency, which had previously been paid exclusively by the federal government. The request excludes the $5.5 million in the enacted budget for activation in response to the COVID-19 emergency and assumes no expenses for FY 2022. *The Governor recommended funding as requested.* **The Assembly concurred.**

Counterdrug Asset Forfeiture. The Military Staff requested $2.9 million from federal funds which is $0.6 million more than enacted to construct a new counterdrug facility at Camp Fogarty in East Greenwich

in FY 2021. The funds are part of the state's overall Google settlement. This 15,000 square foot training facility will be used by the Rhode Island National Guard Counterdrug program. The project was delayed in FY 2020 because of the COVID-19 emergency. *The Governor recommended funding as requested.* **The Assembly concurred.**

Military Funeral Honors. Consistent with the enacted budget, the Military Staff requested $137,300 from general revenues to reflect projected costs for military funeral honors in FY 2022. Retired military members are paid a $50 stipend to perform military honors at funerals. A federal memorandum from October 2012 indicated that federal funds would no longer be provided for any branch of service besides the Army, for which the National Guard Bureau will still pay stipends for two individuals.

The constrained request includes savings of $137,300 from general revenues from discontinuing this program. This would require changes to Rhode Island General Laws, Sections 30-25-1 and 30-25-2 which require these services. *The Governor recommended funding consistent with the unconstrained request.* **The Assembly concurred.**

Utilities. The Military Staff requested $3.8 million or $0.4 million more than enacted from all sources, including $63,880 more from general revenues, for electricity, fuel, water and sewer payments, which are shared expenses with the federal National Guard. The requested changes are based on the anticipated usage and rates for FY 2022 and include updated estimates for the new Quonset simulator building and Joint Force Headquarters building. The Military Staff also noted that the shares of general revenues and federal funds are dependent on actual usage that vary from 100 percent federally funded, 75 percent from federal sources and 25 percent from general revenues, or 50 percent each from federal funds and general revenues. *The Governor recommended funding as requested.* **The Assembly concurred.**

Security Services. The Military Staff requested $1.2 million from federal funds for security services at all of its locations. This is $0.1 million less than enacted to reflect actual contract costs and is consistent with the revised request. Federal regulations require levels of security, including protection from active shooters. Security costs are entirely federally funded. *The Governor recommended funding as requested.* **The Assembly concurred.**

Education Benefits. Consistent with the enacted budget, the Military Staff requested $0.1 million for its education benefits program. This funding is available to all National Guard service members who are pursuing an associate, bachelor, masters or certification from Rhode Island College, the Community College of Rhode Island and the University of Rhode Island in accordance with Rhode Island General Law, Section 30-3-40.

The constrained request removes all funding for savings of $0.1 million which would require a legal change. *The Governor recommended funding as requested.* **The Assembly concurred.**

Building Maintenance and Repairs. The Military Staff requested $2.0 million for building maintenance and repairs. This is $20,503 more than enacted, including $36,186 less from general revenues. Total funding is more than double FY 2020 final costs, as additional repairs are expected for its training sites including facility latrines.

The constrained request includes general revenue savings of $23,000 from reductions to maintenance of the state's armories. This would remove the entire general revenue allocation for these repairs and would require legal changes to Rhode Island General Laws, Sections 30-4-3 and 30-4-4 which require armory maintenance appropriations. *The Governor recommended funding consistent with the unconstrained request.* **The Assembly concurred.**

Capital Projects. The Military Staff requested $17.8 million from all sources, including $1.0 million from Rhode Island Capital Plan funds for its capital projects. This is $0.3 million less than enacted, including $0.7 million more from federal funds and $1.0 million less from Rhode Island Capital Plan funds. *The Governor recommended $57,233 less than enacted.* **The Assembly concurred. A detailed description of the projects is included in the Capital Budget section of this publication.**

Centralized Services. The Military Staff requested $182,670 for its share of centralized services provided through the Department of Administration which is $18,356 more than enacted to reflect increased information technology charges. The increase is largely related to a number of personnel assigned state email addresses. Most personnel had federal Department of Defense emails which resulted in communication issues with non-Defense personnel. *The Governor recommended funding as requested. The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work.* **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and removed $6,432 from general revenues in the Military Staff's budget for information technology.**

Other Expenses. The Military Staff requested $3.1 million, which is $0.2 million more than enacted, including $2,159 less from general revenues, for all other expenses for the National Guard. This includes $0.7 million for snowplowing and sanding, $0.6 million for landscaping services, $0.5 million for janitorial services, $0.4 million for supplies and equipment, $0.2 million for safety equipment, $0.3 million for waste disposal, $0.1 million for insurance, and $0.6 million for all remaining expenses. Some of the larger changes include increases of $80,796 for landscaping, $52,500 for temporary staff, $35,253 for snowplowing expenses, and $32,550 for uniforms and clothing. The Military Staff indicated it expects a number of costs, totaling $182,625, delayed from the COVID-19 emergency to be included in FY 2022, resulting in what appears to be additional federal fund expenses.

The Governor excluded $182,625 from general revenues for expenses delayed by the COVID-19 emergency, indicating that he expected all delayed expenses to be included in the current budget year. The recommendation covered most of these delayed expenses with additional federal funds. **The Assembly concurred.**

Rhode Island Emergency Management Agency

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 3,993,821	$ 4,837,791	$ 4,076,676	$ 4,046,778
Contracted Services	347,531	425,713	915,235	1,016,693
Subtotal	**$ 4,341,352**	**$ 5,263,504**	**$ 4,991,911**	**$ 5,063,471**
Other State Operations	36,173,940	43,726,589	4,318,934	4,441,527
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	3,222,255	9,560,411	9,870,167	10,810,612
Capital	1,529,414	1,534,664	2,219,076	2,219,076
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 45,266,961**	**$ 60,085,168**	**$ 21,400,088**	**$ 22,534,686**
Sources of Funds				
General Revenue	$ 2,713,353	$ 2,715,075	$ 2,655,619	$ 2,710,290
Federal Aid	40,506,062	55,321,489	16,472,597	17,552,433
Restricted Receipts	553,132	554,190	527,472	527,563
Other	1,494,414	1,494,414	1,744,400	1,744,400
Total	**$ 45,266,961**	**$ 60,085,168**	**$ 21,400,088**	**$ 22,534,686**
FTE Authorization	**32.0**	**32.0**	**33.0**	**33.0**

Summary. The Rhode Island Emergency Management Agency requested $21.8 million, including $3.7 million from general revenues. This is $23.4 million less than enacted, including $0.9 million more from general revenues, $24.3 million less from federal funds, and $0.1 million less from restricted receipts. The Agency requested 40.0 full-time equivalent positions which is 8.0 more than the enacted authorization.

The Agency also submitted a constrained request that is $0.7 million less than the unconstrained request, including $0.4 million less from general revenues. The proposal to achieve the reductions is noted among the items below where appropriate.

The Governor recommended $21.4 million from all sources, which is $23.9 million less than enacted and $0.4 million less than requested. General revenues are $57,734 less than enacted and $1.0 million less requested. The Governor also recommended 33.0 positions full-time equivalent positions, 1.0 more than the enacted authorization.

The Governor subsequently requested an amendment to exclude $0.6 million from federal funds for COVID relief, but the Budget Office then indicated that additional funding of $0.8 million would be required to maintain operations of the warehouse storing equipment needed to respond to the emergency. **The Assembly included $1.1 million more than originally recommended, including $54,671 more from general revenues, $91 more from restricted receipts, and $1.1 million more from federal funds.**

COVID Related Expenses. Under current federal law, the Stafford Act authorizes the President to provide federal assistance when the magnitude of an incident exceeds a government's capability to respond or recover. On March 13, 2020, the President declared that an emergency exists nationwide as a result of

COVID-19 beginning on January 20, 2020. The Stafford Act constitutes the statutory authority for most federal disaster response activities as they pertain to Federal Emergency Management Agency programs. Under this declaration, Rhode Island qualified for reimbursement of 75 percent of certain expenses. The Assembly added $32.0 million from federal funds to account for these expenses for FY 2021. It also added $0.3 million from general revenues for expenses expected to occur after December 30 when the Coronavirus Relief funds approved in the CARES Act expire. The Agency's request excludes this funding. *The Governor's recommendation excludes all but $59,439 of these funds.*

The Governor requested an amendment to exclude the $59,439, but the Budget Office then indicated that additional funds would be required to maintain operation of the warehouse storing equipment needed to respond to the COVID-19 emergency. **The Assembly added $0.2 million from federal funds, consistent with updated information.**

Response Personnel (8.0 FTE). The Agency requested $0.8 million, including $0.4 million from general revenues, for 8.0 new positions assuming they are funded for all of FY 2022, as the positions are also requested in the revised budget. The Agency reported that the COVID epidemic put a strain on its response capabilities and these additional positions would help alleviate the strain caused by the pandemic and in future emergencies.

Four of the positions would assist with meeting federal and state reporting requirements and would allow more time for staff to explore additional grant funding opportunities. This includes a fiscal management officer, an assistant chief of planning, a chief implementation aide, and an implementation aide. Two of the positions would work in its operations center. This includes a supervising geographic information system specialist who would conduct geographic information system mapping, and a chief public affairs officer. The remaining two positions would assist with the warehouse established to store personal protective equipment supplies in response to the COVID emergency, which would allow current staff serving in the warehouse to return to their normal duties. This includes a warehouse worker and a programming service officer.

The constrained request excludes this proposal. *The Governor recommended $0.1 million from all sources, including $35,126 from general revenues, for the requested fiscal management position that would begin at the start of FY 2022.* **The Assembly concurred.**

Other Salaries and Benefits. The Agency requested $4.0 million, including $1.6 million from general revenues, $2.3 million from federal funds, and $0.1 million from restricted receipts for salaries and benefits of its 32.0 positions. This is $34,300 more than enacted, reflecting current service adjustments, including $1.1 million more from general revenues, partially offset by $0.9 million less from federal funds and $0.2 million less from restricted receipts. The Agency indicated that the work its staff has done in response to the COVID-19 emergency does not qualify for reimbursement under existing federal grants, and the request attributes those costs to general revenues. The Agency subsequently indicated a share of these staffing costs will likely be reimbursable with federal emergency management agency funds, although this is not assumed in the request. At the end of January, all positions are filled. *The Governor recommended $14,433 less than enacted, including $0.5 million more from general revenues. The recommendation shifted $0.6 million of requested funding from general revenues to federal funds, indicating the expectation that the staff are able to return to their typical non-COVID duties.*

The Governor requested an amendment to exclude $0.8 million, but the Budget Office then indicated that all, but $30,891 would be required to maintain the operation of the warehouse storing equipment needed to respond to the COVID-19 emergency. **The Assembly included only the original savings of $30,891 and also added $13,131 from all sources to account for the base adjustment to agency budgets for FY 2022 resulting from a settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages.**

The Assembly also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $12,138 in the Emergency Management Agency's budget based on the one individual who participated during FY 2021.

Statewide Communications Network. The Agency requested $1.4 million from general revenues for expenses related to the Rhode Island Statewide Communications Network. This is $0.3 million less than enacted from general revenues to be consistent with the FY 2020 final enacted budget, but is still $18,747 less than actual FY 2020 costs. The request would not fund the updated contract costs. *The Governor recommended funding as requested.* **The Assembly concurred.**

Ingestion Pathways Training Exercise. The Agency's Radiological Emergency Preparedness program monitors the state for Ingestion Pathways Contamination, which is fallout that affects agriculture or livestock if there is a radiation release. Consistent with the revised request, the Agency requested new expenditures of $80,000 from restricted receipts for instructor and coordinator costs to perform a full-scale ingestion pathways training exercise, which would simulate responses to a potential nuclear disaster compromising the food supply. A full-scale exercise has real-time active situations and participants, and federal law requires one at least every five years. This exercise was originally scheduled for FY 2020, but was delayed because of the COVID-19 emergency. Funding is requested for both FY 2021 and FY 2022 pending a decision on which year staffing capacity issues will allow for it. *The Governor recommended funding as requested.* **The Assembly concurred.**

Centralized Services. The Agency requested $492,026 for centralized services provided through the Department of Administration. The request includes $163,228 more than enacted for information technology, including $2,701 from general revenues and $160,527 from federal funds, and $4,968 less than enacted from general revenues for human resources. The enacted budget of $350,127, including $255,566 from general revenues, includes $48,743 for human resources and $301,384 for information technology services. The Agency indicated that the COVID-19 emergency has required the purchases and use of additional laptops, phones and other technology for emergency personnel, testing sites and vaccination sites which results in higher projected costs. *The Governor recommended funding as requested.*

The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and included $63,156 more from general revenues in the Emergency Management Agency's budget. This includes $1,500 less for facilities management offset by $64,656 more for information technology.**

Capital Projects. Consistent with the enacted budget, the Agency requested $1.5 million from Rhode Island Capital Plan funds for its Rhode Island Statewide Communications Network project. The Department did not submit a capital budget request. *The Governor recommended funding consistent with the approved plan.* **The Assembly concurred. A detailed description of the projects is included in the Capital Budget section of this publication.**

Prior Natural Disaster Relief. The Agency requested $7.4 million, or $6.9 million more than enacted from federal funds, for reimbursements to entities in the state that have applied for federal disaster relief. This reflects projected reimbursements to be made in FY 2022 for entities affected by natural disasters, including the blizzards of 2012 and 2013. *The Governor recommended funding as requested.* **The Assembly concurred.**

Emergency Operations and Performance Grants. The Agency requested $3.5 million from federal funds for emergency operation expenditures, which is $2.2 million more than enacted. This reflects additional funding of $3.2 million for 2020 and $0.1 million for 2017, partially offset by $1.1 million less for 2019. The funding, which is primarily passed through to local emergency management agencies, is used for construction and renovation of a state or local government's principal emergency management operations center and to provide support for emergency operations necessary to ensure continuity of government and operations in major disasters. The request is $2.6 million more than spent in FY 2020. *The Governor recommended funding as requested.* **The Assembly added $0.9 million from federal funding provided through the American Rescue Plan Act of 2021.**

Homeland Security Grants. The Agency requested $2.3 million for federal homeland security related upgrades throughout the state. The request is $1.3 million less than enacted based on projected awards and updated expenditure plans, including $2.0 million more for 2020, offset by $3.2 million less for 2019 and $0.2 million less for FY 2018. The request is $0.7 million less than spent in FY 2020. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Federal Grants. The Agency requested $0.4 million from all other federal grant awards and related expenditures. The request is $0.3 million more than enacted based on projected awards and updated expenditure plans. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations. The Agency requested $0.1 million from general revenues for all other expenses. This includes $42,366 for utilities, $35,914 for insurance, $27,125 for its cellular plan for employees, and $42,297 for all other expenses. This is $8,691 less than enacted to reflect minor adjustments which appear to largely reflect FY 2020 costs, the largest reduction of $4,069 being for utilities. *The Governor recommended funding as requested.* **The Assembly concurred.**

Department of Public Safety

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Central Management	$ 11,077,166	$ 12,673,970	$ 12,007,675	$ 27,009,314
E-911	7,563,080	7,155,864	7,439,128	7,469,769
Capitol Police	5,045,401	5,118,970	5,066,327	5,066,327
Sheriffs	21,306,619	21,466,004	22,252,926	22,252,926
Municipal Police Training Academy	816,943	729,319	764,998	713,870
State Police	88,081,523	87,080,556	90,050,191	91,350,131
Total	**$ 133,890,732**	**$ 134,224,683**	**$ 137,581,245**	**$ 153,862,337**
Expenditures by Category				
Salaries and Benefits	$ 105,627,412	$ 104,183,684	$ 106,299,697	$ 106,068,421
Contracted Services	1,688,150	1,595,063	1,692,895	1,692,895
Subtotal	**$ 107,315,562**	**$ 105,778,747**	**$ 107,992,592**	**$ 107,761,316**
Other State Operations	14,608,337	14,572,303	16,041,116	15,798,246
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	9,016,980	10,606,305	10,432,807	24,938,045
Capital	2,949,853	3,267,328	3,114,730	5,364,730
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 133,890,732**	**$ 134,224,683**	**$ 137,581,245**	**$ 153,862,337**
Sources of Funds				
General Revenue	$ 67,430,637	$ 45,525,632	$ 105,755,411	$ 120,604,312
Federal Aid	56,571,413	77,587,874	17,462,783	17,464,330
Restricted Receipts	5,670,229	5,675,249	9,334,681	8,515,325
Other	4,218,453	5,435,928	5,028,370	7,278,370
Total	**$ 133,890,732**	**$ 134,224,683**	**$ 137,581,245**	**$ 153,862,337**
FTE Authorization	**593.6**	**593.6**	**622.6**	**622.6**

Summary. The Department's request includes $137.6 million from all sources, which is $3.7 million more than enacted. Expenditures include $39.0 million more from general revenues, $39.1 million less from federal funds, $2.8 million more from restricted receipts, and $1.0 million less from other funds. The request includes 618.6 full-time equivalent positions which is 25.0 positions more than authorized and reflects a new state police training academy, with no offsetting reductions for retirements.

The Department submitted a constrained budget request that is $5.9 million less than the budget target assigned by the Budget Office and $10.1 million less than the Department's unconstrained budget request. These are noted among the items described below where appropriate. It should be noted that the Department included some items that would shift costs to other agencies. Subsequent to its budget submission the Department indicated that it would be able to eliminate as many as 30.0 full-time equivalent positions if the provided initiatives were not enough to achieve savings. This would achieve an estimated $1.5 million of savings for the State Police, $2.1 million for the Division of Sheriffs and Capitol Police, and $0.4 million for Central Management and the Municipal Police Training Academy. *The Governor recommended*

$46,961 less than requested from all sources, including $0.7 million less from general revenues. **The Assembly provided $16.3 million more from all sources, including $14.8 million more from general revenues. This mostly reflects providing funding for a new $15.0 million statewide police body-worn camera grant program.**

Staffing. The Department requested FY 2022 staffing of 618.6 full-time equivalent positions, 25.0 positions more than authorized. As of the January 16 pay period, the Department had 28.0 vacant positions.

The federal CARES Act adopted in response to the crisis provided $1,250.0 million to Rhode Island for related expenditures incurred between March 1, 2020 and December 30, 2020. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance with COVID-19 related public health measures. The enacted budget included $40.0 million in personnel expenses from federal Coronavirus Relief funds and includes a like amount in savings from general revenues and restricted receipts. Below is a table showing the federal share of personnel costs and associated general revenue savings by division in the enacted budget.

Division	General Revenues	Federal Funds	Restricted Receipts	Total
E-911	$ -	$ 2,763,814	$ (2,763,814)	$ -
Sheriffs	(8,403,575)	8,403,575	-	-
Capitol Police	(2,607,741)	2,607,741	-	-
State Police	(26,218,931)	26,218,931	-	-
Total	**$ (37,230,247)**	**$ 39,994,061**	**$ (2,763,814)**	**$ -**

The request includes $106.8 million from all sources for salaries and benefits, including $94.2 million from general revenues. This is $1.2 million less than enacted from all sources and reflects hiring a new 25 person state police academy at the end of February 2022 which is offset by estimated vacancies, changes to retiree health expenses for State Police and shifting personnel costs to reimbursements for construction patrols.

The enacted budget includes $77,157 of one-time savings, including $49,971 from general revenues, based on 14 individuals from the Department opting to participate in the workshare program. Adjusting for this, the request is $1.1 million less than enacted, including $0.8 million more from general revenues.

The Governor recommended $0.7 million less than enacted to reflect additional turnover savings equivalent to 2.5 senior troopers and $0.3 million in overtime savings. The recommendation includes 28.0 new troopers, three more than requested and one new capitol police officer. **The Assembly provided $0.2 million less from all sources, including $0.1 million less from general revenues. This mostly reflects removing adult use marijuana receipts and savings from six individuals electing to participate in the voluntary retirement incentive. The Assembly added $49,107 from all sources to account for the base adjustment to agency budgets for FY 2022 resulting from a settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages.**

Centralized Services. The Department requested $1.7 million or $0.2 million more from general revenues than enacted for centralized services provided through the Department of Administration. This increase mostly reflects the Department's estimate for FY 2022 billing and expenditures. The request is $0.2 million more than spent in FY 2020.

The Department's constrained request proposes $0.1 million in centralized facilities management savings from vacating office space at 50 Service Avenue and moving personnel to other state owned office space at 1 Dorrance Avenue and the State Police Headquarters in North Scituate.

The Governor's recommended budget includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and removed $58,737 from general revenues in the Department's budget. This includes $20,890 more for facilities management offset by $79,627 less for information technology.**

Central Management

Statewide Body-worn Camera Program. Rhode Island is one of three states that does not have any policy on police body cameras. The Department instituted a pilot program in the fall to evaluate camera systems and the feasibility of implementing a program. *The Governor's budget recommendation did not include funding for this project.* **The Assembly provided $15.0 million from general revenues to purchase body cameras for the State Police and municipalities. This assumes additional federal funds and cost sharing from municipalities will become available. No funding shall be spent prior to rules and regulations being promulgated. All unexpended or unencumbered balances as of June 30, 2022 would be reappropriated to FY 2023. The Assembly passed 2021-H 6438 on June 23 which established statewide polices for the body worn camera program.**

Salaries and Benefits. The Department requested $1.6 million from all sources for 12.0 full-time equivalent positions, which is $60,720 more than enacted. The enacted budget includes turnover savings equivalent to 2.0 full-time positions; as of the January 16, 2021 pay period, the Division had 2.0 vacancies. The request reflects restoring one-time workshare savings, step increases and other current service adjustments. *The Governor recommended funding as requested.* **The Assembly concurred and added $1,639 from all sources to account for the base adjustment to agency budgets for FY 2022 resulting from a settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages.**

Crime Victim Assistance. The Department requested $7.6 million from federal Crime Victim Assistance funds to grant awards to programs that support direct services to victims of violent crime. Programs must provide free services to victims of federal, state, and local crimes while fostering community efforts to aid crime victims. This is $0.6 million more than enacted and reflects estimated federal awards. *The Governor recommended funding as requested.* **The Assembly concurred.**

Crime Reporting Database. The enacted budget includes $0.4 million of federal funding to develop a uniform crime reporting database for local agencies to view arrest records. This project is estimated to finish in FY 2021, and the request excludes this funding. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Federal Grants. The Department requested $2.6 million from other federal grants to award to local organizations and municipalities, which is $0.6 million more than enacted. The request reflects current federal awards, including $0.2 million more for the STOP Violence Against Women Act grant, $0.1 million more from the Sexual Assault Services grant, $0.2 million more from the Comprehensive Addiction and Recovery Act grant, and $0.1 million more for the Juvenile Justice and Delinquency grant. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations. The Department requested $0.1 million from all sources for all other expenses, including $375 less from general revenues. The biggest change is $107,875 more from restricted receipts assessed to federal emergency management grants and indirect cost recovery which, in the past, has mostly been used to purchase equipment. The enacted budget includes only $17,050 from these funds and the

increase reflects the available receipts. The request includes $35,000 from restricted receipts to conduct additional trainings on an as needed basis. *The Governor recommended funding as requested.* **The Assembly concurred.**

E-911

Salaries and Benefits. The Department requested $5.5 million from fees assessed to wired and wireless telecommunications to support 50.6 full-time positions, which is $0.2 million more than enacted. The increase includes current service adjustments and $0.1 million more for overtime costs. This is almost double what was spent in FY 2020 and reflects the average cost of overtime since FY 2018. *The Governor recommended funding as requested.* **The Assembly added $30,641 from all sources to account for the base adjustment to agency budgets for FY 2022 resulting from a settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages.**

Technology Upgrades. The 2018 Assembly provided $0.7 million for the division to perform technology upgrades. Funds were used for a statewide assessment of needs to implement Next Generation 911 and Text-to-911 and upgrades as part of a larger three-year plan, from FY 2019 through FY 2021. The enacted budget includes $0.4 million from restricted receipts to finish updating pictometry data and geographic information system data, purchasing additional software, and conducting additional trainings in FY 2021. The Department requested $0.3 million less than enacted to reflect the estimated completion of these projects. *The Governor recommended funding as requested.* **The Assembly concurred.**

Sheriffs

Salaries and Benefits. The Department requested $19.5 million from general revenue for salaries and benefits for 181.0 full-time equivalent positions, which is $0.7 million more than enacted. This reflects restoring a portion of the turnover savings included in the enacted budget which was based on an unusual level of vacancies at the time of enactment. The division had an average of 6.1 vacant positions in FY 2019. That grew to 9.3 average vacancies in FY 2020 and 14.3 vacancies for the first half of FY 2021. As of January 29, 2021, there were 10 sheriffs that were on injured on duty status, which means they are not working but are paid from this budget and appear in the filled position count.

The Department's constrained request includes $1.0 million of general revenue savings to be achieved by shifting the salary and benefit costs of officers who have been receiving injured on duty benefits for one year or more to the Assessed Fringe Benefit Fund. According to the Department these costs will be allocated to all fund sources that are paid through the fund, not just general revenues. Agencies are required to charge the full assessed fringe benefit rate of 3.95 percent on all direct salaries. However, the Division of Sheriffs and Capitol Police are charged an exception rate of 1.9 percent because they are ineligible for workers compensation. The additional cost of removing the exception rate was not budgeted. There are nine sheriffs that have been on injured on duty status for more than a year. *The Governor recommended funding as requested in the unconstrained request.* **The Assembly concurred.**

Fleet Replacement Loan Fund. The Department requested $0.1 million from general revenues to pay the debt on nine new vehicles the Department purchased in FY 2020 without authorization. This is $8,817 less than enacted. The enacted budget was based on ten purchased vehicles. Only one vehicle was delivered in FY 2020 and the Department used general revenues to pay for that purchase. For the remaining nine vehicles, purchase and delivery was not made until FY 2021 from the revolving loan fund. The three-year repayment period will now begin in FY 2022 with the first payment of $117,183. *The Governor recommended funding as requested.* **The Assembly concurred.**

Fleet Maintenance. The Department requested $0.3 million from general revenues for state fleet expenditures, which is $5,000 more than enacted, consistent with FY 2020 expenditures and the FY 2021 revised request. *The Governor recommended funding as requested.* **The Assembly concurred.**

Radios. The Department requested $0.1 million from general revenues to replace radios that are outdated, consistent with the enacted budget. The FY 2020 final budget included $0.7 million to purchase radios as the first year of a six-year replacement plan in the Division of Sheriffs, Capitol Police and State Police. The Sheriffs spent the enacted authorization for radios in FY 2020. For FY 2021, the Department purchased radios for all three divisions at a cost of $0.7 million, also consistent with the total amount enacted. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations. The Department requested $2.0 million from general revenues for other operating expenses, including $0.9 million for office space in the courthouses billed by the Judiciary and parking space at the Convention Center, $0.1 million for travel costs, and $0.7 million to replace uniforms and supplies, $0.1 million for communication expenses, and $0.2 million for all other expenses. This is $0.3 million more than enacted and reflects additional clothing and safety equipment for new recruits.

The Department's constrained request includes a proposal to increase the fee for serving writs, citations or subpoenas, copies of every 100 words and returned writs effective July 1, 2022 to generate $0.2 million in general revenues. The Department could not provide how this amount was calculated. Rhode Island General Law, Section 9-29-9 establishes these fees which have not increased since 2006. *The Governor recommended funding as requested in the unconstrained request.* **The Assembly concurred.**

Capitol Police

Salaries and Benefits. The Department requested $4.5 million from general revenues for 38.0 full-time equivalent positions for capitol police staff not allocated to internal service funds which is $13,833 less than enacted, reflecting current service adjustments. There are also 13.0 full-time equivalent positions funded through internal service funds. *The Governor recommended funding as requested but includes one new capitol police officer to provide additional security at the Pastore Center funded through internal service funds and estimated to cost $0.1 million.* **The Assembly concurred.**

Radios. Consistent with the enacted budget, the Department requested $59,815 from general revenues to purchase radios. The FY 2020 final budget included $0.7 million to purchase radios as the first year of a six-year replacement plan in the Division of Sheriffs, Capitol Police and State Police. The Capitol Police spent the enacted authorization for radios in FY 2020. For FY 2021, the Department purchased radios for all three divisions at a cost of $0.7 million, also consistent with the total amount enacted. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations. The Department requested $0.4 million from general revenues for all other expenses, which is $17,313 more than enacted and reflects hiring medical professional to conduct assessments on new recruits. Expenditures include $0.1 million for uniforms and safety equipment for any impending new recruits and $0.3 million for communication expenses, utilities and all other expenses.

The Department's constrained request includes $5.1 million of general revenue savings by shifting all Capitol Police expenditures to internal service funds. It should be noted that this proposal would not actually produce general revenue savings as the costs would be shifted to other state agencies. The Department is expecting the cost of Capitol Police to be paid from multiple sources of funds available to user state agencies, thus alleviating some of the burden on general revenues. *The Governor recommended funding as requested in the unconstrained request.* **The Assembly concurred.**

Municipal Police Training Academy

Salaries and Benefits. The Department requested $0.2 million from general revenues for the salaries and benefits of 2.0 full-time equivalent positions and cost allocated expenses for an attorney from the Office of the Attorney General to teach twice a year at the Training Academy. This is $2,591 more than enacted and reflects current service adjustments. *The Governor recommended funding as requested.* **The Assembly concurred and also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $51,128 based on one individual who participated during FY 2021.**

Other Operations. The Department requested $0.5 million from all sources for all other expenses, which is $0.1 million less than enacted. Expenditures are related to the cost of conducting the training academy, including $39,970 to rent space at the Community College of Rhode Island and the National Guard's Camp Fogarty, $0.1 million for travel expenses for seminars and conferences, $0.2 million for additional lecturers and $0.2 million for safety equipment. The decrease reflects the loss of federal grants that had previously been used to purchase highway signs and safety equipment.

The Department's constrained request includes a proposal to charge tuition for recruits attending the Municipal Police Training Academy. This includes charging $4,000 per recruit to attend the six-month academy and is estimated to generate $400,000 per year. The Department currently charges private companies like Brown University, the Rhode Island School of Design and non-profits the same fee. The Department reports that it trains approximately 100 recruits per year, 50 during the winter and 50 during the spring and summer months. *The Governor recommended funding as requested in the unconstrained request.* **The Assembly concurred.**

State Police

58th Training Academy. The Department requested $2.6 million from all sources to conduct a new 25 person State Police Training Academy, including $1.8 million from general revenues and $0.7 million from Google Forfeiture funds. The Department initially planned to conduct the training academy from February 14, 2021 through July 30, 2021. The Governor's FY 2021 budget recommendation included $0.4 million less from general revenues and moved the start date to June 2021. The enacted budget does not include funding based on the Department's request submitted in October 2021 that showed a new class would not begin until September 2021. New recruits would graduate the academy on February 27, 2022. This request includes $0.9 million from general revenues for the salaries and benefits for 25 troopers to work from February 27 until June 30, 2022. This also includes $0.5 million for trooper's stipends, $0.2 million for meals, $0.1 million for staff overtime related to training, $0.7 million for safety equipment and uniforms, and $0.2 million for medical professionals conducting physical and psychological exams and for any injuries and $0.1 million for all other expenses.

The Department's constrained request excludes this funding. *The Governor recommended 28 trainees, three more than requested, and $0.4 million more from newly proposed adult use marijuana restricted receipts. This assumes that three new troopers would immediately begin working in the Traffic Safety Unit as drug recognition experts to prevent impaired driving under the influence of marijuana.* **The Assembly concurred with the number of trainees but did not recommend using adult use marijuana restricted receipts.**

Adult-Use Marijuana. The Governor's FY 2021 budget included legislation to authorize and regulate an age 21 and older adult use marijuana program but the 2020 Assembly did not concur. Massachusetts began adult retail sales of marijuana on November 20, 2018. Maine adopted an adult use program in September 2019. Bills have also been previously introduced in Connecticut and New Hampshire.

The Governor's budget includes Article 11 of 2021-H 6122 to establish the authorization and regulation of an age 21 and older adult use marijuana program. The Governor's budget includes $1.7 million in new revenues and an anticipated start date of April 2022. The regulation of all programs would be centralized within the Office of Cannabis Regulation within the Department of Business Regulation with the assistance and cooperation of a variety of health and public safety agencies. His recommendation includes $7.6 million from a new adult use marijuana restricted receipt account for these agencies. Of that, $0.3 million is for the Division of State Police to have three troopers assigned as drug recognition experts, previously discussed, and $0.5 million is for grants to support local governments on the same tasks. **The Assembly did not concur.**

Pensions. Consistent with the enacted budget, the Department requested $16.4 million to pay for the pension costs of sworn personnel hired before July 1, 1987 who were not required to contribute to their pension. Starting in FY 2015, the assumption is that the state contributes $16.7 million annually for the next 18 years, plus the one-time $15.0 million from Google Forfeiture funds in FY 2016. This would mean the final payment date would be FY 2033. State Police members hired on or after July 1, 1987 participate in and are paid through the contributory retirement system.

The Department's constrained budget includes a proposal to defer 15 percent of the State Police pension costs to beyond 2036 to achieve general revenue savings of $2.5 million for FY 2022. This would reportedly extend the repayment period to beyond 2036, but the actual date is undeterminable without an actuarial study. *The Governor recommended funding consistent with the enacted budget.* **The Assembly concurred.**

Other Salaries and Benefits. The Department requested $74.2 million from all sources for salaries and benefits for 296.0 full-time equivalent positions, which is $0.8 million less than enacted. The request reflects estimated turnover savings from vacancies, changes to retiree health benefits and shifting $0.7 million of personnel costs from general revenues to reimbursements for enforcement and patrol at construction sites. Turnover savings is equivalent to 3.2 troopers based on the average cost of a position. As of the pay period ending on January 16, the Department had 10.0 vacant full-time positions. The Department reported 49 state police members are eligible for retirement and two must retire this year. Another 17 will be required to retire by June 2022 and 30 will be required to retire in 2026.

The request includes $0.9 million less from all funds for retiree health benefits based on estimates that the retiree health employer rate for state police will drop from 29.65 percent to 26.87 percent because of the repeal of the federal tax on high cost health insurance, known as the "Cadillac Tax."

The Department's request also includes $2.4 million from reimbursements for enforcement and patrol at construction sites which allows for a shift of $0.7 million in personnel costs from general revenues. According to the Department, the FY 2020 winter season was milder than in previous years and construction never stopped. The pandemic allowed the Department to put troopers at more construction patrols while there was diminished travel on the highways. The Department assumed the same winter conditions and patrol availability to continue this work.

The Department's constrained request includes general revenue savings of $0.3 million from reducing overtime costs by scheduling details during a person's regularly scheduled hours.

The Governor recommended $0.7 million less than requested from general revenues. This includes $0.4 million for additional turnover savings equivalent to 2.5 senior troopers and $0.3 million from overtime savings, consistent with the Department's constrained proposal. As of the March 13 pay period, the Department had 11.0 vacant positions. **The Assembly concurred and also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of**

Administration and included $58,153 based on five individuals opting to participate in the voluntary retirement incentive program.

The Assembly also added $16,827 from all sources to account for the base adjustment to agency budgets for FY 2022 resulting from a settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages.

HOPE Initiative. The enacted budget includes $0.8 million from federal funds for the Heroin Opioid Prevention Effort (HOPE) Initiative, which launched in 2018 to prevent opioid addiction and overdose. This program is ending in FY 2021 and the Department's request excludes the funding. *The Governor excluded funding as requested.* **The Assembly concurred.**

Legal Services. The Department requested $182,000 or $70,000 more from general revenues than enacted for legal services. The request reflects the cost of additional expert witnesses, arbitrators, and other specialists. The Department indicated that costs differ from year to year; however, the request appears to be overstated based on historical expenditures. The Department spent $71,900 in FY 2020, $6,252 in FY 2019, $56,822 in FY 2018, and $14,842 in FY 2017. *The Governor recommended funding as requested.* **The Assembly concurred.**

State Fleet Maintenance. The Department requested $1.5 million from all sources for state fleet expenditures, which is $6,600 more than the enacted budget and reflects the estimated increased cost of fuel and maintenance. The Department's expenditures are funded from general revenues and reimbursements from the Department of Transportation for road reconstruction details and for enforcement and inspection of oversized vehicles. The Department also is paid by third parties for hired patrols usually at utility work sites and working escorts or large events. Payments made by third parties are used to offset general revenues as opposed to being recorded as an expenditure in the Department's budget.

The Department's constrained request includes $144,326 of general revenue savings by raising the fee that is charged to third parties from $24 per hour to $28. *The Governor recommended funding as requested in the Department's unconstrained request.* **The Assembly concurred.**

Capital Projects. The Department requested $2.2 million, or $0.3 million more from Rhode Island Capital Plan funds than enacted, for capital projects. This includes $1.0 million to renovate the Administrative Support Building offset by savings from two projects reaching completion in FY 2021. *The Governor recommended $0.2 million less than requested.* **The Assembly provided $2.3 million from Rhode Island Capital Plan funds for two new projects. A detailed description of the projects is included in the Capital Budget section of this publication.**

Other Federal Grants. The Department requested $3.3 million, or $0.5 million more than enacted, from all other federal grants to reflect estimated federal awards for FY 2022. This includes $0.1 million more from federal Sex Offender Registration and Notification Act grant funds to finish creating a sex offender tracking database, $0.3 million more from a Highway Safety Task Force grant to reduce drunk driving and $0.1 million more from grants for the state's participation in federal criminal cases. *The Governor recommended funding as requested.* **The Assembly concurred.**

RISCON. The Department's request includes $0.2 million from general revenues, consistent with the enacted budget for the operation of the communication system for two police barracks and the Rhode Island Statewide Communications Network (RISCON), managed by the Emergency Management Agency.

The Department's constrained request excludes this. The Department has decided to update the Wickford and Hope barracks to a statewide fiberoptic network that allows for higher data speeds. After the update of the two barracks is complete, the primary purpose of this system will be to provide critical data links for

the Rhode Island Statewide Communications Network. The Department indicated that the management and upkeep of the system would be the responsibility of the Emergency Management Agency. This proposal would not achieve actual savings because it shifts the costs to another state agency. *The Governor recommended funding as requested in the unconstrained request.* **The Assembly concurred.**

Other Operations. The Department requested $6.3 million from all sources for all other expenses which is $0.1 million more than the enacted budget including $14,856 more from general revenues. This mostly reflects additional trainings for the Commission on Accreditation for Law Enforcement Agencies certifications and additional restricted receipts for the Department's involvement in federal investigations involving controlled substances. *The Governor recommended funding essentially as requested.* **The Assembly concurred.**

Proposed Revenue Initiatives

Portsmouth Barracks. As part of its constrained request, the Department proposed selling the Portsmouth Barracks to save on utility payments and create revenue from selling the land. The Portsmouth Barracks has not been occupied by the State Police since 2012 as part of a budget savings initiative which relocated State Police to other barracks within the state. The town of Portsmouth has assessed the property value to be $1.8 million. This was unsuccessfully proposed in FY 2020 and FY 2021. *The Governor did not recommend this proposal. The Governor subsequently requested an amendment adding $2.0 million over FY 2022 and FY 2023 from Rhode Island Capital Plan funds to renovate and reopen the building.* **The Assembly concurred with the amended recommendation.**

User Fee for RILETS Network. As part of its constrained request, the Department proposed charging an annual $125 user fee to municipalities and other subscribers that use Rhode Island Law Enforcement Telecommunications. The Department estimated that this fee would generate $0.5 million per year. The Department reports that it has 3,765 users of the system a year, including 70 law enforcement agencies. The Department unsuccessfully proposed this for its FY 2018 and FY 2021 budget request. *The Governor did not recommend this proposal.* **The Assembly concurred.**

Town of Exeter and New Shoreham Reimbursement. As part of its constrained request, the Department proposed charging the towns of Exeter and New Shoreham the annual cost of providing public safety. Neither town has a municipal law enforcement agency. Exeter requires one corporal and two troopers all year and New Shoreham requires one corporal and three troopers from June to mid-September. The Department estimated personnel costs of patrolling these towns to be $0.6 million. *The Governor did not recommend this proposal.* **The Assembly concurred.**

Rent Charges to Other Agencies. As part of its constrained request, the Department proposed to charge the Rhode Island National Guard and the Rhode Island Emergency Management Agency rent for use of State Police buildings. The National Guard uses the State Police Training Academy firing range and the Department proposes charging $12,500 annually for its use. This is essentially the same amount the National Guard charges the Municipal Police Training Academy to use Camp Fogarty. The Emergency Management Agency uses one of the three 17,260 square foot storage units located on the State Police Headquarters campus. The Department proposed to charge $4 per square foot per year for a total of $69,040 a year. This proposal would not achieve actual savings because it shifts the costs to another state agency. *The Governor did not recommend this proposal.* **The Assembly concurred.**

Accident Report Fee. As part of its constrained request, the Department proposed a 66 percent fee increase on accident reports. Accident reports are required by automobile insurance companies when determining culpability for vehicle accidents, or good driving records, and is paid by either the policy holder or the insurance company. Rhode Island General Law establishes the accident report fee of $15. This proposal increases that fee to $25. The Department estimated that this increases general revenues by $130,258. The

Department collected $195,407 in FY 2019 and $240,011 in FY 2020. *The Governor did not recommend this proposal*. **The Assembly concurred.**

Office of the Public Defender

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 11,271,348	$ 11,252,996	$ 12,019,394	$ 11,940,298
Contracted Services	226,378	143,378	225,508	225,508
Subtotal	**$ 11,497,726**	**$ 11,396,374**	**$ 12,244,902**	**$ 12,165,806**
Other State Operations	1,153,897	1,264,747	1,235,052	1,236,958
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	45,000	45,000	45,000	45,000
Capital	59,695	59,695	59,500	59,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 12,756,318**	**$ 12,765,816**	**$ 13,584,454**	**$ 13,507,264**
Sources of Funds				
General Revenue	$ 12,680,653	$ 12,579,301	$ 13,508,789	$ 13,431,599
Federal Aid	75,665	186,515	75,665	75,665
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	**$ 12,756,318**	**$ 12,765,816**	**$ 13,584,454**	**$ 13,507,264**
FTE Authorization	**96.0**	**96.0**	**99.0**	**99.0**

Summary. The Office of the Public Defender requested FY 2022 expenditures of $13.8 million from all sources, which is $1.0 million more than the enacted from general revenues. The Office requested 102.0 full-time equivalent positions, six more than the enacted level. *The Governor recommended $13.6 million and three new positions. This is $0.2 million less, and three fewer positions, than requested.* **The Assembly provided $77,190 less from general revenues and 99.0 full-time equivalent positions.**

New Assistant Public Defenders (6.0 FTE). The Office requested $0.7 million from general revenues for six new assistant public defender positions in FY 2022 as part of an ongoing effort to relieve the caseload burden at the agency. The requested amount includes $663,969 for salaries and benefits and $6,500 for computers, supplies and licensing fees. The request assumes these full-time attorneys will be hired at the beginning of FY 2022. Three of the six new positions were included in the Governor's FY 2021 budget recommendation but the Assembly did not add them. The Office's revised request retains them.

The Public Defender noted its caseload for each attorney, which was cited in a November 2017 report from the *Rhode Island Project* was "to establish public defender workload standards for the State of Rhode Island." As noted in that report, one way to address the caseload burden of the Public Defender is an increase in staffing levels to move closer to a workload standard.

The constrained request excludes the new positions. *The Governor included $0.3 million from general revenues for three new positions.* **The Assembly concurred.**

Other Salaries and Benefits. The Office requested $11.8 million from general revenues for salaries and benefits which is $0.4 million more than enacted for its 96.0 full-time equivalent positions. It should be

noted that the enacted budget includes one-time savings of $216,540 from 39 individuals participating in the workshare program which ended in September 2020. Adjusting for this, the request is $202,058 more than enacted and includes current service adjustments and keeping approximately two positions vacant. The enacted budget assumes keeping four positions vacant. As of the pay period ending January 30, 2021, the Office had 91.0 filled positions, or 5.0 vacancies.

The Office's constrained request proposes eliminating 20.0 full-time equivalent positions for savings of $1.9 million. The Office indicated that its current caseload would prevent the ability to absorb additional cases for FY 2022, if this proposal is approved. As a result, cases referred by the Judiciary would not be accepted. *The Governor recommended funding as requested.* **The Assembly concurred and also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $79,096 in the Office of the Public Defender's budget based on two individuals who participated during FY 2021.**

Parking. The enacted budget includes $500,293 from general revenues for staff to park at the new Garrahy Garage or traditional parking at the Providence Performance Arts Center; the request is $55,161 less than enacted. The enacted budget assumes savings of $23,400 from parking at the new Garrahy Garage and consistent with the revised request, the Office restored $3,039 of this. It also excluded $58,200 from general revenues for Garrahy expenses provided in the enacted budget that had previously been included in the Department of Administration's budget. The request was submitted before the budget was adopted. *The Governor added $58,953 for parking expenses at the Garrahy Garage.* **The Assembly concurred.**

Federal Grants. The Office requested the enacted amount of $75,655 from federal funds. This includes $30,630 from the federal Edward Byrne Memorial Justice Assistance Grant which is available to states and local government units for various criminal justice purposes. The Office utilizes the funding for a contracted social worker to assist with the assessment and evaluation of adult clients and placement into social service community programs. The Office also included the enacted amount of $45,035 from the John R. Justice Incentive Grant for student loan repayments.

The constrained request inadvertently eliminates funding from both grants. *The Governor recommended the enacted level of funding.* **The Assembly concurred.**

Other Operating Expenses. The Office requested $0.8 million from general revenues for other operating expenses, which is $11,363 less from general revenues. This includes $0.2 million for contracted clerical, transcription, expert legal and temporary services, $0.4 million for office supplies and computers, and $0.2 million for utilities, maintenance and centralized services.

The Governor recommended $26,000 more than requested for new computers. The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $1,906 from general revenues in the Office of the Public Defender' budget for information technology services. It concurred with the remainder of the recommendation.**

Department of Environmental Management

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Office of the Director	$ 11,113,744	$ 11,787,593	$ 11,682,261	$ 11,741,050
Bureau of Natural Resources	67,051,920	64,363,982	61,263,955	64,544,162
Bureau of Environmental Protection	31,120,502	31,194,467	31,762,690	31,635,160
Total	**$ 109,286,166**	**$ 107,346,042**	**$ 104,708,906**	**$ 107,920,372**
Expenditures by Category				
Salaries and Benefits	$ 52,447,895	$ 52,288,321	$ 54,947,359	$ 54,381,332
Contracted Services	7,523,308	7,989,345	8,267,654	8,267,654
Subtotal	**$ 59,971,203**	**$ 60,277,666**	**$ 63,215,013**	**$ 62,648,986**
Other State Operations	19,608,170	21,079,875	18,778,240	18,555,733
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	6,472,374	7,111,082	6,539,095	6,539,095
Capital	23,184,419	18,827,419	16,156,558	20,156,558
Capital Debt Service	-	-	-	-
Operating Transfers	50,000	50,000	20,000	20,000
Total	**$ 109,286,166**	**$ 107,346,042**	**$ 104,708,906**	**$ 107,920,372**
Sources of Funds				
General Revenue	$ 42,769,969	$ 42,611,952	$ 46,637,374	$ 46,183,840
Federal Aid	35,511,001	36,556,001	32,723,890	32,388,890
Restricted Receipts	16,559,204	18,081,895	17,101,791	17,101,791
Other	14,445,992	10,096,194	8,245,851	12,245,851
Total	**$ 109,286,166**	**$ 107,346,042**	**$ 104,708,906**	**$ 107,920,372**
FTE Authorization	**394.0**	**394.0**	**401.0**	**401.0**

Summary. The Department requested $104.5 million from all sources, which is $4.8 million less than enacted and includes $4.2 million more from general revenues, $3.1 million less from federal funds, $0.8 million more from restricted receipts and $6.8 million less from other funds, primarily Rhode Island Capital Plan funds. The Department also submitted a constrained request that totals $102.5 million and includes $0.7 million less from general revenues than the unconstrained request and 11.0 fewer positions.

The Governor recommended $104.7 million from all sources, including $46.6 million from general revenues. This is $0.3 million more than requested from all sources, including $0.4 million less from general revenues. The recommendation includes 401.0 full-time equivalent positions; 7.0 more than enacted and 23.0 less than requested. **The Assembly provided $3.2 million more from all sources is primarily a shift of capital expenses for FY 2021 and concurred with the staffing.**

Staffing (30.0 FTE). The Department requested $56.3 million from all sources, including $35.4 million from general revenues for 424.0 full-time equivalent positions, 30.0 positions more than authorized. This is $3.9 million more from all sources than enacted, including $4.2 million more from general revenues. The request adds $1.0 million for 6.0 new parks and recreation positions and 5.0 new environmental engineers. The request restores $0.5 million of the $1.3 million in turnover savings included in the enacted

budget, increases overtime costs for the Division of Parks and Recreation, properly funding employer payroll taxes for seasonal employees, and includes current service adjustments, step increases and changes to health insurance. This also reflects updated federal grants. The Department's request includes funding for 412.7 full-time equivalent positions, which is 18.7 positions more than authorized. As of the January 16 pay period, the Department had 7.0 vacant positions.

The request also increases the Department's full-time staffing authorization by 19.0 positions, with no associated increase in funding. The Department reported that the staffing authorization is too low to fulfill its statutory obligations and hire positions when new federal grants are awarded. The 2019 Assembly eliminated 5.0 vacancies. In FY 2020, the Department averaged 4.8 vacant positions. Over the last three years, the Department has steadily decreased its vacancies. The Department averaged 373.5 filled positions in FY 2018, 373.4 filled positions in FY 2019, 389.1 filled positions in FY 2020, and through the January 16 pay period, the Department had 390.0 filled positions.

The enacted budget includes $642,876 of one-time savings, including $445,936 from general revenues, based on 92 individuals from the Department opting to participate in the workshare program. Adjusting for that, the request is $3.2 million more than enacted including $3.7 million more from general revenues.

The Governor recommended $2.5 million more than enacted from all sources, including $3.4 million from general revenues which reflects restoring one-time general revenue savings in FY 2021 from shifting personnel costs to federal Coronavirus Relief funds. This is $1.4 million less than requested from all sources including $0.7 million less from general revenues and supports 402.7 full-time equivalent positions; 10.0 positions fewer than requested. The recommendation includes 7.0 new full-time equivalent positions including four new parks positions and three positions to expand port operations at state piers. As of the pay-period ending March 13, the Department had 11.0 vacant positions. **The Assembly concurred and also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $0.6 million in the Department's budget based on 21 individuals who participated during FY 2021. The Assembly also provided $44,430 from general revenues to reflect a minimum wage increase that became law through separate legislation.**

Coronavirus Response. The federal CARES Act adopted in response to the crisis provided $1,250.0 million to Rhode Island for related expenditures incurred between March 1, 2020 and December 30, 2020. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance with COVID-19 related public health measures. The enacted budget includes $1.6 million in personnel expenses from federal Coronavirus Relief funds and includes a like amount in savings from general revenues and restricted receipts. The Department's request excludes this one time funding. Adjusting for that, the request for salaries and benefits is $3.2 million more from all sources and $2.1 million more from general revenues. *The Governor excluded funding and restored general revenues.* **The Assembly concurred.**

Centralized Services. The Department requested the revised level of $2.8 million from all sources for centralized services provided through the Department of Administration, including $45,000 for facilities management, $2.0 million for information technology services, and $0.8 million for human resources. This is $0.1 million more than enacted and reflects the FY 2020 final enacted budget; the Department spent $3.0 million in FY 2020, which is $0.2 million more than the request. *The Governor recommended funding essentially as requested. The Governor's recommended budget includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work.* **The Assembly made adjustments to all affected agencies so that**

expenses are more accurately shown where they are anticipated to occur and added $0.1 million more from general revenues in the Department's budget for information technology.

Office of the Director

The Office of the Director develops and implements the agency's wide range of programs to protect Rhode Island's environment, protect the citizens of the state from public health threats resulting from pollution, and provide facilities that support a diversity of outdoor recreational activities.

Salaries and Benefits. The Department requested $5.8 million from all sources for salaries and benefits for the Office of the Director, which is $0.3 million more than enacted including $52,378 from general revenues and reflects current service adjustments, changes to health insurance and step increases. This also reflects a $0.2 million increase to indirect cost recovery restricted receipts. Pursuant to Rhode Island General Law, Section 35-4-23.1, funds recovered from federal grants are designated for specific purposes through the annual budget process. This is a flexible fund source that can be used in lieu of general revenues. The request funds 34.0 full-time equivalent positions. As of the pay period ending January 16, the Office had 31.0 filled full-time equivalent positions which is 5.0 less than authorized.

The Department's constrained request includes a proposal to reduce general revenue expenses by $0.1 million by allocating 50 percent of salaries and benefit costs for the Administrative Adjudication Office to other state agencies. This is an effort to maximize non-general revenue sources in other agencies; however, this would not achieve savings to the state as it is merely shifting the cost to other agencies. *The Governor recommended $24,201 less than requested from general revenues. The recommendation reallocates two positions to other divisions and funds 33.8 full-time equivalent positions, 0.2 positions less than requested.* **The Assembly concurred and also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $53,704 in the Office's budget based on the two individuals who participated during FY 2021.**

Bays, Rivers, and Watersheds Fund. The Department requested the revised level of $275,000 from the Bays, Rivers, and Watershed restricted receipts for efforts relating to watershed and marine monitoring, water pollution abatement, and climate change. The fund is derived from fees collected for the disposal of septage from a $1 per hundred gallons charge on septage disposal in the state. This is $0.1 million less than enacted and reflects project delays and includes a decrease in design, engineering, and environmental services. *The Governor recommended funding as requested.* **The Assembly concurred.**

Regional Greenhouse Gas Initiative. The Department requested the revised level of $0.6 million from Regional Greenhouse Gas Initiative restricted receipts, which is $0.2 million more than enacted. Pursuant to Rhode Island General Law, Section 23-82-6, the receipts from the Regional Greenhouse Gas auctions shall be used for the benefit of energy consumers through investment in the most cost-effective available projects that can reduce long-term consumer energy demands and costs. Any funds not spent remain in the account to be used as needed in subsequent years. This reflects the expected receipts for FY 2022. Expenses have steadily increased since FY 2018. The Department spent $0.3 million in FY 2019 and $0.6 million in FY 2020. *The Governor recommended funding as requested.* **The Assembly concurred.**

Director of Food Strategy Grant. The Department requested $50,000 from general revenues to help the Commerce Corporation pay for the salary and benefits of a new Director of Food Strategy. The total cost of this position is approximately $63,000. This position has not been filled as of the January 16, 2021 pay period. This is a partnership between the Department of Health and the Commerce Corporation. The Department of Health has committed $13,380 for this position. A similar position was previously filled at the Department a few years ago and was funded through donations. Once that funding was no longer available, the position was abolished. *The Governor did not recommend funding in the Department's*

budget; however, the Governor did recommend $69,060 from general revenues budgeted in the Executive Office of Commerce. **The Assembly concurred.**

Other Operations. The Department requested $3.1 million for all other expenses which includes $2.4 million to rent space at the Foundry Building, $0.3 million for utilities, $0.2 million for office supplies, communication costs, travel and training costs, and $0.1 million to award as grants. The request is $13,676 more than enacted from all sources. This includes $24,137 more from general revenues and reflects aligning costs to FY 2020 spending for utilities and office supplies. Restricted receipt reductions reflect lower costs for supplies and office equipment matching FY 2020 expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

Bureau of Environmental Protection

The Bureau of Environmental Protection is responsible for preventing and minimizing pollution, and monitoring the quality and overseeing the restoration of water, air, and land. It has six regulatory offices:

- The Offices of Water Resources, Air Resources, and Waste Management evaluate applications, issue permits that meet State and federal requirements, and oversee permit compliance.
- The Office of Compliance and Inspection investigates citizen complaints that are within the Bureau's responsibility and is the centralized administrative office for enforcement.
- The Office of Customer and Technical Assistance coordinates the review of projects requiring multiple applications and permits and is the centralized administrative office for applications.
- The Office of Emergency Response responds to spills of oil and chemicals.

Environmental Engineer I (5.0 FTE). The Department requested $0.5 million from general revenues for five new environmental engineers for the Offices of Water Resources, Air Resources, Waste Management, and Technical and Customer Assistance. This reflects a full year of salaries and benefits at a cost of $108,613 per position. These positions would be responsible for evaluating permit applications and ensuring projects are compliant with federal and state environmental laws and regulations. The Department believes these positions will further streamline permitting processes and help respond to permit applications. The Department reported that permit volume has increased by one third since 2015.

The Department's request also proposes $0.6 million in new general revenues from increasing the fees for complicated permitting cases. This is almost the same proposal included in the Governor's FY 2021 recommended budget but was not approved by the Assembly; this proposal excludes offering a case manager for an increased cost. The Department's constrained request excludes these positions and retains the fee increase to achieve general revenue savings. *The Governor did not recommend these positions or increasing permitting fees.* **The Assembly concurred.**

Other Salaries and Benefits. The Department requested $22.1 million from all sources for salaries and benefits, which is $1.0 million more than enacted, including $0.8 million more from general revenues. This restores $0.3 million in general revenue turnover savings included in the enacted budget and $0.4 million from one-time savings achieved in FY 2021 through the federal workshare program. The request funds a total of 174.0 full-time equivalent positions. The request appears to shift $0.2 million from restricted receipts to general revenues, consistent with FY 2020 experience including restricted receipts from the Oil Spill Prevention, Administration and Response fund, the Underground Storage Tank receipts, and the Water and Air Protection Program. This also includes $0.4 million more from federal grants and reflects updated awards. *The Governor recommended $148,134 less from general revenues than requested and assumed turnover savings equivalent to one position. The recommendation reallocates 6.0 unfunded, vacant full-time positions to the Bureau of Natural Resources.* **The Assembly concurred and also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the**

Department of Administration and included $0.1 million in the Bureau's budget based on the seven individuals who participated during FY 2021.

Federal Grants. The Department requested $5.3 million from federal funds or $0.2 million more than enacted to reflect current awards. Expenditures include $1.7 million for design and engineering services, $1.4 million to award as grants, and $1.8 million for operating and program expenditures. Federal grants support prevention and abatement programs for water and air pollution, managing superfund sites as determined by the Comprehensive Resource Conservation and Liability Act, and waste management. The Department has typically requested all of its available funding only to significantly underspend at the end of the year. The FY 2020 final budget included $5.2 million and the Department spent $2.4 million of that. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rose Hill Landfill. The Department requested $0.2 million from general revenues for maintenance and monitoring activities at the state's superfund site located at the former Rose Hill Landfill in South Kingstown, which is $20,000 less than enacted. This reflects FY 2019 and FY 2020 expenditures, and the Department noted the unpredictable nature of landfill gases make it difficult to predict annual maintenance costs. *The Governor recommended funding as requested.* **The Assembly concurred.**

Oil Spill Prevention, Administration and Response Fund. The Department requested $1.1 million from Oil Spill Prevention, Administration and Response Fund restricted receipts, which are derived from a $0.05 per barrel fee on petroleum products received at marine terminals in Rhode Island. This is $0.1 million less than enacted and is an attempt to align the budget with anticipated expenses. The funding is used to promptly respond to, contain and remediate oil spills, maintain a state of emergency response readiness through responder training and equipment acquisition, and pay emergency loans to workers affected by a spill as well as damage compensation for legitimate claims that cannot otherwise be compensated by responsible parties or the federal government. The Department spent $1.0 million in FY 2017, $1.0 million in FY 2018, $0.7 million in FY 2019 and $0.6 million in FY 2020. *The Governor recommended funding as requested.* **The Assembly concurred.**

Underground Storage Tank Trust Fund. The Department requested $1.3 million or $0.2 million less than enacted from restricted receipts assessed to environmental protection regulatory fees collected on every one cent per gallon of motor fuels sold to owners of underground storage tanks. Pursuant to Rhode Island General Law Section 46-12.9-5, "the fund shall provide reimbursement to responsible parties for the eligible costs incurred by them as a result of releases of certain petroleum from underground storage tanks or underground storage tank systems." While leaks from these tanks are unpredictable, expenditures have declined from $1.3 million in FY 2018 to $0.9 million in FY 2019 and $0.9 million in FY 2020.

The Department's constrained request proposes to transfer $1.0 million from this fund to general revenues to achieve a budget savings target. This was included as a proposal in the Governor's FY 2020 revised budget recommendation and in previous years but has not been approved by the Assembly. The transfer was $2.0 million in FY 2006. *The Governor recommended funding as requested as well as the proposed transfer.* **The Assembly concurred with the spending but not the transfer.**

Volkswagen Settlement. The Department requested $150,518 or $49,482 less than enacted from Volkswagen Settlement funds based on FY 2020 spending. In 2018, Volkswagen agreed to settle allegations that it violated the federal Clean Air Act by selling vehicles that emit air pollution over the legal limit, and by cheating on federal emission tests to hide the excess pollution. As part of the settlement, states were eligible to receive funds to pay part of the cost of projects to reduce diesel emissions from vehicles, to install electric vehicle infrastructure, and conduct other environmentally beneficial projects; the state received a total of $18.5 million. The total award to the Department for its mitigation plan was $14.4 million to be used during a ten-year period, and to be included in different years' budgets. The remaining

$4.1 million in settlement funds were awarded to the Office and will be spent on "environmentally beneficial projects" as directed by the Attorney General.

The Department may use up to 15.0 percent of the funds it was awarded from the settlement for program administration including personnel costs, construction of associated facilities for the electric vehicles, and training. The Department was also awarded $0.4 million from the Office for five projects, including two hazardous waste projects, a fish project, a solar project, and a technology project. The Department's revised request reflects spending the total amount awarded from the Office of the Attorney General in FY 2020. This request reflects an additional carbon study that was not included in the initial award. *The Governor recommended funding as requested.* **The Assembly concurred.**

New Vehicle. The Department requested $35,000 from general revenues for a new sport utility vehicle for the Office of Water Resources. This will be used for mandatory field inspections during installations of septic systems. The vehicle that the Office currently has is over ten years old and has over 200,000 miles recorded. This will also be used for field work of water quality samples for shellfish harvesting. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Operations. The Department requested $1.3 million from all sources for all other expenses, which is $57,629 less than enacted, including $38,492 more from general revenues. Consistent with its revised request, this reflects hiring engineering and design contractors to provide aerial photography of wetlands and to conduct a workshop on proposed wetland regulations. Expenditures include $1.1 million from restricted receipts, including $0.5 million from Environmental Response funds and $0.5 million from the State Revolving Fund, for engineering and design services and program expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

Bureau of Natural Resources

The Bureau of Natural Resources protects, manages, and restores the state's wide array of historic parks, beaches, recreational facilities, and green spaces. The bureau includes nine divisions: Agriculture, Coastal Resources, Law Enforcement, Forestry, Fish and Wildlife, Parks and Recreation, Planning and Development, Marine Resources, and the Narragansett Bay Estuarine Research Reserve. It also includes the Department's Warehouse and Service Center.

Division of Parks and Recreation

The Parks and Recreation Division is responsible for the operation and maintenance of the state's campgrounds, parks and beaches. The division consists of a property control and supply section, a construction crew, a planning section and a fiscal and administration section, which coordinates all the activities of the division. Seasonal employees are used for jobs such as lifeguards and parking attendants. The division is also responsible for road maintenance in and around the state parks and beaches. The Department's seasonal recreation program employs a number of minimum wage employees from March through October each year. The division is separated into five regions. Each region has a park manager, who supervises workers at each park. The five park regions are described below:

Region I: Lincoln Woods and Blackstone Bikeway
Region II: Colt State Park, Fort Adams, Brenton Point, Haines State Park and East Bay Bike Path
Region III: Goddard Memorial, Fort Wetherill, Beavertail and John Chafee Nature Preserve
Region IV: Fisherman's Memorial, Scarborough, Roger Wheeler, Salty Brine and East Matunuck state beaches
Region V: Burlingame State Park and Campground, Charlestown Breachway, East Beach and Misquamicut State Beach

In January 2019, the Department released an assessment of all of Parks and Recreation including staffing and standards for facility maintenance. That assessment noted the need to increase maintenance and operation staffing of locations under the Department's purview, including Parks and Recreation.

Parks and Recreation Staffing (6.0 FTE). The Department requested $0.5 million from general revenues for the salaries and benefits of 6.0 new full-time equivalent positions for its Division of Parks and Recreation. The request includes a full-year of funding for three new maintenance positions, a plumber supervisor, a senior reconciliation clerk and a civil engineer. The Department's constrained request excludes these positions and funding. *The Governor recommended $0.2 million from general revenues for 4.0 new parks positions including a maintenance technician, plumber, clerk and civil engineer. This reflects one position starting in October 2021 and three starting in January 2022. The annualized funding for these positions would be $339,976.* **The Assembly concurred.**

Parks and Recreation Other Salaries and Benefits. The Department requested $5.4 million or $0.4 million more than enacted from general revenues for the other 48.0 full-time equivalent positions. This request includes $0.3 million more for current service adjustments, staff upgrades, step increases and changes to health insurance costs. This also includes $0.1 million more for overtime costs, resulting from vacancies, which would exceed any achieved turnover savings. It appears the request is overstated because based on the average cost of a position, the request funds 53.0 full-time equivalent positions. *The Governor recommended $0.2 million less from general revenues than requested and included three unfunded positions reallocated from other divisions.* **The Assembly concurred.**

Parks and Recreation Seasonal Staff. The Department requested $4.2 million from general revenues for the Department's seasonal staff. This is $0.2 million more than enacted and reflects properly funding employer payroll tax costs that were underfunded in the enacted budget based on the Department's FY 2021 budget request. *The Governor recommended $0.1 million less than requested.* **The Assembly enacted separate legislation raising the minimum wage to $12.50 an hour and beginning on January 1, 2022. The Assembly provided $44,430 from general revenues to reflect this increase.**

Parks and Recreation Operations. The Department requested $4.1 million from general revenues for all other Parks and Recreation expenses, which is $0.1 million more than enacted and reflects additional funding for the upkeep of parks, beaches, campgrounds and bike paths. Expenditures include $1.6 million for maintenance of buildings and roads, $0.8 million for utilities, $0.6 million for communications, insurance and additional supplies, and $0.6 million for state fleet maintenance and gas.

The Department's constrained request excludes $0.3 million for building maintenance. The Department has tended to understate total need in initial budget requests to meet certain targets only to request more or overspend, or both. The division spent $1.4 million in FY 2018, $1.2 million in FY 2019, and $1.2 million in FY 2020. The FY 2021 revised request includes $1.3 million. *The Governor recommended $0.1 million less than requested for building maintenance which is funded at $1.5 million.* **The Assembly concurred.**

Burlingame Campground Reservation Fees. The division collects daily and overnight usage fees for campsites at five state campgrounds. For the Burlingame campground, two vendors collect fees and manage online reservations. Collections are deposited into an escrow account to pay for the vendors and then the remaining revenues are deposited in the general fund. This is the only facility that utilizes this accounting method which is not the typical use for an escrow account. Expenditures from escrow accounts are not typically accounted for in agency budgets. *The Governor recommended converting this account into a restricted receipt account, included $1.1 million to pay for the vendor, and assumed any unspent funds will be deposited as general revenues.* **The Assembly concurred.**

WWII State Park. The state made a five-year commitment to fund the maintenance and operation of the World War II State Park while transitioning control to Woonsocket. The Department made its final

payment to Woonsocket in FY 2020. The Department's request inadvertently includes the $250,000 again. The Department's constrained request excludes the funding. *The Governor excluded the funding.* **The Assembly concurred.**

Other Salaries and Benefits. The Department requested $17.3 million from all sources for the salaries and benefits for the Bureau of Natural Resources. This is $0.7 million more than enacted and restores $0.3 million of turnover savings included in the enacted budget, based on vacancies occurring in FY 2021 and $0.1 million of one-time savings achieved in FY 2021 through the workshare program. The request reflects funding for 124.0 full-time equivalent positons. This also reflects $0.2 million more from updated federal grants and $0.2 million for current service adjustments, step increases and changes to health insurance costs. *The Governor recommended $64,185 less than requested for additional turnover equivalent to 0.5 positions.* **The Assembly distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $0.4 million in the Bureau's budget based on the 12 individuals who participated during FY 2021.**

Port Operations. The enacted budget includes $0.7 million from general revenues to support port operations at the Port of Galilee and Newport Pier 9. Rhode Island General Law, Sections 42-17.1-16 and 42-17.1-16.1 require fees collected on boat leases and port fees be deposited as general revenues. Collections from lease fees have averaged $1.3 million since FY 2017 and program expenditures have averaged $0.7 million. The Department requested depositing these fees into a new restricted receipt account and includes $1.4 million, or $0.7 million more than enacted for additional asset protection projects expanding dealer assistance and outreach, and supporting local seafood businesses and commercial and recreational fishermen. Expenditures also include $0.4 million for 3.0 full-time equivalent positions, $0.1 million for maintenance and $0.2 million for utilities. It should be noted that port asset protection and maintenance projects are also supported by Rhode Island Capital Plan funds. The Department's constrained request excludes this proposal. *The Governor did not recommend this proposal, but included $0.5 million more from general revenues and 3.0 new full-time equivalent positions to expand operations at the Ports of Galilee and Newport. Total funding is $0.2 million less than requested.* **The Assembly concurred.**

Galilee Parking Fees. As part of its constrained request, the Department proposed to increase parking lot fees for the Port of Galilee, "Lot G". This fee is established through regulation and the proposal doubles the cost for annual parking passes and establishes a new $15 fee for weekend parking. The current rate for annual passes for residents is $150 and $250 for non-residents. Daily parking passes are currently $10. *The Governor's budget includes $0.1 million in new general revenues.* **The Assembly did not concur.**

COVID Relief - Government Readiness. The enacted budget includes $2.3 million from all sources, including $0.3 million from general revenues, for coronavirus response activities. The request excludes these one-time expenses. *The Governor's recommendation includes $0.3 million from federal funds for which a specific grant source had not been identified. This appears to assume that the expenses would be suitable for some of the funding approved in the American Rescue Plan which President Biden signed the day the budget was submitted to the General Assembly. The Governor subsequently requested an amendment to remove this funding.* **The Assembly concurred with the amended request.**

Local Agriculture and Seafood Grants. The Department requested the enacted level of $100,000 from general revenues for the Local Agriculture and Seafood Act grant program. This program provides grants to local agriculture and food businesses to support the growth, development and marketing of local food and seafood in the state. Established in 2012, the Local Agriculture and Seafood Act (LASA) Grants Program has been funded from general revenues and private contributions from the van Beuren Charitable Foundation, the Henry P. Kendall Foundation, and the Rhode Island Foundation. The Department reported that these partnerships generated $0.1 million of matching funds to the Department's general revenue contribution of $0.1 million and provided for 89 grants in five years totaling $1.0 million. However,

matching grants have declined significantly, reducing the number of grants available. *The Governor recommended funding consistent with the enacted budget.* **The Assembly concurred.**

Host Beach Communities. The Department requested $0.5 million from general revenues for the anticipated payments to host beach communities, which is $39,141 more than enacted. This reflects an estimate because the request was submitted prior to the beach parking vendor's final calculations of daily passes. The enacted budget assumes payments based on $1.8 million in receipts; actual receipts were $1.9 million. The Department collects fees for daily and seasonal parking at seven facilities across the state and reimburses the four host communities of Charlestown, Westerly, Narragansett, and South Kingstown 27 percent of all daily parking fees collected from Memorial Day to Labor Day. Receipts collected in 2018 were $1.4 million. *The Governor recommended $0.2 million more than enacted and requested. This reflects increased payments from a proposal to increase Westerly beach fees, discussed below, and estimated to generate $0.6 million in new general revenues.* **The Assembly concurred.**

Fish and Wildlife License Fees. The Department proposed increases to hunting and fishing licenses within the Division of Fish and Wildlife. This is the same proposal that was included in the Governor's FY 2021 budget recommendation but not adopted by the Assembly. This is estimated to generate $0.1 million in additional restricted receipt revenue which will also result in increased federal matching funds. The increase would be effective FY 2022, FY 2025 and FY 2028. The increases vary, but on average are $7 higher; most of these fees are currently less than $30. *The Governor included this proposal in his budget and included $0.1 million in restricted receipt revenues.* **The Assembly concurred.**

Commercial Fishing Licenses Modernization. The Department proposed modernizing its commercial fishing license structure, which is estimated to generate $0.1 million in additional restricted receipt revenue. The Department reported this will simplify and streamline the commercial fishing license structure and align fees to be consistent with other states. The request would consolidate 24 different fishing license fees to seven fees. The fees would range from $150 to $450 for an in-state license and $350 to $1,750 for out-of-state residents. Funds will be used to support the Division of Marine Fisheries and is matched by federal funds. This is the same proposal that was included in the Governor's FY 2021 budget recommendation but not adopted by the Assembly. *The Governor included this proposal in his budget and included $0.1 million in restricted receipt revenues.* **The Assembly concurred.**

Law Enforcement Operations. The Department requested $0.1 million from general revenues for its law enforcement expenses which is $24,743 more than enacted and reflects hiring municipal police to help with extra enforcement details at parks. The Department reported unusually high turnover and expects more retirements. Vacancies should produce turnover savings to help offset this cost. *The Governor recommended funding as requested.* **The Assembly concurred.**

State Fleet. The Department requested $503,354 from all sources for state fleet gas and maintenance costs. This is $30,397 more than enacted and reflects the Department anticipating higher maintenance costs for its aging vehicles. The request includes $67,070 more from general revenues and reflects shifting expenses from restricted receipt boating fees that are declining. The revised request contains a similar increase and fund source shift. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Federal Grants. The Department requested $15.8 million from its remaining federal grants, which is $0.4 million less than enacted and reflects current federal awards. Expenditures include $4.5 million for professional services, mostly designers and engineers, $3.4 million for operating costs for programmatic expenses, $1.8 million to distribute as grants and $5.9 million in large purchases, including ongoing construction, heavy equipment, land, and motor vehicles. Funding comes from a variety of federal grants to support programs aimed at outdoor recreation, fish and wildlife, wildlife and habitat restoration, marine fishing and monitoring, and animal health and behavior. It should be noted, the Department typically requests all of its available funding only to significantly underspend at the end of the year. In FY 2020, the

Department spent $7.4 million from all of its federal grants, which was $9.0 million less than budgeted. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Projects. The Department requested $7.6 million from Rhode Island Capital Plan funds for seven capital projects, which is $6.8 million less than enacted. The Department's request does not include the $6.0 million added to the FY 2021 budget to repair structural damage at the Galilee Piers in FY 2021. *The Governor recommended $0.6 million more than requested.* **The Assembly shifted $4.0 million from Rhode Island Capital Plan funds from FY 2021 to FY 2022. A detailed description of the projects is included in the Capital Budget section of this publication.**

Other Operations. The Department requested $2.7 million from all sources, including $0.4 million from general revenues, $2.6 million from restricted receipts, and $10,286 from Department of Transportation reimbursements for all other expenses. Expenditures include $1.6 million for purchasing maintenance vehicles, boats, and heavy machinery, $0.1 million for utilities, $0.2 million for design and engineering contractors to help with field sampling for shellfish monitoring, $0.5 million for program and office supplies and $0.3 million buildings and roads maintenance. This is $0.2 million less than enacted including $40,402 more from general revenues and reflects estimated increases in utilities, insurance and updating computer equipment. *The Governor recommended funding as requested.* **The Assembly concurred.**

Agriculture Fees. The Department's constrained budget request includes a proposal to increase agriculture fees established in Rhode Island General Law, Sections 23-25-6.1, 4-2-4, and 2-7-4. This includes increasing the pesticide product registration fee from $150 to $250, the commercial feed registration fee from $60 to $100 and the commercial fertilizer registration fee from $72 to $100. The Department estimates $1.4 million in new general revenues. In FY 2020, the Department collected $2.6 million. *The Governor recommended the proposal and includes $1.4 million in new general revenues.* **The Assembly did not concur with the commercial feed registration fee increase but concurred with the rest of the increases.**

Beach Parking. The Department's constrained budget request proposes increasing beach parking fees. The 2020 Assembly froze beach fees to levels established on June 30, 2011 pursuant to Rhode Island General Law, Section 42-17.1-9.1 until October 1, 2021. The Department proposes to remove this restriction and raise the fees through the regulatory process effective upon passage after July 1, 2021. This proposal would increase general revenues by $2.8 million, for total estimated collections of $5.5 million. Also associated with the beach fee increase, the Department's constrained request includes an additional $0.5 million paid to host beach communities pursuant to Rhode Island General Law, Section 42-17.1-9.1.

The Governor recommended increasing only beach parking fees for weekday and weekend parking in Westerly and included $0.6 million in new general revenues, effective July 1. The proposal increases weekday beach passes from $6 to $10 for residents, $12 to $20 for non-residents, $3 to $10 for senior residents and $7 to $20 for non-resident seniors. For weekend parking, the proposal increases resident passes from $7 to $15, non-resident passes from $14 to $30, resident senior passes from $3.50 to $15 and non-resident senior passes from $7 to $30. The only facility this impacts is Misquamicut State Beach, for which over 75 percent of visitors are from out-of-state. The Governor subsequently requested an amendment reducing general revenues by $26,262 to reflect the Department keeping the senior beach fees at the current level. **The Assembly concurred with the Governor's amended recommendation.**

Boating Registration Fee. As part of its constrained request, the Department proposed increasing boating registration fees to increase restricted receipts by $216,315 and general revenues by $55,865. The increase in restricted receipts would help offset law enforcement costs paid with general revenues. For vessels up to 15 feet, the fee would increase from $30 to $40 and those fees from 16 to 20 feet, would increase to $50 from $40. Also, the fee for an in-state boat title transfer would increase from $5 to $25 and the duplicate title fee would increase from $5 to $10 which are deposited as general revenues. *The Governor did not recommend this proposal.* **The Assembly concurred.**

Coastal Resources Management Council

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Category				
Salaries and Benefits	$ 3,626,097	$ 3,558,626	$ 3,863,113	$ 3,816,804
Contracted Services	200,770	160,770	388,770	388,770
Subtotal	**$ 3,826,867**	**$ 3,719,396**	**$ 4,251,883**	**$ 4,205,574**
Other State Operations	361,971	361,971	254,434	257,929
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	881,823	136,310	378,658	378,658
Capital	134,151	879,664	618,115	618,115
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	**$ 5,204,812**	**$ 5,097,341**	**$ 5,503,090**	**$ 5,460,276**
Sources of Funds				
General Revenue	$ 2,580,300	$ 2,468,632	$ 2,852,347	$ 2,809,533
Federal Aid	2,283,202	2,287,399	1,850,628	1,850,628
Restricted Receipts	250,000	250,000	250,000	250,000
Other	91,310	91,310	550,115	550,115
Total	**$ 5,204,812**	**$ 5,097,341**	**$ 5,503,090**	**$ 5,460,276**
FTE Authorization	**30.0**	**30.0**	**30.0**	**30.0**

Summary. The Coastal Resources Management Council requested $5.1 million from all sources, which is $0.1 million less than the enacted budget, including $0.4 million more from general revenues, $0.4 million less from federal funds, and $0.1 million less from Rhode Island Capital Plan funds. The Council requested 31.0 full-time equivalent positions, which is 1.0 position more than authorized. The Council also submitted a constrained request that is $0.5 million less than the unconstrained request. The proposal to achieve the reduction is noted where appropriate. *The Governor recommended $0.4 million more than requested, including $0.1 million less from general revenues. This mostly reflects adding Rhode Island Capital Plan funds for the Council's Coastal Storm Risk Study project.* **The Assembly provided $42,814 less from general revenues mostly to reflect savings from the voluntary retirement incentive program.**

Supervising Environmental Scientist (1.0 FTE). The Council requested $0.1 million from general revenues for 1.0 new supervising environmental scientist full-time equivalent position for FY 2022. The supervising environmental scientist would aid in the enforcement of the Council's management program and issue notices of violation as well as cease and desist orders for the enforcement section. The Council noted that annual issuances of violation notices have already been surpassed as of October. The request assumes that the position would be filled for the fiscal year; the revised request also includes the position funded for half a year. The Council has unsuccessfully requested this position in the last six budget cycles. The Council's constrained request removes the position. *The Governor did not recommend staffing or funding.* **The Assembly concurred.**

Other Salaries and Benefits. The Council requested $3.9 million from all sources to fund its 30.0 other full-time equivalent authorized positions. This is $0.3 million more than enacted, mostly from general revenues. The enacted budget includes turnover savings from holding positions vacant; the request restores

the savings. It should be noted that, for FY 2021, the Council averaged 27.1 filled positions through December 2020. The request also restores the one-time $32,782 of savings realized from the workshare program included in the enacted budget.

The Council's constrained request reduces staffing costs by $0.4 million. This includes the removal of the requested turnover restoration as well as an additional $0.2 million in turnover savings. This would require the Council to maintain its current staffing level of 26.0 filled positions throughout FY 2022. *The Governor recommended $18,606 less than requested from general revenues. Based on the average cost of a position, this equates to keeping a position vacant for a few pay periods in FY 2022.* **The Assembly concurred and also distributed the $8.2 million in statewide savings from the voluntary retirement incentive that was budgeted in the Department of Administration and included $46,309 in the Council's budget based on the two individuals who participated during FY 2021.**

Legal Services. The Council requested $126,000 which is $20,000 more than enacted from general revenues for legal services. This was the final appropriation for FY 2020 but actual expenses were $97,135 or $28,865 lower, a common trend for these services. The Council noted during FY 2020 that additional legal expenses were possible as a result of wind energy projects; however, those did not occur. *The Governor recommended funding as requested.* **The Assembly concurred.**

Coastal Resilience. The Council requested $27,673, which is $0.2 million less than enacted from federal funds to reflect the expected balance of a grant to determine potential coastal resiliency projects. The funding comes from the National Oceanic and Atmospheric Administration's coastal resilience grant program, which supports projects designed to help coastal communities prepare for extreme weather and climate-related hazards like sea level rise. The Council will work in partnership with Save The Bay, University of Rhode Island, Roger Williams University and the state's 21 coastal municipalities to identify, inventory, design and permit projects that improve shoreline resilience using nature-based methods and biodegradable materials. Work was delayed during FY 2020 as a result of the pandemic; however, the Council noted that an extension was granted to continue the work. *The Governor recommended funding as requested.* **The Assembly concurred.**

Block Island Wind Farm Monitoring. The Council requested $0.1 million, which is $0.2 million less than enacted from federal funds for a grant to monitor the wind farm at Block Island. Funding supports a 28-month research project examining the engineering of the Block Island Wind Farm's jacketed support structure. The Council was awarded $0.6 million in FY 2019 for the project; work began during FY 2020 when $0.2 million was spent. The enacted budget and FY 2021 revised request programs $0.3 million to continue the work. The requested $0.1 million for FY 2022 reflects the expected remaining funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

Special Area Management Plan. The Council requested $0.2 million, which is $0.1 million more than enacted from federal funds to potentially partner with the University of Rhode Island for a special area management plan. Special area management plans are resource management plans and implementation programs developed as part of the Coastal Resources Management Program to better manage specific geographic areas, such as urban waterfronts, watersheds of particular concern, or a specific resource of concern. Funding is from the National Oceanic and Atmospheric Administration. The revised request includes $0.4 million for this purpose; additionally the final FY 2020 budget included $0.3 million and the FY 2019 budget included $0.2 million neither of which was spent. The Council indicated that there are some projects with the University in development but nothing is final yet. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Federal Grants. The Council requested $50,778, which is $103,676 less than enacted from federal funds for other grant expenditures. This reflects the exclusion of funding for the Quonochontaug Pond project expected to be completed in FY 2021 as well as a reduction to the aquatic invasive species

management grant to reflect expected availability. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Projects. The Council's request excludes all Rhode Island Capital Plan funds; $0.1 million was included in the enacted budget. The request was submitted prior to enactment of the FY 2021 budget; therefore it excludes the $0.5 million for the Coastal Storm Risk Study the Assembly shifted to FY 2022 based on updated Council information. *The Governor recommended $0.6 million more than requested.* **The Assembly concurred. A detailed description of the projects is included in the Capital Budget section of this publication.**

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services provided through the Department of Administration. The request is consistent with the revised request and includes $20,853 for information technology services, including $18,853 from general revenues and $2,000 from federal funds. This is $1,268 more than enacted and $1,620 more than was charged in FY 2020. *The Governor recommended funding as requested.*

The Governor's recommended budget also includes $7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget for later distribution because updated rates for both facilities and information technology services had not yet been finalized. This is inconsistent with how internal service funds, which are billed to user agencies that must budget the expense, should work. **The Assembly made adjustments to all affected agencies so that expenses are more accurately shown where they are anticipated to occur and added $3,495 from general revenues in the Council's budget for information technology.**

Other Operations. The Council requested $0.3 million or $2,563 less than enacted from federal funds for other expenses. The funding is awarded from the National Oceanic and Atmospheric Administration as part of the Coastal Zone Management Act. The Council uses these funds mainly to support its daily operations but usually includes any prior year carry-forward in current year revisions. The request provides $15,609 more than FY 2020, which reflects an investment in information technology equipment offset by adjustments to reflect prior year spending. *The Governor recommended funding as requested.* **The Assembly concurred.**

Department of Transportation

	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Expenditures by Program				
Central Management	$ 17,586,869	$ 22,163,182	$ 24,983,764	$ 24,984,702
Management and Budget	4,774,747	5,038,761	5,380,347	5,380,580
Infrastructure Program	584,981,387	657,323,100	740,324,988	737,515,716
Total	**$ 607,343,003**	**$ 684,525,043**	**$ 770,689,099**	**$ 767,880,998**
Expenditures by Category				
Salaries and Benefits	$ 88,454,353	$ 86,969,134	$ 95,052,890	$ 93,703,904
Contracted Services	51,433,363	67,682,207	66,561,002	68,061,002
Subtotal	**$ 139,887,716**	**$ 154,651,341**	**$ 161,613,892**	**$ 161,764,906**
Other State Operations	51,914,448	78,533,038	69,037,721	67,270,336
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	16,493,297	15,949,073	16,855,471	16,855,471
Capital	251,733,772	287,862,998	306,804,561	306,804,561
Capital Debt Service	315,050	315,050	315,050	315,050
Operating Transfers	146,998,720	147,213,543	216,062,404	214,870,674
Total	**$ 607,343,003**	**$ 684,525,043**	**$ 770,689,099**	**$ 767,880,998**
Sources of Funds				
General Revenue	$ -	$ -	$ -	$ -
Federal Aid	339,392,203	404,131,461	451,279,224	451,046,525
Restricted Receipts	2,711,328	2,585,689	2,589,202	2,589,202
Other	265,239,472	277,807,893	316,820,673	314,245,271
Total	**$ 607,343,003**	**$ 684,525,043**	**$ 770,689,099**	**$ 767,880,998**
FTE Authorization	**755.0**	**755.0**	**755.0**	**755.0**

Summary. The Department of Transportation requested FY 2022 expenditures totaling $765.8 million from all sources, including $424.2 million or 55.4 percent from federal funds. The request is $158.5 million more than enacted, including $84.9 million from federal funds, of which $58.3 million is from discretionary grants the Department received for several capital projects. Expenditures from other funds are $73.8 million more, $38.6 million of which is from Rhode Island Capital Plan funds, including $35.0 million for the state's annual match. The request includes the authorized level of 755.0 full-time equivalent positions. As of the pay period ending January 31, the Department had 40.0 full-time equivalent positions vacant.

The Department submitted two revenue proposals to generate an additional $60.0 million. It proposed increasing the gasoline tax by $0.09 to $0.44 to generate an additional $45.0 million and $15.0 million from increasing transportation related fees between 15.0 percent to 20.0 percent. It should be noted that subsequent to the budget submission and enactment of the FY 2021 budget, the Department received federal funds that are flexible and could be used to substitute current gasoline tax and highway maintenance fund expenses to free up these sources to be used as state match. The request does not include the new federal funds that recently became available.

The Governor recommended $770.7 million from all sources, which is $163.3 million more than enacted and $4.9 million less than requested. This includes $451.3 million from federal funds, which accounts for approximately 60 percent of recommended expenditures. The Governor proposed legislation in Article 1 of 2021-H 6122, Section 16 for unspent transportation funds be reappropriated for the same purpose, provided that resources are available. This is subject to final approval of the General Assembly similar to Rhode Island Capital Plan funds. Compared to the approved plan, the capital budget includes additional resources from Rhode Island Capital Plan funds of $28.5 million for FY 2022 and $25.0 million for FY 2023 for state match for federal funds the Department received. The recommendation includes the authorized level of 755.0 full-time equivalent positions.

The Governor requested several amendments to adjust COVID-19 related expenses, and federal funds reflecting available grant funds from the CARES Act and the Federal Railroad Administration.

The Assembly provided $767.9 million, or $2.8 million less than the Governor's original recommendation. It concurred with the amended recommendation and adjusted expenditures reflecting a downward revision to the gasoline tax yield and highway maintenance funds. It authorized 755.0 full-time equivalent positions, consistent with the recommended budget. The Assembly concurred with the Governor's proposal to provide the additional resources from Rhode Island Capital Plan funds based on a review of the current shortfall in match for numerous discretionary grants. It also adopted legislation in Article 2 of 2021-H 6122, Substitute A, as amended, requiring the Department to report on a quarterly basis, a list of all federal, discretionary, and any other grants that it has applied for and to identify any changes from its prior report. For grants that require a state match, the Department must identify if the source for the state's match is available under currently authorized funding.

Transportation Funding Reform

Transportation funding on the state and national levels began to pose greater problems to governments as the cost of maintaining and replacing infrastructure outpaced the revenue sources historically used to support them. Rhode Island's transportation funding plan relied heavily on debt and federal funds. Additionally, the state's gas tax was the primary source to repay debt costs, with the remainder available for all maintenance activities, including winter operations and highway preservation.

The state's transportation funding is affected by its reliance on the gasoline tax and the revenue it yields. The FY 2022 gas tax is 35.0 cents, with 34.5 cents of that going towards transportation. The Department currently receives 20.25 cents of the tax, with 2 cents automatically dedicated to debt service for Motor Fuel Tax Revenue bonds that were issued in 2003. As the following table illustrates, the per penny gasoline tax yield and the total funding available to the Department has steadily declined. Even with the transfer of one additional penny in FY 2010, available funding through FY 2013 decreased $10.3 million, or approximately 10 percent. The per penny yield increased in FY 2014 for the first time in several years.

Although declining gasoline tax revenue was a contributing factor to stagnant transportation funding, there were also other problems affecting Rhode Island. Beginning in 2011, the Assembly identified and addressed two of the major issues affecting the Department of Transportation: over reliance on debt and a limited amount of funding sources. In order to increase the amount of revenue for use by the Department, the state moved from its traditional financing model for matching federal funds to a pay-go model by establishing motor vehicle fee surcharges that would be transferred to a highway maintenance account for use as a portion of the state's match. These funds, combined with Rhode Island Capital Plan funds provide the approximate $40 million of annual match for federal funds, which was historically generated through borrowing. No new borrowing was necessary in November 2012 for this match. All previously approved bonds have been issued and beyond that, the Department's state match had been entirely pay-go.

Fiscal Year	Per Penny Yield	Pennies	DOT Share
2005	$ 4,834,986	20.75	$ 100,325,960
2006	$ 4,805,619	20.75	$ 99,716,594
2007	$ 4,707,603	20.75	$ 97,682,762
2008	$ 4,513,744	20.75	$ 93,660,188
2009	$ 4,327,710	20.75	$ 89,799,983
2010*	$ 4,289,568	21.75	$ 93,298,104
2011	$ 4,210,324	21.75	$ 91,574,547
2012	$ 4,205,959	21.75	$ 91,479,608
2013	$ 4,137,712	21.75	$ 89,995,236
2014	$ 4,236,402	21.75	$ 92,141,744
2015**	$ 4,396,313	18.25	$ 80,232,712
2016	$ 4,479,185	19.25	$ 86,224,311
2017	$ 4,417,413	19.25	$ 85,035,200
2018	$ 4,493,241	19.25	$ 86,494,889
2019	$ 4,637,224	19.25	$ 89,266,562
2020	$ 4,135,558	20.25	$ 83,745,050

**1 cent transferred from General Fund to DOT*

***3.5 cents transferred from DOT to Turnpike and Bridge Authority*

The 2014 Assembly made several additional changes to transportation funding in order to address concerns regarding the use of tolls, gasoline tax and Division of Motor Vehicles fees, while meeting the infrastructure needs of the state. Those changes to transportation funding were a culmination of efforts, which began when the 2013 Assembly created the Joint Commission to Study Transportation Funding. The Commission met from September through December 2013 and submitted its findings in January 2014. During the 2014 session, both chambers of the Assembly proposed legislation that combined many elements discussed during the Commission meetings, including changes to funding sources and the governance of statewide transportation.

The Assembly included Article 21 of 2014-H 7133, Substitute A, as amended, to transfer new revenue sources, as well as existing general revenues, into the Highway Maintenance Account for the Department of Transportation to use for costs related to maintenance and repairs to highways, roads and bridges. New sources included an increase in the inspection fee from $39 to $55 and the addition of a $25 surcharge to the good driving dismissal fee. The article also established a schedule to transfer the majority of other transportation related fees that were previously deposited as general revenues. Inspection fees and good driver dismissals were transferred beginning in FY 2015, and the remaining revenues were transferred incrementally, beginning with 25.0 percent in FY 2016, 75.0 percent in FY 2017 and all in FY 2018.

The 2014 legislation also indexed the gasoline tax to the Consumer Price Index every other year, rounded to the nearest cent. Additional sources include the utilization of $25 million of unallocated bond proceeds to bridge the funding gap that occurs as the fee transfers from general revenues were phased in. The proceeds were from previously authorized general obligation bonds that date back to before FY 2000, but had not been programmed by the Department. These were revealed following a FY 2014 review of bond proceeds as their use as federal match was ending. Additional Rhode Island Capital Plan funds were allocated to stabilize the annual funding.

The Assembly also transferred 3.5 cents of gasoline tax to the Turnpike and Bridge Authority to be used in lieu of tolls that would have been used for operations and maintenance of the Sakonnet River Bridge. The Authority maintains ownership of the four bridges it currently operates. The legislation also transferred 5.0 percent of funding from the surcharges enacted in 2011 and motor vehicle fees to the Rhode Island Public Transit Authority to support its operations beginning in FY 2016. This amount was initially projected to

be $2.7 million in FY 2016 and grow with increasing amounts of revenue into the fund. The state also reduced the amount of debt service paid by the Department through the targeted use of general revenues in lieu of gasoline tax revenues, as well as the restructuring of debt in order to adjust the upcoming debt service payments to a more consistent amount. As part of the debt restructuring, $9.3 million of general revenues was used to pay a portion of the Department's debt service in FY 2014. For each year thereafter, the amount of general revenues used for this purpose increased in $10 million increments until FY 2018.

The 2014 Assembly shifted debt service expenditures from general revenues to funds available in the Highway Maintenance Account. This was part of the plan to align spending on transportation related costs with revenue raised from transportation sources. The following table shows remaining debt service for the Department. It should be noted that general obligation debt service is included in the Department of Administration's budget.

Fiscal Year	Outstanding G.O. Debt*	2003 & 2016 GARVEE Issuance	2020 GARVEE	Outstanding Motor Fuel Revenue Bonds	Total Debt Service
2021	36,353,580	57,540,250	7,978,831	5,361,250	107,233,911
2022	37,843,127	57,540,000	8,277,750	5,362,250	109,023,127
2023	37,362,406	57,536,500	8,277,750	5,363,250	108,539,906
2024	32,303,693	57,535,250	8,277,750	5,358,750	103,475,443
2025	29,017,204	42,501,250	19,932,750	4,883,500	96,334,704
2026	28,601,734	42,501,000	19,930,000	4,885,500	95,918,234
2027	22,351,701	42,500,250	19,933,250	1,606,500	86,391,701
2028	16,422,960	42,500,250	19,930,750	-	78,853,960
2029	16,422,960	42,502,000	19,931,250	-	78,856,210
2030	16,420,885	42,501,250	19,933,000	-	78,855,135
2031	6,884,490	42,498,750	19,929,250	-	69,312,490
2032	6,882,809	-	19,928,500	-	26,811,309
2033	3,074,555	-	19,928,750	-	23,003,305
2034	1,590,947	-	19,933,000	-	21,523,947
2035	551,450	-	19,929,000	-	20,480,450

**Does not include impact of new bonds recently approved, which were issued in May 2021.*

The 2017 Assembly amended the distribution of the Highway Maintenance Account to require transfers of 50.0 percent for FY 2017 and 80.0 percent for FY 2018. It also amended the disposition of the Highway Maintenance Account to provide the Rhode Island Public Transit Authority with an additional $5.0 million in each FY 2018 and FY 2019. The 2018 Assembly concurred with the Governor's proposal to alter the transfer again from 80.0 percent to 60.0 percent for FY 2018. All funds collected in FY 2019 and after would be transferred.

The Governor proposed legislation in Article 8 of 2019-H 5151 to provide the Rhode Island Public Transit Authority with an additional $5.0 million from the Department's share of the Highway Maintenance Account for FY 2020. The legislation also proposed that the Department reimburse the Division of Motor Vehicles for the costs of certain employees involved in the collection of fees going into the account. The 2019 Assembly concurred with the recommendation to use a portion of highway maintenance funds to offset the cost of collections by retaining 5.0 percent of total resources rather than allowing for administrative discretion. It also adopted legislation to permanently provide the Authority with an additional $5.0 million annually.

At the end of May 2015, Governor Raimondo requested an amendment to her budget to permit the collection of tolls on large commercial trucks and authorize $900 million of borrowing in order to provide $700 million to partially fund the routes 6/10 connector project. Her plan was to ensure the number of structurally

deficient bridges would be reduced to less than 10 percent in the next decade. The Rhode Island Turnpike and Bridge Authority would issue the debt. The House Finance Committee considered this proposal on June 2, 2015, but did not incorporate it into the FY 2016 budget. Separate bills containing a revised proposal were introduced on June 16 and 18 in the Senate and House, respectively. The House Finance Committee heard 2015-H 6321 on June 22 but took no further action. The Senate adopted a version of that legislation in 2015-S 997, Substitute A.

In October 2015, the Department proposed its ten-year Transportation Improvement Program, reflective of its capital budget. The program included $500 million of borrowing matched by $400 million of federal funds for the routes 6/10 connector project. The Assembly adopted new RhodeWorks legislation in 2016-H 7409, Substitute A, as amended, that the Governor signed into law on February 11, 2016. The legislation authorized truck tolls and also allowed the Department to borrow $300 million through the GARVEE Program and refinance prior GARVEE debt. The legislation adopted by the Assembly did not include any bonds backed by toll revenue.

Fund Sources

The Department receives funding through four major sources: federal funds, gasoline tax proceeds, Rhode Island Capital Plan funds and transportation related fees collected by the Division of Motor Vehicles. This analysis will explain the individual fund sources as well as expenditures from these sources. The following table illustrates the fund sources for the FY 2021 and FY 2022 budgets.

Source	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Federal Highway Admin. Funds	$ 211,225,593	201,706,085	$ 226,241,321	$ 226,276,007
Other Federal Funds	128,166,610	202,425,376	225,037,903	224,770,518
Toll Revenue	46,946,000	41,615,000	35,089,593	35,089,593
Gasoline Tax*	95,370,899	103,365,115	117,064,278	114,427,666
Land Sale Revenue	1,780,000	9,973,625	4,479,719	4,479,719
Interstate 195 Land Sales	1,500,000	1,500,000	1,500,000	1,500,000
Rhode Island Capital Plan Funds	2,932,910	2,813,440	71,540,808	71,540,808
Restricted Receipts	2,711,328	2,585,689	2,589,202	2,589,202
Motor Vehicle Fees	116,659,663	118,490,713	87,096,275	87,157,485
General Obligation Bonds**	[71,700,000]	-	[40,000,000]	[40,000,000]
Other Funds	50,000	50,000	50,000	50,000
Total	**$ 607,343,003**	**$ 684,525,043**	**$ 770,689,099**	**$ 767,880,998**

**Excludes gas tax debt service for DOT, RIPTA & costs for centralized services & consolidated initiatives in DOA*
***Bond proceeds are not reflected in the Department's budget but are included for illustrative purposes*

Federal Funds - Highway Administration. On December 4, 2015, President Obama signed into law the Fixing America's Surface Transportation (FAST) Act for $305 billion for five years. Under this authorization, the state received an average of $231 million annually from the Federal Highway Administration. This is approximately $21 million more through federal fiscal year 2021 than the Department previously received. These federal funds are apportioned to states according to authorizations contained in federal law. The Department's annual allotment of funds is based on existing and prior year contracts for projects, anticipated new construction, design and engineering costs, and other planning activities such as traffic studies. These funds appear in both the Department's capital and operating budgets. In the Department's capital plan, these funds appear in the project labeled Highway Improvement Program.

The Highway Improvement Program represents those highway and intermodal projects that utilize federal funds administered by the Federal Highway Administration. The program utilizes state funds for matching purposes in the form of proceeds from general obligation bonds. Federal funds earmarked for the Department's transit projects administered by the Federal Transit Administration are not included under this project but are included in the Fixed Guideway (Commuter Rail) Project. Rhode Island Public Transit

Authority projects using transit funds are included in the Authority's capital budget submission. The Highway Improvement Program is directed towards implementing the Department's capital program as identified in the Transportation Improvement Program. This is adopted by the State Planning Council and approved by the Governor and establishes priorities for planning, design, and project implementation.

Annually, the Department will propose changes to the plan to make sure that projects are appropriately coordinated and that communities and constituents can have annual input. A plan was adopted on December 14, 2017. A total of ten amendments were added to it; these changes were minor in nature and were classified as administrative. On January 25, 2019, the Department requested major revisions to the adopted plan, classified as Amendment #11. The amendment would "significantly redistribute funding to projects to cover increased construction costs, funding reductions, and align the program with Bridge and Pavement asset management priorities." Subsequently, the Department was awarded a $70 million federal discretionary grant and on February 21, 2019, it submitted a request rescinding proposed changes included in the amendment. As such, two public hearings that were scheduled for the end of February to accept public comments on the proposed amendment were cancelled.

On July 23, 2019, the Department proposed amendments to the Transportation Improvement Program. Solicitations for input were due on August 22 and two public hearings were held on August 13 and August 15. Among the proposed changes was the use of the $70 million federal grant that the Department received. Of this amount, $54.5 million is for the Henderson Bridge project. The amendment removed $120.0 million from Rhode Island Capital Plan funds for paving projects that the Department had programmed but was never recommended by the Governor nor approved by the Assembly. It added $200.0 million of Grant Anticipation Revenue Vehicle (GARVEE) bonds that the 2019 Assembly approved for the Interstate 95 Viaduct project. It also reflects $20.0 million for the Pell Bridge Ramps Realignment project and $2.8 million for preliminary engineering and environmental assessment for an Amtrak stop at T.F. Green Airport. Amtrak has three stops in the state: Providence, Kingston, and Westerly. All proposed changes were approved and adopted by the State Planning Council on August 29, 2019. Since the adoption of the plan in July 2019, ten amendments to the plan have been adopted: eight were classified as administrative adjustments and two were considered minor amendments.

On December 27, 2020, President Trump signed into law a $1.4 billion omnibus appropriations act for federal FY 2021. It includes $86.7 billion for transportation, which is $553.0 million above the federal FY 2020 allocation. The Department's portion of the additional amount is $63.2 million; a 20.0 percent state match for use of these funds is required. The Department indicated that the additional funds will be used for ongoing projects. The request predates the passage of the act and does not assume use of these funds. The following table illustrates the proportion of funding allotted to each program area in the FY 2022 budget. It excludes salary and benefit costs.

Program Area	FY 2022 Enacted	Share of Total
Administrative Program	$ 6,737,776	3.7%
Bike/Pedestrian Program	6,163,507	3.0%
Bridge Program	28,367,452	13.8%
CMAQ Program	6,141,413	3.0%
Highway Program	17,347,832	8.5%
Interstate Program	11,273,395	5.5%
GARVEE Projects	30,931,616	15.1%
Federal Highway Earmark Projects	20,508,525	10.0%
Pavement Management Program	19,261,127	9.4%
Traffic Safety Program	21,782,441	10.6%
Transit	30,762,788	15.0%
Other Programs	5,807,379	2.8%
Total	**$ 205,085,253**	**100%**

Other Federal Funds. This source is the federal funds the Department receives outside its annual allotment for highway improvement projects. A majority of this funding comes from the National Highway Transportation Safety Administration and is used to fund safety activities such as enforcement, traffic studies, signage and research. Other federal funding comes from the Federal Transit Authority. The request includes $198.7 million from these funds, $70.5 million more than enacted of which $58.3 million is from discretionary grants that the Department received. *The Governor recommended $225.0 million, which is $26.4 million more than requested, primarily to reflect use of federal stimulus funds the Department received.* **The Assembly provided $224.8 million, or $0.3 million less than recommended based on available federal grant awards.**

Toll Revenue. The Department refers to its ten-year capital and operating plans as RhodeWorks. It is a comprehensive initiative with one component aimed at accelerating the replacement and reconstruction of state bridges with the goal of reducing the percentage of deficient bridges.

The Governor signed into law the RhodeWorks legislation, contained in 2016-H 7409, Substitute A, as amended on February 11, 2016. The legislation authorizes tolling on large commercial vehicles. The total amount of tolls imposed upon the same individual large commercial truck for making a border-to-border trip through Interstate 95 Connecticut to Interstate 95 Massachusetts shall not to exceed $20. The daily maximum amount collected upon the same individual large commercial truck shall not exceed $40. Tolls will be collected along six major highway corridors at 14 locations. The Department contracted with Kapsch TrafficCom to design, build, operate, and maintain the electronic tolling system for ten years. The total cost of the contract is $68.9 million, including $41.8 million for construction of the gantries and associated hardware and software, and $27.1 million over 10 years for operation and maintenance.

The request assumes toll revenues of $45.0 million from 13 gantries, the projected level from the study conducted. This is $0.6 million more than the FY 2021 enacted budget. Through the end of January, all but one gantry is operational and two are not collecting revenues, including the Viaduct (location 5) and the Washington Bridge (location 10). The revised request assumes $34.5 million in revenues, $9.9 million less than enacted reflecting a delay from the two gantries. The Department noted that the last two gantries should be operational at the start of FY 2022. *The Governor concurred*. **The Assembly concurred.**

Land Sale Revenue. Sales of department-owned land can be used to purchase land and equipment, or to offset operating costs throughout the Department, including personnel expenses. Funding is being used to upgrade the Department's materials testing facility in Providence. At the end of FY 2020, the Department had $10.2 million in available receipts. Consistent with the enacted budget, the request assumes new land sale receipts of $2.5 million and expenditures of $4.5 million. *The Governor concurred*. **The Assembly concurred.**

Interstate 195 Land Sales. Consistent with the enacted budget, the Department assumes use of $1.5 million in FY 2022 from the sale of land made available through the relocation of Interstate 195. The Department sold the land made available from the relocation to finance a portion of project expenses. The 2011 Assembly enacted 2011-H 5994, Substitute A, as amended, which provided that after the appraisal of the parcels, they would be purchased by the Economic Development Corporation through the issuance of bonds. The payment of the bond proceeds to the Department allowed it to complete the relocation project, while the Corporation can sell the parcels at its own pace. The principal amount for the bonds is $38.4 million, which was originally amortized over a ten-year period, with a balloon payment of $32.0 million due in FY 2023; however, the FY 2020 budget indicated the balloon payment was to be amortized for an additional ten years. *The Governor concurred*. **The Assembly concurred.**

Rhode Island Capital Plan Funds. These funds are appropriated according to the Department's capital budget request and appear as other funds in the operating budget. Funds are used for projects such as storage and maintenance facilities, as well as upgrades to department-owned property, such as roof repairs

or fire alarm installation. Beginning in FY 2013, approximately $20 million from this source was included to be used as a portion of the state match for federal highway funds. The request includes $41.6 million from Rhode Island Capital Plan funds for 11 projects. This is $38.6 million more than enacted and $1.6 million less than the approved plan. *The Governor recommended $71.5 million, which is $30.0 million more than requested, including additional state match of $28.5 million.*

The Assembly concurred with the Governor's proposal to provide the additional resources from Rhode Island Capital Plan funds based on a review of the current shortfall in match for numerous discretionary grants. It also adopted legislation in Article 2 of 2021-H 6122, Substitute A, as amended, requiring the Department to report on a quarterly basis, a list of all federal, discretionary, and any other grants that it has applied for and to identify any changes from its prior report. For grants that require a state match, the Department must identify if the source for the state's match is available under currently authorized funding.

Restricted Receipts. This source includes funds the Department receives when it performs work for municipalities and other entities which are used to fund personnel costs for employees who perform work on the projects and track usage fees for the Rhode Island Public Rail Corporation. The 2020 Assembly adopted legislation allowing the Budget Officer to convert escrow liability accounts to restricted receipt accounts, upon the directive of the Controller with the consent of the Auditor General for FY 2021 only. These sources contributed $7.8 million to the Department; the request assumes use of $2.6 million, which is $0.1 million less than enacted. *The Governor concurred.* **The Assembly concurred and adopted legislation in Article 2, authorizing the State Budget Officer to convert any escrow liability accounts that are established prior to July 1, 2021 to restricted receipt accounts.**

Motor Vehicle Fee Transfer. The request includes $110.9 million of transportation related fees and surcharges collected by the Division of Motor Vehicles and transferred to the Department. This is $5.7 million less than enacted, adjusting for use of prior years' surplus balances. Fiscal year 2014 was the first year of the phased-in vehicle surcharge fees, including a $10 surcharge on biennial vehicle registrations, a $5 surcharge on annual vehicle registrations and a $10 surcharge on operator licenses, purchased on a five-year basis. The following table summarizes the incremental fee increases.

Fiscal Year	Biennial Registration Fee	Annual Registration Fee	License Fee
2013	$ 60.00	$ 30.00	$ 30.00
2014	$ 70.00	$ 35.00	$ 40.00
2015	$ 80.00	$ 40.00	$ 50.00
2016	$ 90.00	$ 45.00	$ 60.00

The biennial registration surcharge increased in $10 increments to a total of $30, the annual registration surcharge increased in $5 increments to a total of $15, and the license surcharge increased in $10 increments to a total of $30 beginning in FY 2014 and ending in FY 2016. These fees are transferred to the Department for use as a portion of the state match for federal funds.

In addition to the surcharges, portions of other fees collected by the Division of Motor Vehicles are dedicated to the Department. The Assembly adopted Article 21 of 2014-H 7133, Substitute A, as amended, which allocated new revenue sources, as well as transferred existing sources currently deposited into general revenues, into the Highway Maintenance Account for the Department to use for costs related to maintenance and repairs of highways, roads and bridges.

The following table shows actual revenue derived from the surcharges through FY 2020 and projected for FY 2021 and FY 2022.

Fiscal Year	Biennial Registrations	Annual Registrations	Licenses	Total
2014	$ 3,817,669	$ 791,140	$ 1,260,140	$ 5,868,949
2015	$ 7,611,636	$ 1,989,693	$ 3,098,765	$ 12,700,094
2016	$ 10,557,994	$ 3,905,012	$ 6,978,578	$ 21,441,584
2017	$ 10,653,395	$ 3,940,297	$ 4,773,270	$ 19,366,962
2018	$ 10,380,521	$ 3,839,371	$ 4,957,571	$ 19,177,463
2019	$ 10,632,930	$ 3,932,728	$ 5,131,315	$ 19,696,973
2020	$ 10,249,974	$ 3,791,086	$ 5,140,119	$ 19,181,179
2021	$ 10,408,951	$ 3,849,886	$ 5,219,842	$ 19,478,679
2022	$ 10,226,612	$ 3,782,445	$ 5,128,403	$ 19,137,460

Those sources were an increase in the vehicle emission inspection fee from $39 to $55, the transfer of rental car surcharges, and the addition of a $25 surcharge for good driving dismissals. The legislation also established a schedule to transfer the majority of all other transportation related fees currently collected by the Division of Motor Vehicles to the Highway Maintenance Account. The inspection fee, the good driver dismissal surcharge and car rental surcharges were transferred as of FY 2015, and the remaining revenues were transferred incrementally beginning with 25.0 percent in FY 2016 and 75.0 percent in FY 2017, with all of the funds being transferred in FY 2018.

The 2017 Assembly amended the distribution of the Highway Maintenance Account to require transfers of 50.0 percent for FY 2017 and 80.0 percent for FY 2018. It also amended the disposition of the Highway Maintenance Account to provide the Authority with an additional $5.0 million in each FY 2018 and FY 2019. This is in addition to the 5.0 percent share that the Authority received. The 2018 Assembly concurred with the Governor's proposal to further alter the transfer from 80.0 percent to 60.0 percent for FY 2018. All funds collected in FY 2019 and after would be transferred to the account.

The Governor proposed legislation in Article 8 of 2019-H 5151 to provide the Authority with an additional $5.0 million from the Department's share of the Highway Maintenance Account for FY 2020. The legislation also proposed that the Department reimburse the Division of Motor Vehicles for costs of certain employees involved in the collection of fees going into the account. The Assembly concurred with the recommendation to use a portion of highway maintenance funds to offset the cost of collections by retaining 5.0 percent of total resources rather than allowing for administrative discretion. The Assembly also adopted legislation to permanently provide the Authority with an additional $5.0 million annually. The following table shows the source and the total including surcharges explained previously.

Source	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Inspection Sticker Increase	$ 12,432,988	$ 12,432,988	$ 12,432,988	$ 12,432,988
Title Fees	9,474,438	10,115,121	9,599,588	10,114,027
Rental Car Surcharge	3,917,339	2,903,371	4,199,923	4,172,573
Good Driving Surcharge	542,849	542,849	542,849	542,849
License and Registration Transfer	51,064,469	52,717,662	48,054,392	48,639,675
Surcharges	18,867,840	19,478,679	18,921,203	19,137,460
Total	**$ 96,299,923**	**$ 98,190,670**	**$ 93,750,943**	**$ 95,039,572**
5.0 Percent for Collection Cost	(4,900,000)	(4,909,534)	(4,687,547)	(4,751,979)
Total	**$ 91,399,923**	**$ 93,281,136**	**$ 89,063,396**	**$ 90,287,593**

Does not include carry-forward funds

The request assumes revenues of $101.0 million. This is $4.7 million more than enacted and $2.6 million more than the amount assumed in the FY 2021 revised request. This is based on updated collections and is $0.8 million more than FY 2020 receipts.

The Department proposed increasing transportation related fees between 15.0 percent to 20.0 percent to generate an additional $15.0 million. *The Governor did not concur with the Department's constrained proposal to increase these fees.*

The Governor also proposed legislation in Section 7 of Article 2 of 2021-H 6122, allowing "federal coronavirus relief funds" to be counted toward the fixed $5.0 million minimum allocation of highway maintenance funds dedicated to the Rhode Island Public Transit Authority to help support the free fare program for low income seniors and persons with disabilities. The Department received $13.3 million from federal CARES Act funds for operational expenses of transit projects to be used from January 20, 2020 until expended. The FY 2021 revised and FY 2022 recommended budgets assume shifting $7.1 million of these funds to the Authority, which would make $7.1 million of additional funding available to the Department for state match on capital projects. The Authority's share of the CARES Act federal transit fund allocation was $91.2 million. Subsequently, the Department revised the assumption on the total that would be made available for state match. The Department assumed $3.4 million for FY 2021 and $1.4 million for FY 2022. **The Assembly concurred.**

General Obligation Bond Proceeds. The state had utilized general obligation bonds to provide a match totaling $40.0 million for federal funds in addition to the match used for GARVEE projects, which is provided by the Motor Fuel Tax Revenue Bonds. The voters approved $80.0 million in November 2006, 2008 and 2010 to provide $40.0 million each year, with funding programmed through FY 2014. General obligation bond debt service is paid with gasoline tax revenue and the Motor Fuel Tax Revenue Bonds' debt service is paid by $0.02 cents of the gasoline tax. Increasing amounts of motor vehicle fees and Rhode Island Capital Plan funds are being used as the state match in lieu of bonding; no new bonds had been authorized since 2010. The 2011 Assembly replaced borrowing with pay-go sources. In July 2020, the Governor requested an amendment to add $30.0 million of new general obligation bonds for voter approval to account for match shortfalls related to gas tax collections. The Assembly provided $71.7 million of general obligation bonds for voter approval for the Department to use as state match. These funds would be used to make up for additional shortfalls in state match related to a decline in gasoline tax and other sources resulting from the current crisis. *The capital budget assumes use of $40.0 million in FY 2022 and $31.7 million in FY 2023 from the newly approved general obligation bonds.* **The Assembly concurred.**

Other Funds. These funds are derived from the sale of department-owned surplus property and equipment, proceeds from the state infrastructure bank and proceeds derived from the sale of outdoor advertising at the Department's maintenance facilities. The request assumes the enacted amount of $226,000 from these sources; $50,000 is budgeted for FY 2022. *The Governor concurred.* **The Assembly concurred.**

Gasoline Tax Proceeds. The distribution of proceeds derived from the gasoline tax remained the same from FY 2009 through FY 2015. However, as previously noted, FY 2016 was the first year the gasoline tax increased as a result of inflation; it increased by one cent to 34 cents and again to 35 cents for FY 2020. The inflation was not sufficient to increase the gasoline tax in FY 2022.

The distribution of the gasoline tax is illustrated in the following table.

Entity	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Department of Transportation	20.25	20.25	20.25	20.25
Rhode Island Public Transit Authority	9.75	9.75	9.75	9.75
Turnpike and Bridge Authority	3.5	3.5	3.5	3.5
Elderly Transportation	1.0	1.0	1.0	1.0
Underground Storage Tank Fund	0.5	0.5	0.5	0.5
Total (in cents)	**35.0**	**35.0**	**35.0**	**35.0**

Department of Transportation Gasoline Tax. Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 32 cents per gallon, indexed to the Consumer Price Index every other year, rounded to the nearest cent, effective July 1, 2014. Additionally, Section 46-12.9-11 of the Rhode Island General Laws establishes a one-cent environmental protection regulatory fee, half of which is deposited in the Intermodal Surface Transportation Fund. The disposition of proceeds is outlined in Section 31-36-20 of the General Laws. Upon receipt, all gasoline tax proceeds are deposited into the Intermodal Surface Transportation Fund from which statutory transfers are made to the Department, the Rhode Island Public Transit Authority, the Rhode Island Turnpike and Bridge Authority, and the Department of Human Services for the elderly/disabled transportation program. The following table shows available gasoline tax proceeds and other non-federal funds included in the FY 2021 and FY 2022 budgets.

Non Federal Sources	FY 2021 Enacted	FY 2021 Final	FY 2022 Recommended	FY 2022 Enacted
Gas Tax Yield per Cent	*4.056*	*4.002*	*4.352*	*4.270*
RIDOT Cents	*20.25*	*20.25*	*20.25*	*20.25*
RIPTA Cents	*9.75*	*9.75*	*9.75*	*9.75*
Turnpike and Bridge Authority Cents	*3.50*	*3.50*	*3.50*	*3.50*
Transportation Revenues				
Balance Forward	$ 69,954,022	$ 67,468,421	$ 29,505,281	$ 31,355,765
Gas Tax	135,859,518	134,057,252	145,796,355	143,043,995
Motor Vehicles Fees, Surcharges & Transfer	91,399,923	98,190,670	93,750,943	95,039,572
Toll Revenue	44,375,000	34,500,000	45,000,000	45,000,000
Surplus Property & Outdoor Advertising	226,000	226,000	226,000	226,000
Restricted Receipts	2,925,399	8,370,103	7,794,044	7,794,044
Interstate 195 Land Sales	1,500,000	1,500,000	1,500,000	1,500,000
Land Sales	2,500,000	2,500,000	2,500,000	2,500,000
Rhode Island Capital Plan Funds	2,932,910	2,813,440	68,607,898	68,607,898
Total Revenues	**$ 351,672,772**	**$ 349,625,885**	**$ 394,680,521**	**$ 395,067,274**
Transportation Expenses				
Winter Maintenance	$ 16,285,176	$ -	$ 14,407,425	$ 14,407,425
Vehicles & Maintenance	9,901,856	10,122,782	5,249,937	5,249,937
General Maintenance	39,911,909	22,064,912	39,416,970	39,416,970
Pay-go/Capital & Other	117,257,350	162,205,294	168,776,449	167,392,777
GARVEE Bond Debt Service	8,111,016	8,003,418	8,704,260	8,539,940
G.O. Debt Service*	36,353,581	36,353,581	37,843,127	37,843,127
State Match - Gas Tax	4,226,560	2,547,641	2,594,354	2,594,354
Internal Service Funds Transparency*	1,522,957	1,522,957	1,542,242	1,542,242
Restricted Receipts	2,711,328	2,585,689	2,589,202	2,589,202
Interstate 195 Land Sales	1,500,000	1,500,000	1,500,000	1,500,000
Land Sales	1,780,000	9,311,732	4,479,719	4,479,719
Surplus Property & Outdoor Advertising	50,000	50,000	50,000	50,000
Equipment Replacement	-	-	1,499,462	1,499,462
Facilities	2,932,910	2,813,440	6,590,000	6,590,000
RIPTA - Gas Tax	39,518,421	38,993,881	42,503,747	41,702,687
RIPTA - Highway Maintenance Account	9,569,996	6,188,812	5,815,895	5,877,105
Turnpike and Bridge Authority	14,194,278	14,005,981	15,232,455	14,944,895
Total Expenditures	**$ 305,827,338**	**$ 318,270,120**	**$ 358,795,244**	**$ 356,219,842**
Surplus/Deficit	**$ 45,845,434**	**$ 31,355,765**	**$ 35,885,277**	**$ 38,847,432**

**Shown in the Department of Administration's budget*

The request assumes a per penny yield of $4.106 million, which is $50,218 more than enacted. This assumes the May 2020 estimates provided by the Office of Revenue Analysis. Based on available resources and requested expenses, the Department would end FY 2022 with a deficit. As previously mentioned, subsequent to the budget submission and enactment of the FY 2021 budget, the Department received federal funds that are flexible and could be used to substitute current gasoline tax and highway maintenance fund

expenses to free up these sources to be used as state match. The Department submitted a constrained budget proposal to increase the gas tax and transportation related fees to cover the projected deficit.

The recommended budget assumes a per penny yield of $4.352 million, $296,622 more than the enacted budget. This assumes the November 2020 estimates provided by the Office of Revenue Analysis. The Governor did not concur with the Department's proposal to increase the gasoline tax or transportation related fees collected by the Division of Motor Vehicles; however, the recommendation includes additional resources from Rhode Island Capital Plan funds, including $28.5 million in FY 2022 and $25.0 million in FY 2023. **The enacted budget assumes a per penny yield of $4.270 million, $82,160 less than the recommended budget based on updated estimates from the Office of Revenue Analysis.**

The following table shows how the New England states rank.

	Tax - Cents Per Gallon	
As of 07/01/2020	***Gas***	***Diesel***
Rhode Island [1]	***35.0***	***35.0***
Connecticut	35.8	44.6
Maine	30.0	31.2
Massachusetts[2]	26.5	26.5
New Hampshire	23.8	23.8
Vermont	30.2	32.0
New England Average	30.2	32.2
U.S. Average	36.4	37.5

Source: American Petroleum Institute includes state surcharges

[1] *Increased 1 cpg on 7/1/19*

[2] *Increased 3 cpg 7/1/13, indexed to inflation; 11/14 referendum repealed index*

Coronavirus Response and Relief Supplemental Appropriations Act. On December 27, 2020, President Trump signed into law a consolidated appropriations act for federal FY 2021 that contains $10.0 billion for Highway Infrastructure Programs. Uses of these funds appear to be flexible and no state match is required. Eligible uses include preventative maintenance, operations, personnel, contractors, debt service payments and coverage for revenue losses. The act appears to be silent on when reimbursable expenditures begin; however, funds must be used by September 30, 2024. The Department indicated that it is waiting further guidance from the Federal Highway Administration. The Department's portion of the funds will be $54.3 million and the revised budget request does include these funds. As noted earlier, the omnibus appropriations for federal FY 2021 provided an additional $63.2 million to the Department; these funds do require a 20.0 percent state match. It appears that the net impact of these two acts to the Department is approximately $42 million, accounting for the state match needs. *The recommended budgets use $36.0 million in FY 2021 and $18.0 million in FY 2022 from the $54.3 million federal grant the Department received.* **The Assembly concurred.**

Centralized Services. The request includes $8.2 million from all sources or $0.9 million more than enacted for the Department's share of centralized services provided by the Department of Administration. This is consistent with the revised request. It should be noted that the rates for FY 2022 had not been adopted at the time of the request. The request includes $72,168 more for facilities management for a total of $1.2 million. This amount is consistent with projected agency billings for FY 2021. The request includes $1.3 million, or $1.0 million less than enacted for human resources support. This appears to be consistent with the estimated cost of $1,527.99 per filled position. The request includes $5.7 million for information technology services, or $1.8 million more than enacted. This amount appears to be overstated as actual expenditures from FY 2018 through FY 2020 averaged $2.9 million. Expenditures for the first seven

months of FY 2021 averaged $265,000, which indicates annual expenses would be $3.2 million. The request is $2.5 million above that.

Consistent with the revised budget, the Governor recommended $1.9 million less than requested, all but $11,627 is for information technology services, which more closely aligns with FY 2020 expenses. **The Assembly concurred.**

Student Internship Program. The request excludes the enacted amount of $1.2 million from federal funds and gas tax proceeds for the student internship program, which the Department subsequently indicated was in error. The Department noted that traditionally, it welcomes approximately 100 students to its internship program each summer and students generally work from May through the end of August. Interns are required to work between 35 and 40 hours per week on weekdays, with salaries ranging from $14.00 to $25.00 per hour based upon experience and job classification in the areas of: policy, planning, project management, construction, maintenance, traffic, highway safety, transit, materials, financial management, information technology, legal, environmental, and public affairs. *The Governor recommended $1.3 million, $0.1 million more than enacted.* **The Assembly concurred.**

Salaries and Benefits. The Department requested $94.2 million from all sources for salaries and benefits of 755.0 full-time equivalent positions, the authorized level. This is $5.8 million more than enacted to primarily reflect restoration of turnover savings for which the enacted budget assumed $4.4 million. The request assumes turnover savings of $0.3 million, which is equivalent to 2.5 vacancies. The enacted budget turnover savings is equivalent to 39.0 positions. As of the pay period ending January 30, the Department had 40.0 full-time equivalent positions vacant. The enacted budget also assumes savings of $0.9 million from federal funds and gasoline tax proceeds based on 126 individuals who opted to participate in the workshare program; these savings are not available in FY 2022. The request includes $0.7 million to cover benefit cost changes consistent with FY 2022 planning values.

The Governor recommended $0.7 million less from federal funds than requested for turnover savings. As of the pay period ending June 5, the Department had 77.0 full-time equivalent positions vacant. **The Assembly provided $1.3 million less than recommended; it added $0.2 million from all sources to account for the base adjustment to agency budgets for FY 2022 resulting from a settlement agreement with the Laborers' International Union of North America regarding the calculation of certain wages, offset by $1.6 million less from additional turnover savings.**

GARVEE Debt Service. The request includes $66.0 million from all sources, including $57.5 million from federal funds and $8.5 million from the dedicated $0.02 cents for Motor Fuel Tax Revenue Bonds for debt approved through the GARVEE program. The request is $7.6 million less than enacted; it inadvertently excludes the $8.0 million payment for the 2020 GARVEE issuance for the Interstate 95 Northbound Providence Viaduct project. The 2019 Assembly authorized the debt in Article 6 of 2019-H 5151, Substitute A, as amended. The issuance occurred in May 2020 and the first four years will require interest only payments. The request also includes $0.4 million more from gasoline tax for debt. The Department assumes a per penny yield of $4.106 million; however, budgeted expenditures use a per penny yield of $4.258 million.

The Governor recommended $74.5 million from all sources for debt service expenses, which is $0.9 million more than enacted. This includes increases of $0.3 million from federal funds and $0.6 million to reflect an upward revision to the gasoline tax yield. **The Assembly provided $74.4 million, $164,320 less from gasoline tax proceeds to reflect a downward revision to the gasoline tax yield estimate.**

Route 37 Corridor. In August 2018, the Department was awarded a $20.0 million federal Transportation Investment Generating Economic Recovery (TIGER) grant to rehabilitate the Route 37 Corridor. An additional $21.3 million from Better Utilizing Investments to Leverage Development (BUILD) was

awarded in September 2020. The request assumes use of $19.0 million for FY 2022, $10.1 million more than enacted. The total estimated project cost is $62.2 million and is included in the Department's ten-year plan. The project will include the replacement and/or rehabilitation of 15 bridges and culverts along the Route 37 Corridor. It will also include improvements to the Pontiac Avenue westbound exit ramp. Construction started in April 2020 and will end in FY 2024. *The Governor recommended funding as requested.* **The Assembly concurred.**

Pell Ramps Realignment. In December 2018, the Department was awarded a $20.0 million federal discretionary grant to reconfigure the Pell Bridge Interchange. The Department requested expenses of $9.2 million in FY 2021 and $6.5 million in FY 2022, which is $3.9 million more than enacted. The remaining expenses are assumed in FY 2023. The grant funds will allow the Department to accelerate the project, which is estimated at $66.1 million. The project includes two phases; phase one includes reconstruction of J.T. Connell Highway and traffic signal improvements; this is scheduled to be completed in December 2021. Phase two includes the reconstruction of roadways and ramps. The Department indicated that the design for the second phase is complete and the project is in the process of being advertised; construction will start this year and the project is slated to be completed in July 2024. *The Governor recommended funding as requested.* **The Assembly concurred.**

Washington Bridge Repairs. In November 2019, the Department received a $25.0 million federal discretionary grant toward a $71.3 million project to rehabilitate the Washington Bridge. The bridge was built in 1969 and carries approximately 70,000 vehicles per day along I-195 between Providence and East Providence. The project includes replacement of the westbound section of the bridge, realigning ramps and adding more lanes to reduce congestion. The request assumes use of $8.0 million in FY 2021, $10.0 million in FY 2022 and the remaining $7.0 million in FY 2023. The approved Transportation Improvement Plan assumes a 2024 project completion date. *The Governor recommended funding as requested.* **The Assembly concurred.**

Route 146 Reconstruction. In June 2020, the Department was awarded a $65.0 million federal discretionary grant through the Infrastructure for Rebuilding America (INFRA) Grant program for the reconstruction of Route 146. The request assumes use of $20.0 million in FY 2022; the total project is estimated at $150.0 million. The project includes replacement of multiple bridges, reconfiguration of the interchange at Sayles Hill Road, repaving eight miles of roadway and safety improvements. According to the Department, more than 170,000 vehicles travel Route 146 between Providence and Worcester on a daily basis. The Department indicated that the project will be a design/build and it is scheduled to be advertised for construction in late 2021. Construction would start in spring 2022 and be complete in 2025. *The Governor recommended funding as requested.* **The Assembly concurred.**

Pawtucket/Central Falls Train Station. The Department requested $11.4 million from a federal discretionary grant received to build a new commuter rail station on the Pawtucket/Central Falls border. This is $5.0 million more than enacted, reflecting a shift of FY 2021 expenses to FY 2022. The total project cost is $50.7 million. The project's infrastructure will include three platforms, a pedestrian overpass, bus drop-off access, pedestrian access and parking. The station is intended to be served by the Massachusetts Bay Transportation Authority along its Providence line, connecting Pawtucket/Central Falls to Providence and Boston. The project is scheduled to be completed in FY 2022. *The Governor concurred.* **The Assembly concurred.**

Other Federal Discretionary Grant Projects. From time to time, federal discretionary grants become available. These funds are awarded on a competitive basis and a state match is required for their uses. The Department noted that in the last five years, it was able to secure approximately $250 million of federal discretionary funds. These grant funds are for specific projects and are above the Department's annual federal funds allotment. The discretionary grants allow the Department to advance and/or to enhance a project by adding traffic improvement, transit features or security measures. The request includes $17.0

million from federal discretionary grant funds, $14.3 million more than enacted. This includes $2.0 million to begin a study for the Route 4 project, which will include improvements at the I-95 and Route 4 Intersection. The estimated project cost is $60 million. The request also includes $12.3 million for the ongoing Interstate 95 Viaduct. *The Governor concurred.* **The Assembly concurred.**

Capital - Other Highway Improvement Projects. The request includes $369.6 million from all sources, $88.9 million more than enacted for all other capital projects listed in the Highway Improvement Program, including bridge replacement, paving, reconstruction of Route 6/10 Interchange, and others. The request includes $208.4 million from federal funds or $13.9 million more than enacted. It includes $35.1 million or $11.9 million less from toll revenues, consistent with the capital budget request. It also includes $35.0 million from Rhode Island Capital Plan funds, consistent with the approved plan and $51.8 million from gasoline tax and highway maintenance funds. *The Governor recommended $3.9 million less from all sources than requested. This includes decreases of $12.5 million from federal funds and $19.9 million from highway maintenance funds, and $28.5 million more from Rhode Island Capital Plan funds.* **The Assembly concurred. A detailed description of the projects is included in the Capital Budget section of this publication.**

CARES Act Transit Operations. The CARES Act provides $25.0 billion for Transit Infrastructure grants to help transit agencies prevent, prepare and respond to COVID-19. The Department will receive $13.3 million; funds were allocated through existing formula grant programs and are available for use from January 20, 2020 until expended. The funds can be used for operational expenses of transit projects and there is no matching requirements. The Department indicated that the majority of these funds will be used to substitute highway maintenance funds provided to the Rhode Island Public Transit Authority for the free fare program for low income seniors and persons with disabilities to free up highway maintenance funds to be used for state match. This is an allowable expense per guidance the Department received. The amount of the highway maintenance funds transferred to the Authority is contained in the General Laws. The Department indicated that it will request legislation to allow the substitution of these funds for the free fare program in lieu of transferring the highway maintenance funds to the Authority to pay for the expense.

The Department requested $6.8 million for FY 2021 and $6.6 million for FY 2022. *The Governor recommended total expenditures as requested and proposed legislation in Article 2 of 2021-H 6122 to allow "federal Coronavirus Relief funds" to be counted toward the fixed $5.0 million minimum allocation of highway maintenance funds dedicated to the Rhode Island Public Transit Authority. Of the $6.6 million recommended, $3.6 million would go to the Authority. The remaining $3.0 million would be used for transit related expenses. It appears that $1.7 million was spent in FY 2020 on ferry services and other transit projects. Based on FY 2020 spending and recommended expenditures in FY 2021 and FY 2022, the recommendation is overstated by $1.7 million. The Governor requested an amendment to reduce budgeted expenditures by $1.7 million, reflecting the actual grant amount.* **The Assembly concurred with the amended recommendation.**

Public Transit Authority. Currently, the Rhode Island Public Transit Authority receives 9.75 cents of the 35-cent gas tax. The funds are transferred to the Authority but reflected in the Department of Transportation's budget as a grant to the Authority in order to account for the gas tax in the state's accounting structure, since the Authority is a quasi-public corporation. The Authority also receives its share of funding from the Highway Maintenance Account, which is based on 5.0 percent of all fines and fees collected into the account. The 2019 Assembly adopted legislation to permanently provide the Authority with an additional $5.0 million from highway maintenance funds. The revised request assumes $51.2 million, including $9.8 million from highway maintenance funds to the Authority. This is $2.1 million more than enacted, including $227,315 more from highway maintenance funds and $1.9 million more from gasoline tax proceeds. The Department's revenue estimate assumes a per penny yield of $4.106 million; however, budgeted expenditures use a per penny yield of $4.258 million.

The Governor recommended $52.0 million to the Authority, which is $2.9 million more than enacted. This includes $3.0 million more from gasoline tax, based on an upward revision to the gasoline tax yield and $0.1 million for the Authority's share of highway maintenance funds. The recommendation assumes $3.6 million for the free fare program for low income seniors and persons with disabilities would be funded from CARES Act funds the Department received. Subsequently, the Department revised the assumption on the total that would be made available for state match. The Department assumed $3.4 million for FY 2021 and $1.4 million for FY 2022. **The Assembly provided $51.2 million to the Authority, $0.7 million less than the Governor's recommended budget. This includes $0.8 million less to reflect a downward revision to the gasoline tax yield estimate and $0.1 million more for the Authority's share of the Highway Maintenance Account based on updated estimates.**

RIPTA Bus Purchases. The approved plan includes a total of $25.2 million, including $3.1 million in FY 2021 from the Department of Transportation's current share of the Highway Maintenance Account for continued match for the Authority to purchase buses. The Authority's FY 2022 through FY 2026 capital budget assumes use of $6.1 million from its source for FY 2021 and FY 2022; however, the match from FY 2023 through FY 2026 of $17.3 million would be from the Department of Transportation. The Department's request does not assume this expense. The Department has expressed its difficulty securing additional match as gasoline tax receipts and highway maintenance funds have decreased also since the pandemic started and additional discretionary grant funds require a state match. It appears that the Department provided the Authority with $3.8 million in FY 2020, $655,943 more than the amount assumed in the FY 2020 final enacted budget.

It should be noted that the CARES Act includes funding for Transit Infrastructure grants to help transit agencies prevent, prepare and respond to COVID-19; the Authority will receive $91.2 million. The funds are available for use from January 20, 2020 until expended. The Authority has spent a total of $20.0 million, including $10.9 million in FY 2020 and $9.2 million in the first half of FY 2021. *The Governor concurred with the request. The capital budget assumes that the Department would fund these expenses from FY 2023 through FY 2026 and includes a total of $13.6 million for these expenses.* **The Assembly concurred.**

Turnpike and Bridge Authority. The request includes $14.9 million or $0.7 million more than enacted from gasoline tax revenue to be transferred to the Rhode Island Turnpike and Bridge Authority for operations related to the four bridges under its purview: Newport Pell, Sakonnet River, Mount Hope, and Jamestown. Funding was provided by the 2014 Assembly in lieu of placing a toll on the newly constructed Sakonnet River Bridge. The funding is generated from 3.5 cents of the gasoline tax previously dedicated to the Department, which is able to make the transfer based on additional fund sources made available for infrastructure. The Department's revenue estimate assumes a per penny yield of $4.106 million; however, budgeted expenditures use a per penny yield of $4.258 million. *The Governor recommended $15.2 million, $1.0 million more than enacted, based on an upward revision to the gasoline tax yield.* **The Assembly provided $14.9 million or $0.3 million less than the recommended budget to reflect a downward revision to the gasoline tax yield estimate.**

Winter Maintenance Operations. Excluding salaries and benefits, the Department requested $12.4 million from gasoline tax proceeds for operating expenses related to the winter maintenance program for FY 2022. Funding is used to pay for vendor contracts, as well as to purchase salt, sand and liquid de-icers. The request is $0.5 million less than enacted and $0.1 million less than the revised request; however, it is $2.3 million more than FY 2020 expenditures. The average annual cost for winter maintenance operations from FY 2016 through FY 2020 is $15.4 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

Vehicles/Equipment and Maintenance. The request includes $6.8 million from all sources to purchase heavy trucks, sweepers, loaders, backhoes and tractors to replace the Maintenance Division's existing fleet. The request is $2.8 million less than enacted; it assumes use of $2.4 million from Rhode Island Capital Plan

funds, which is $144,692 more than the approved plan. This is offset by $5.2 million less from gasoline tax proceeds, reflecting available resources. *The Governor concurred, with the exception of providing $0.9 million less from Rhode Island Capital Plan funds based on the availability of sources. The recommended amount of $1.5 million is consistent with previously approved plans.* **The Assembly concurred.**

Congestion Mitigation and Air Quality Projects. The Department requested $5.6 million from federal congestion mitigation air quality grant funds. This is $3.3 million less than enacted, reflecting updated spending projections. These funds are used to support transit operations, such as parking garages and train stations. Funds are also used for programs to help meet the requirements of the federal Clean Air Act and to assist the state in improving air quality through congestion relief and lowering emissions. *The Governor recommended funding as requested.* **The Assembly concurred.**

Third Party Project Reimbursements. The Department receives funds when it performs work for municipalities and other entities which are used to fund personnel costs for employees who perform work on the projects. Consistent with the revised request, the FY 2022 request assumes expenditures of $2.3 million, or $15,250 more than enacted for capital expenses. *The Governor concurred.* **The Assembly concurred.**

RI Public Rail Corporation. The RI Public Rail Corporation, a quasi-public state agency, was created and established for the purpose of enhancing and preserving the viability of commuter rail operations in the state. It provides indemnity for rail service operating within the state; the state is fully responsible for reimbursing all costs associated with the purchase of insurance coverage. The 2020 Assembly adopted legislation allowing the State Budget Officer to classify track usage fees as restricted receipts for FY 2021 only and provided $165,000 in expenditures. These receipts were previously classified as an escrow liability. The Department requested $225,155 or $60,155 more than enacted, based on FY 2020 expenses.

The Governor recommended funding as requested. **The Assembly concurred and adopted legislation in Article 2 of 2021-H 6122, Substitute A, as amended, authorizing the State Budget Officer to convert any escrow liability accounts that are established prior to July 1, 2021 to restricted receipt accounts.**

National Highway Safety Grants. Excluding salaries and benefits, the request includes $15.5 million or $6.1 million more than enacted from the National Highway Transportation Safety Administration for FY 2022. Of the increase, $1.7 million is for media for various campaigns and $4.4 million is for grants to municipalities and other entities. Grant funds are used to encourage safety on highways and provide funding for programs to lower instances of impaired driving, risk reduction and increase seatbelt use. Historically, the Department overestimates its ability to spend these funds. The request is $3.3 million more than the revised request and $9.9 million more than FY 2020 expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rail Infrastructure & Safety Improvements. In 2019, the Department received a $2.8 million grant from the Federal Railroad Administration for preliminary engineering and environmental assessment for an Amtrak stop at T.F. Green Airport. Since then, the Department has been in contract negotiations with Amtrak. The Department's request did not include this expense. *The recommended budget did not include this expense. The Governor subsequently requested an amended to include $1.5 million from this grant based on projected expenses.* **The Assembly concurred with the amended recommendation.**

RhodeWorks Legal Services. Based on anticipated expenditures, the request includes $1.4 million or $0.2 million less than enacted from gasoline tax proceeds for legal expenses relating to the tolling program. In July 2018, the Rhode Island Trucking Association along with the American Trucking Associations, Cumberland Farms Inc., M&M Transport Services Inc. and New England Motor Freight filed a lawsuit against the state, challenging the constitutionality of the tolling program. The state is being represented by Adler, Pollock and Sheehan. Expenditures were $0.8 million in FY 2019 and $0.9 million in FY 2020.

Consistent with the revised budget, the Governor recommended $3.0 million more than requested. **The Assembly concurred.**

IT Projects and Support. The 2015 Assembly enacted legislation in Article 15 of 2015-H 5900, Substitute A, as amended, requiring the Department to be organized in accordance with a project management-based program and utilize an asset management system in order to manage the delivery of projects from conception to completion. The Department requested $2.4 million or $1.1 million more than enacted from gasoline tax proceeds for ongoing information technology support and projects, including e-Construction and upgrading the Performance and Registration Information Systems Management to allow the automation of prompt payment. The request is $0.2 million more than the FY 2021 revised request for software maintenance expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Maintenance Division Expenses. The request includes $12.5 million from gasoline tax proceeds for all other expenses for the Division of Maintenance. This includes activities such as trash and debris removal, landscaping, sand removal, and graffiti removal. The request is $4.0 million less than enacted to closer align expenses with FY 2020 expenses, which were $11.2 million, and the request is $1.3 million above that. Consistent with the revised request, the request removes the $2.5 million budgeted for a pre-fabricated building to store equipment and $850,000 is for renting maintenance equipment. It includes $0.4 million for small scale maintenance and repair projects. All other expenses are $0.2 million less for waste disposal and engineering services. *The Governor concurred; however, the recommendation assumes use of federal stimulus funds the Department received for these expenses.* **The Assembly concurred.**

Capital - Other Projects. The Department requested $8.5 million, or $4.0 million more than enacted for all other capital projects. This includes $1.3 million more from Rhode Island Capital Plan funds for eight ongoing projects; four of these projects are under the purview of the Rhode Island Public Transit Authority. It also includes $2.7 million more for projects funded with land sale receipts, including Broad Street Regeneration and others. *The Governor recommended $2.4 million more from Rhode Island Capital Plan funds than requested, including $2.0 million more for the Salt Storage project, which is consistent with the approved plan.* **The Assembly concurred. A detailed description of the projects is included in the Capital Budget section of this publication.**

COVID Relief - Operating Expenses. In FY 2020, the Department incurred expenses of $0.3 million for COVID-19 related expenses, including cleaning supplies and for staff time spent on setting up at rest areas, testing areas, and other locations. The Department's request did not assume these expenses.

The recommended budget includes $77,170 of expenditures from federal funds for which a specific grant source had not been identified at the time of the submission. This appears to assume that the expenses would be suitable for some of the funding approved in the American Rescue Plan, which President Biden signed the day the budget was submitted to the General Assembly. The Governor subsequently requested an amendment to remove these expenditures. The amendment also adds $38,585 from Federal Emergency Management Agency funds for the Department to cover COVID related expenses through December 2021. **The Assembly concurred and included funding consistent with the amended recommendation.**

Other Expenses. The Department requested $4.3 million from gasoline tax proceeds for all other expenses. Consistent with the revised request, it includes $500,000 in operating transfers to the Division of Statewide Planning for staff time dedicated to transportation planning projects. This expense is included in the Department of Administration's budget and including it in the Department of Transportation would result in double counting the expense. Subsequently, the Department indicated that the expense was included in error. *The recommendation corrects for the expenses requested in error.* **The Assembly concurred.**